



style STRATEGIC TRANSITIONS
FOR YOUTH LABOUR
IN EUROPE

STYLE is a research project examining youth employment in Europe. It includes 25 research partners, international and local advisory networks of employers, unions, policy makers and NGOs from over 20 European countries.

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This project has received funding from the European Union's Seventh Framework Programme for research, technological development and demonstration under Grant Agreement No. 613256. Copyright © 2016 STYLE, University of Brighton. All rights reserved.

Collaborative Project Large-scale integration
March 2014 - Sept 2017
Grant Agreement No. 613256

Young, unemployed and white: Exploring scarring effects in the British labour market

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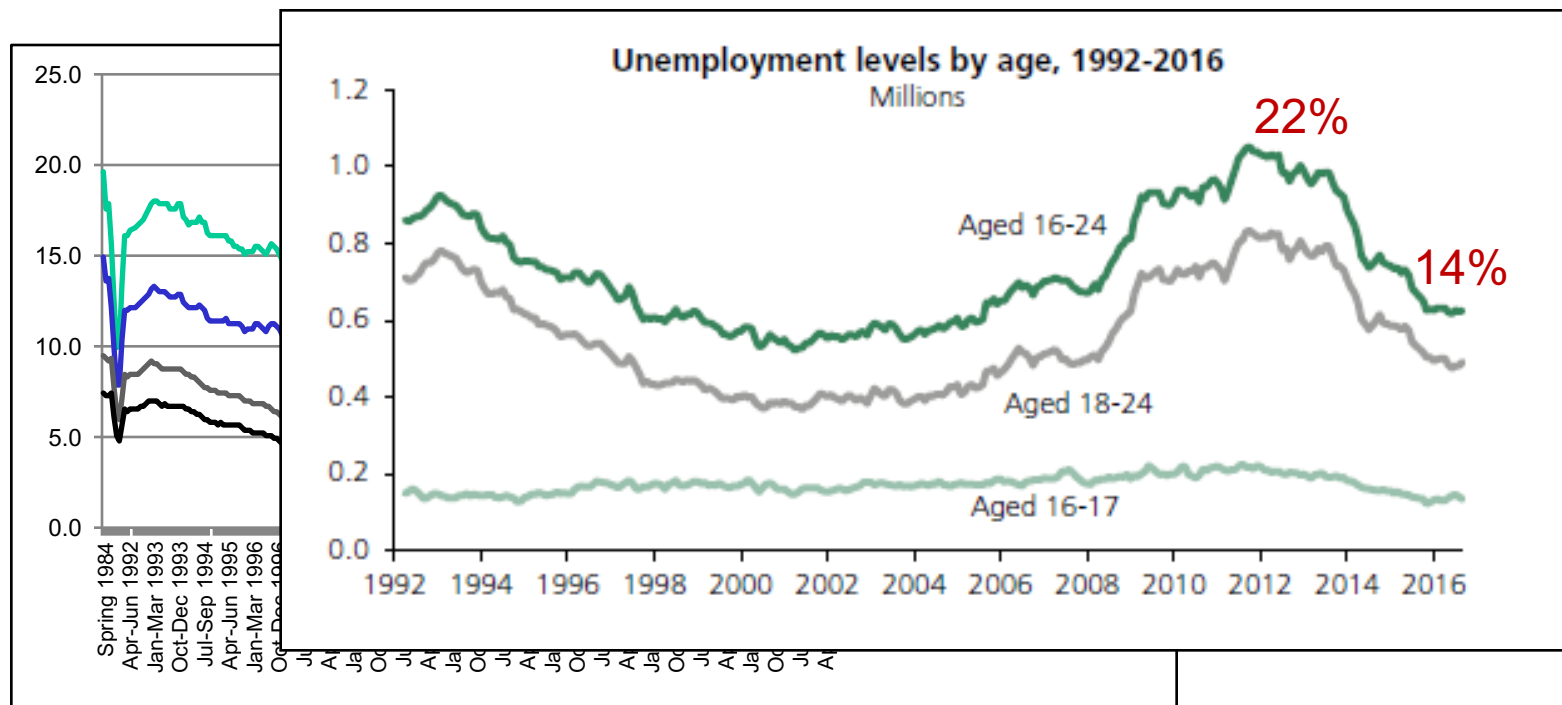
The Prospects for Youth Employment in the UK
University of Brighton
28 October 2016



This study: two approaches and a gap

- 1) Labour market transitions and, especially, the role of early labour market experiences
 - 2) Ethnic penalties in labour market outcomes
- This paper brings together these two approaches
- We study the role of early labour market experiences for different ethnic groups and genders

Youth unemployment in the UK



Sources:

Figure 5 in (Office of National Statistics 2014a); based on the Labour force Survey. The unemployment Rate is calculated with respect to the total active populations, while the unemployment Proportion is calculated with respect to the total population. O'Neill (2016) "Youth unemployment statistics", House of Commons

The role of early labour market experiences

Poor labour market outcomes in youth: e.g. unemployment, low qualified job, experiencing a NEET situation →

Have a negative impact in later life:

- Increasing, for example, the probabilities of unemployment, or
- Impacting negatively the salary

→ Usually these negative effects affect particularly those with low educational levels

See: Gregg 2001, Luijkx and Wolbers 2009, Schmillen and Möller 2012, Schmillen and Umkehrer 2013, Eurofound 2014

Mechanisms of scarring effects

Classic explanations (e.g. Omori 1997)

- Human capital decay
- Stigma

Stigma might vary across ethnic minorities (e.g. Mooi-Reci and Ganzeboom 2015)

→ Characteristics attached to the group (context → evidence of unemployment context)

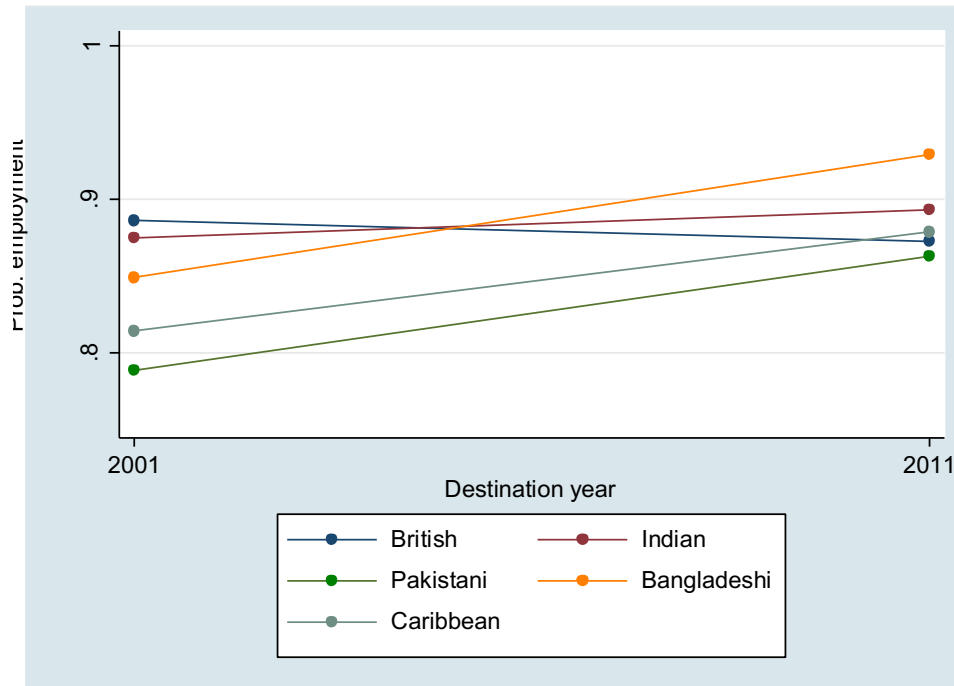
- Negative characteristics: low-socio economic resources, concentration in deprived neighbourhoods, 'poor performance expected' (Pakistani and Bangladeshi) => higher unemployment stigma
- Positive characteristics: high educational achievement, motivated, 'high performance expected' (Indian) => lower unemployment stigma

Other explanations, not from employers' perspective

- Ethnic characteristics, motivation, aspirations, which make them more resilient (Indian; Bangladeshi)
- Gender traditional views, more difficult for Asian women to overcome a period of non-employment

Ethnic minorities in the labour market

Employment by ethnic group and year, England and Wales



Source: Author's own calculations based on ONS-LS (in Zuccotti 2015)
Population 20-45 – second generation men
Predicted values from regression analyses, controlling for education and socio-economic background characteristics

Second generation ethnic minorities:

-Do quite well in terms of educational & occupational outcomes (Heath & McMahon 2005; Platt 2005, 2007; Zuccotti 2015)

-Some difficulties in terms of employment, but contrary to WB → improvement over time!

-Bangladeshi & Indian particularly high employment rates in 2011

Question & relevance

- Does a period of non-employment in youth have a different impact on later labour market outcomes for different ethnic groups?

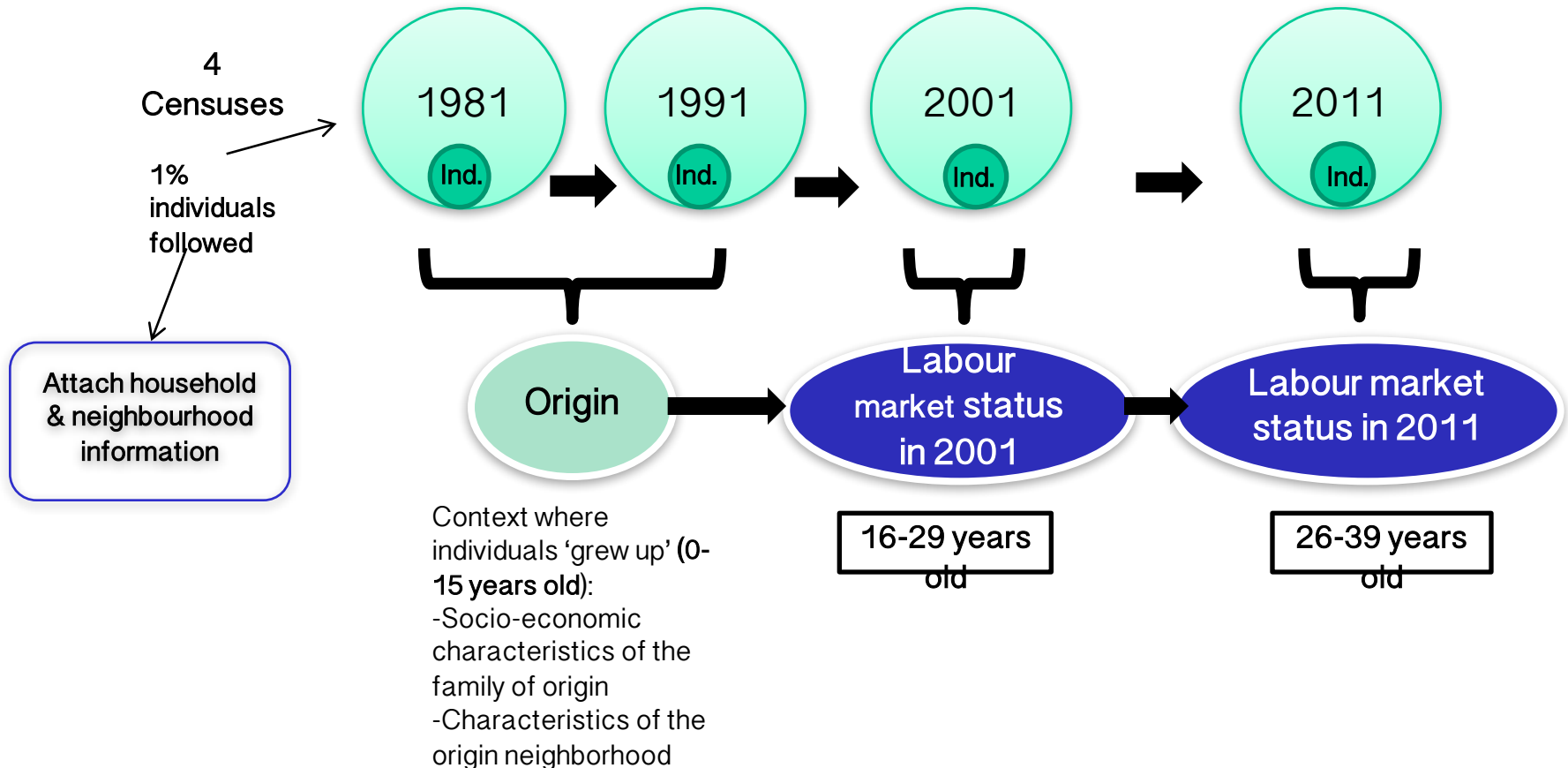
→ **‘Scarring effects’ vary by ethnicity and/or gender**

→ Implies that groups can potentially overcome (or not) an initial difficult situation in different ways

→ Allows for group-specific policies

→ Sheds light on the dynamics behind processes of ethnic integration into the labour market

Data & population: the ONS Longitudinal Study



Based on Zuccotti & Platt (2015) & Platt (2005)

Variables

Ethnic groups:

- White British, Indian, Pakistani, Bangladeshi & Caribbean
- Born or arrived at a young age to the UK

IV: Labour market status in 2001

- Unemployed/Inactive
- Employed
- Student

DV: labour market status in 2011

- Employed (vs. unemployed/inactive)
- Professional/managerial position

Controls:

- Education & family type (2011)
- Social origin variables (1981-1991): parental social class, number of cars, tenure, level of overcrowding and neighbourhood deprivation
- Other: age, country of birth, origin year and number of waves

Models

Logistic regressions with clustered standard errors

Average Marginal Effects (AME)

Contrasts to test for statistically significant interactions between ethnicity and status in 2001

Social origins + neighbourhood deprivation in origin and in 2011 (self-selection)

Probability of being employed in 2011, by labor market status in 2001 and ethnic group; AME (clustered standard errors)

	Men		Women	
	Model a	Model b	Model a	Model b
Labor market status in 2001 (ref. employed)				
Unemployed/Inactive	-0.338*** (0.0103)	-0.175*** (0.0078)	-0.357*** (0.0079)	-0.173*** (0.0073)
Student	-0.005 (0.0045)	-0.041*** (0.0063)	0.056*** (0.0052)	-0.012* (0.0071)
Ethnic group (ref. White British)				
Indian	0.003 (0.0120)	0.004 (0.0109)	-0.028 (0.0176)	-0.061*** (0.0185)
Pakistani	-0.020 (0.0164)	0.007 (0.0130)	-0.211*** (0.0250)	-0.160*** (0.0223)
Bangladeshi	0.002 (0.0243)	0.042*** (0.0159)	-0.180*** (0.0393)	-0.100*** (0.0325)
Caribbean	-0.067* (0.0347)	-0.023 (0.0246)	-0.064* (0.0343)	-0.073** (0.0324)
N	36886	36886	40294	40294
Basic controls	X	X	X	X
Individual, social origin & neighborhood controls		X		X

Negative effect of being unemployed/inactive (18%)

Negative effect of being a student (vs. being employed)

Given status in 2001, ethnic minority women are particularly penalized

* p-value<.10 ** p-value<.05 *** p-value<.01

Basic controls: age, country of birth, origin year and number of census-points.

Individual, social origin & neighborhood controls: education, family type, parental social class, number of cars, tenure, level of overcrowding and neighborhood deprivation (past and current).

Population: Individuals between 16 and 29 years old in 2001

Source: Authors' own calculations based on ONS-LS

Probability of being in a professional managerial occupation in 2011, by labor market status in 2001 and ethnic group; AME (clustered standard errors)

	Men		Women	
	Model a	Model b	Model a	Model b
Labor market status in 2001 (ref. employed)				
Unemployed/Inactive	-0.172*** (0.0105)	-0.098*** (0.0117)	-0.240*** (0.0072)	-0.105*** (0.0088)
Student	0.276*** (0.0085)	0.037*** (0.0092)	0.278*** (0.0081)	0.036*** (0.0087)
Ethnic group (ref. White British)				
Indian	0.105*** (0.0208)	0.082*** (0.0183)	0.105*** (0.0209)	0.063*** (0.0187)
Pakistani	-0.113*** (0.0270)	-0.021 (0.0273)	-0.041 (0.0265)	0.010 (0.0238)
Bangladeshi	-0.025 (0.0446)	0.075* (0.0433)	-0.040 (0.0429)	0.057 (0.0387)
Caribbean	0.017 (0.0510)	0.038 (0.0451)	0.037 (0.0409)	0.041 (0.0358)
N	35453	35453	38391	38391
Basic controls	X	X	X	X
Individual, social origin & neighborhood controls		X		X

Negative effect of being unemployed/inactive (10%)

Positive effect of being a student (vs. being employed)

Ethnic differences 0 or +

* p-value<.10 ** p-value<.05 *** p-value<.01

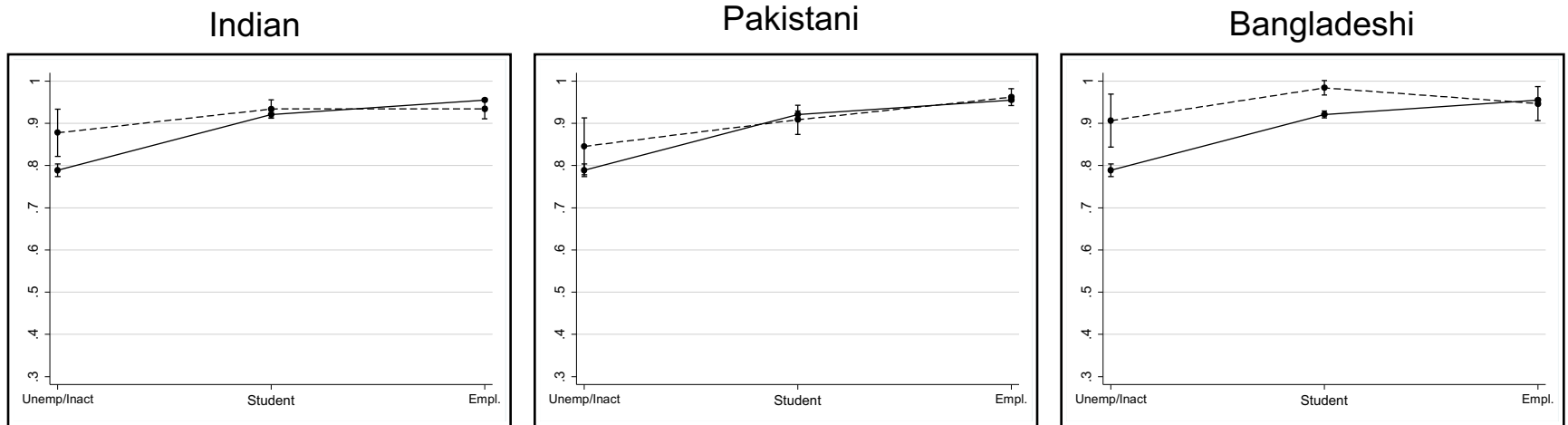
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Population: Individuals between 16 and 29 years old in 2001

Source: Authors' own calculations based on ONS-LS

Predicted values of employment in 2011 (men)



Reference (straight line): White British

Lower unemployment/inactivity
scars for Asian men

Predictions from logistic regressions (p-value < .10)

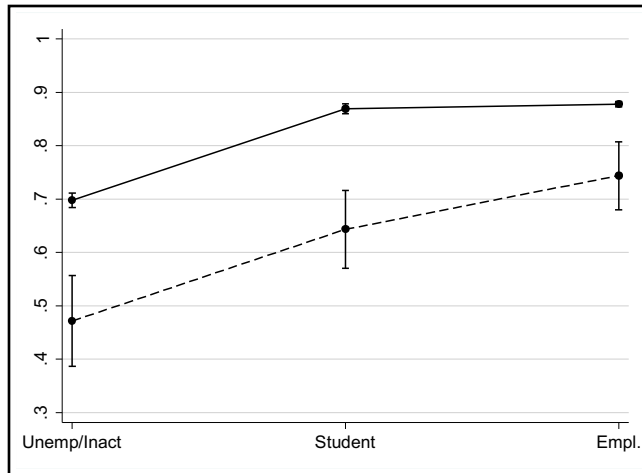
Variables set to their mean: age, country of birth, origin year and number of waves, parental social class, number of cars, tenure, level of overcrowding and neighbourhood deprivation, education and family type.

Population: Individuals between 16 and 29 years old in 2001

Source: Authors' own calculations based on ONS-LS

Predicted values of employment in 2011 (women)

Pakistani



Higher unemployment/inactivity scars for Pakistani women

→ A previous employment experience is good!

Reference (straight line): White British

Predictions from linear regressions (p-value < .10)

Variables set to their mean: age, country of birth, origin year and number of waves, parental social class, number of cars, tenure, level of overcrowding and neighbourhood deprivation, education and family type.

Population: Individuals between 16 and 29 years old in 2001

Source: Authors' own calculations based on ONS-LS

Final comments

- There are scars connected to unemployment/inactivity in 2001:
 - 18% points decrease in employment probabilities in 2011
 - 10% points decrease in probability of having a high status occupation in 2011 (or most recent)
- However, ‘scars’ vary by ethnic group and gender
 - Lower unemployment/inactivity scars for Asian men (employment)
 - Higher unemployment/inactivity scars for Pakistani women (employment)
 - (Unemployment/inactivity scars do not vary by ethnicity when studying access to professional managerial occupations)
- Explanations?
 - Indian: higher achieving group; employers look at them with “good eyes”
 - Motivation/high aspirations/high resilience/quality of social networks
 - Cultural factors among Pakistani women?

Thank you!

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