



Closing gaps in access to quality jobs for young adults

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EUROSHIP POLICY BRIEF No. 8 – June 2023

INTRODUCTION

The EUROSHIP project (2020-2023) aims to provide an original and gender-sensitive assessment of the current gaps in social protection against poverty and social exclusion in Europe. Through the involvement of national and European stakeholders, EUROSHIP develops policy recommendations on how to strengthen social citizenship at the national and EU levels. The research results will support the implementation of the European Pillar of Social Rights.

Successful integration into the labour market is an essential part of transition into adulthood. There exists ample evidence that lack of work leads to poverty and social exclusion. Consequently, paid work is often seen as the solution to avoid and recover from both poverty and social exclusion. And following the same logic, unemployment is often seen as the cause or an important dimension of poverty. However, having a paid job does not always guarantee financial independence and the possibility of escaping financial marginalization or material deprivation. In other words, some individuals experience poverty and social exclusion despite performing paid work. Social scientists and politicians have adopted the labels *in-work poverty* and *working poor* to describe this phenomenon. According to Eurostat, in 2021, 8.9% of adults (18-64 years old) experienced in-work poverty. Among young people, the prevalence of in-work poverty was even higher as 12.8% of the population aged 18-24 were considered working poor.



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 870698. The opinions published in this deliverable only reflect the authors' view. The Agency and the Commission are not responsible for any use that may be made of the information it contains.

In the context of its efforts to improve citizens' working and living conditions, the EU has taken concrete steps

to address the challenge of in-work poverty. One of these has been to establish a strengthened framework for the promotion of adequate minimum wages in Europe. The final text of the directive on adequate minimum wages was adopted by the Council on October 4th 2022. The directive represents a procedural framework to promote adequate minimum wages across the EU. Specifically, it promotes

- collective bargaining on wage settings,
- adequate levels of statutory minimum wages,
- the effective access to minimum wage protection for all workers.

The EUROSHIP project has studied mechanisms that may foster or hamper opportunities for young adults to achieve quality jobs that qualify for adequate social protection coverage and provide an adequate wage. For this, we investigated the labour market trajectories of young people and its' association with in-work-poverty risk. We have also studied the moderating role of country's minimum wage scheme in mitigating or preventing in-work poverty among young adults. To analyse this, we relied on EU-SILC (longitudinal) data of 28 European countries. Next to that, we studied the aspirations, capabilities and coping strategies of young adults facing low quality jobs, labour market insecurity and in-work poverty. To this end, we carried out life-course interviews with 63 young adults from Estonia, Germany, Hungary, Italy, Norway, Spain and the United Kingdom.

EVIDENCE AND ANALYSIS

In-work poverty risk of young adults and the (moderating) effect of minimum wage

Using a group-based trajectory modelling technique, we identified six labour market trajectory groups for young adults. Our analysis indicated that the six trajectories were associated with different degrees of in-work poverty risks. Those in the «full-time» trajectory (i.e. stayed in full-time employment over the observed period of two years) had the lowest in-work-poverty risks. About 5% of the young adults in this trajectory group experienced in-work poverty. Young adults in the employment trajectories with more employment insecurity were significantly more at risk of in-work poverty. We found the highest in-work-poverty level in the trajectory group, where young adults remained throughout the observation period part-time employed or even experienced unemployment. As much as 18% of young adults in this trajectory group were in relative poverty risk despite being in employment more than half of the observation period. Higher-than-average poverty risks were found also for trajectories that were summarised as «from insecure to full-time employment» and «from full-time to part-time employment».

The findings of the multi-level analysis indicated that **women** were significantly less likely to experience in-work poverty measured by household relative poverty level. However, when poverty was measured by a subjective measure, i.e. perceived ability to make ends meet, women registered a higher in-work poverty risk. This challenges the common assumptions behind the equal sharing of resources within household and indicates that the way poverty is measured and operationalized has an impact on the conclusions we draw. The poverty risk (both objective and subjective) decreased with the **age** of young adults. This may indicate that longer labour market experience lowers average in-work-poverty risk. However, it is important to keep in mind that the analysis included only young adults active in the labour market, whereas for example those young adults in long-term unemployment or not in education, employment, or training (NEET) typically remained excluded.

Young adults with **higher education**, but also medium level education experienced significantly lower levels of in-work poverty (both relative poverty and perceived poverty) compared to young adults with a low level of education. Having more **children** in the household led to significantly higher risk of in-work poverty for the household. Unsurprisingly, the more working age adults in the households were employed, the lower the household poverty, which means that unemployed or inactive adults in the household increase household poverty risk.

We also find that higher minimum wage level (relative to median wage) in the country tends to associate with lower in-work poverty risk among young adults. Interestingly, this association was especially clear in case of subjective (i.e. perceived) poverty. We also found some moderator effects of the national minimum wage regulations – the higher the minimum wage levels relative to median wage, the less likely the young adults in insecure career paths experience poverty experience in-work-poverty. The latter indicates the importance of existing (labour market) regulations in understanding and explaining in-work-poverty.

Aspirations and coping strategies of young adults in disadvantaged labour market positions

The life-course interviews with vulnerable young adults provided insights into factors that both facilitated and hindered their efforts to access resources and services. Among the young adults we interviewed, those that managed to transform and improve their life circumstances, often received substantial support from family, friends, and at times, professionals from the welfare or health care system. The welfare state appeared to be instrumental in facilitating life transformations in some countries, such as Norway. However, the experiences of the young adults overall suggested that despite the wide availability of youth activation policies, vulnerable young adults, especially young men, had a relatively weak connection to the welfare state. Social workers and associations in Italy, for example, highlighted a "black-out" in preventative social protection policy measures between the time when young boys and girls turn 18 and when they become "visible" to the welfare state again in their late thirties due to health or child protection related issues. This lack of interaction between vulnerable young people and the social welfare system was compensated by reliance on the support from family and friends.

Our results point to the adaptive strategies of young adults in coping with life difficulties but show limited evidence of transformative approaches facilitated by targeted services or support measures. To promote transformative outcomes, it is crucial to help young adults acquire aspirations and skills that rebuild their self-confidence and sense of agency, as well as to support their identity as capable individuals rather than passive recipients of state aid. While short-term and instrumental support measures are essential, long-term resources are needed that equip young adults with new skills and improved self-confidence to remain in or re-enter the labour market, participate in society, and contribute to their community. The findings suggest a willingness among young adults to seek assistance from NGOs, underscoring the importance of developing civic initiatives and community services. There is a need for targeted funding measures to create such opportunities, including support from the state. Building community support activities and services will promote social citizenship and enhance the security, autonomy, and influence of young adults.

POLICY IMPLICATIONS AND RECOMMENDATIONS

- Policies matter. The institutional framework (policies and legal regulations) has a significant impact on young adults labour market outcomes. Many young adults in employment still experience poverty. A higher minimum wage is associated with a lower in-work poverty risk, especially when it comes to perceived poverty and when it comes to young women who are transitioning from parental leave (back) to (full-time) employment.
- Vulnerable young adults tend to have a weak connection to the welfare state. This is particularly noticeable in the case of young men. Young adults become visible again through

child welfare and health care systems in their mid-thirties. In order to avoid such a trend, it is important to invest in monitoring and preventative social protection measures.

- Young adults turn to family, friends, community and third sector organisations for help. Contributing to the development of community support services, as well as services and support provided by third sector organisations is important for prevention and early identification. These are important bridges between the individual and the state, especially for people who lack a personal support network and are alienated from the state. There is a need for targeted funding measures to create such opportunities, including support from the state.

PROJECT IDENTITY

PROJECT NAME	Closing gaps in social citizenship: New tools to foster social resilience in Europe (EUROSHIP)
COORDINATOR	OsloMet - Oslo Metropolitan University, Norway
CONSORTIUM	OsloMet - Oslo Metropolitan University (coordinator), Norway University of Milan, Italy University of Tallinn, Estonia University of Hamburg, Germany TÁRKI Social Research Institute, Hungary University of Florence, Italy Autonomous University of Barcelona, Spain Swiss Paraplegic Research, Switzerland University of Sussex, Business School, UK Social Platform, Belgium
FUNDING SCHEME	Funded by European Union's Horizon 2020 research and innovation program under Grant Agreement No. 870698
DURATION	February 2020 – July 2023 (42 Months)
BUDGET	EU contribution: EUR 3 Mill.
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