

Young people face double penalty in a slow job market

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The latest official unemployment figures show that unemployment among young people has soared to 22.3 per cent, higher than the recession of the 1990s, while the overall unemployment rate is nine per cent. New research from Understanding Society, a study of more than 40,000 UK households, has examined what is driving this uneven employment pattern and finds that young people suffer from a 'double-penalty' in their attempts to find and keep a job.

The rise in youth unemployment figures is due to young people being more likely than [older workers](#) to be laid off, thus swelling the [unemployment figures](#). But they are also less likely than older people to successfully find a [new job](#), and so the average time they spend in unemployment has increased.

Dr Mark Taylor, a labour [market researcher](#) at the Institute for Social and Economic Research at the University of Essex, who analysed the data, said: "Young people are particularly suffering in this recession, with unemployment currently even higher than when this survey was conducted. The double-penalty faced by young people is due to them falling victim to the 'first-in, first-out' policies that are used in practice by many employers. Then, on the other hand, young people tend to have accumulated fewer job-specific skills. Employers may feel that they lose less by letting young workers go and may also choose not to hire them because of the costs associated with training them.

Data collected regularly by Understanding Society, and its predecessor

study, the British Household Panel Study (BHPS), both funded by the Economic and Social Research Council (ESRC), show precisely how young people are more adversely affected and why their numbers in the dole queue continue to grow:

- Before the latest recession, about 50 per cent of 16-24 year olds who were not in work in 2006 had found a job in 2007.
- This halved during the recession, with only 27 per cent of young people who were out of work in 2009 making the transition into employment by 2010
- In contrast, the proportion of 25-44 year olds entering employment between 2009 and 2010 fell by just three per cent compared to 2006-07, while year-on-year transition rates into employment among people aged 45 or above actually increased. Young people were also more likely to be laid off than older people, and this increased during the recession
- Seven per cent of young people in employment in 2006 were not in employment, education or training (NEET) in 2007.
- This increased during the latest recession, as 11 per cent of employed young people in 2009 became NEETs in 2010. In contrast, the proportion of people aged 25 to 44 in employment who found themselves out of work increased from three per cent in 2006-07 to 4.5 per cent in 2009-10, and from 4.5 per cent to 5.5 per cent for those aged 45 and above.

Dr Taylor continues: "With unemployment among young people now higher than the [recession](#) of the late 1990s, particularly among the least qualified, the most important challenge for the Government is keeping these young people attached to the job market or involved in productive activities such as education or training. Past research shows that periods of unemployment at any stage of your working life has long term negative impacts on future job prospects and earnings, so the evidence indicates these [young people](#) will continue to be at a disadvantage".

Provided by Economic & Social Research Council

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