

Underemployment persists since recession, with youngest workers hardest hit

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Underemployment has remained persistently high in the aftermath of the Great Recession with workers younger than 30 especially feeling the pinch, according to new research from the Carsey Institute at the University of New Hampshire.

"While on the decline, these rates have yet to return to their prerecession levels. Moreover, as the recession and other economic forces keeps [older workers](#) in the economy, openings for full-[time jobs](#) for younger [workers](#) might remain limited in the short-term," said Justin Young, a [doctoral student](#) in sociology at UNH and a research assistant at the Carsey Institute. His research is presented in the brief "Underemployment in Urban and Rural America, 2005-2012."

Underemployment is defined as part-time workers in search of full-time work or working part-time because the hours of a former full-time job were reduced involuntarily.

"These workers represent a source of untapped [economic capital](#), as their jobs do not allow them to maximize their output or skills. This has consequences for both the economy as a whole and the well-being of the underemployed and their families," Young said.

"The least educated are also the most susceptible to being relegated to part-time work, thereby lowering their already lower-than-average wages. Those with no more than a [high school diploma](#) had the highest rates of involuntary part-time employment and experienced a larger

increase in this form of underemployment during the recession," he said.

The key [research findings](#) are as follows:

- Underemployment (or involuntary part-time work) rates doubled during the second year of the recession, reaching roughly 6.5 percent in 2009. This increase was equally steep in both rural and urban places.
- In March of 2012, underemployment was slightly lower in rural places (4.8 percent) compared to urban places (5.3 percent). Prior to the recession, however, underemployment was slightly higher in rural America.
- Workers under age 30, as well as women, black and Hispanic workers, experience higher levels of underemployment.
- Underemployment is strongly linked with education, with the least educated workers experiencing higher rates of underemployment compared to more highly educated workers. This relationship is somewhat weaker in rural places.

"The longer workers are underemployed, the more difficult it becomes to move into better jobs as their skills and employers' perceptions of their skills deteriorate or remain stagnant. Further, if those entering the job market bear the financial 'scars' of the current [recession](#) for years to come, economic recovery may be that much slower and the quality of life for these workers lower. Policies to address unemployment and stimulate the economy should target underemployment as well as unemployment to be effective," Young said.

More information: The complete Carsey Institute report about this research is available at [carseyinstitute.unh.edu/public ... al-america-2005-2012](http://carseyinstitute.unh.edu/public...al-america-2005-2012)

This analysis is based on data from the Integrated Public Use Micro Sample for 2005 of the Current Population Survey.

Provided by University of New Hampshire

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