

# Young people's resilience in times of economic crisis: the case of NEETs and the role of social capital



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## Introduction

NEETs:  
definition and implications

According to Eurostat the indicator NEET corresponds to the percentage of young adults of a given age group and gender not employed and not involved in further education or training.

Being NEET may lead to a wide range of social negative outcomes in both the short and the longer term, such as **high risk of poor life and insecure future employment, criminality and mental and physical health problems.**

Moreover the labour market conditions have worsened and the adverse trends seem to persist due also to the negative impact of the recent economic crisis. So the need to focus more on NEETs is now particularly relevant for the European policy debate.

NEETs:  
risk factors

There is unanimous consensus about the risk factors for becoming NEET (Eurofound, 2012) and great emphasis is given today to individual and household determinants with a special attention to social capital endowment which appears to be crucial in the process of growth of young people and especially during the school-to-work transition (Bynner and Parson, 2002; Semo and Karmel, 2011).

Social capital includes *the institutions, the relationships, the attitudes and values that govern interactions among people and contribute to economic and social development* and can have a systematic positive effect on individuals especially for those **who are often described as deficient along other vectors (i.e. human, physical, and financial capital)** (Grootaert and van Bastelaer, 2002).

However, empirical research designed to test if and to what extent social capital affects the risk of being NEET is almost rare, in most cases qualitative and with a focus on single countries rather than on the EU as a whole.

## Aims

The research aims to focus on the behaviour of young adults aged 25-29 years in times of economic crisis and to assess:

- which individual/household factors have reduced (or increased), in European countries, the risk of becoming NEET ;
- the specific role played by social capital endowment.

The results will help to highlight active labor market policies and appropriate strategies to be shared at European level for reducing the occurrence of NEETs.

## Data and methods

Two different **logit models** have been estimated based on **EU-SILC data** of the survey years 2007 (before the economic crisis started) and 2014 (when the economy seems to recover) in order to show if and to what extent risk factors have changed during the recent economic crisis.

Data and methods:  
dependent variable

### NEET or not

Derived from the answers to the following EU-SILC variables:

- Current economic status** : unemployed and inactive except those who declare themselves *students, retired, permanently disabled or/and unfit to work or in compulsory military community or service.*
- Current education activity**: not currently participating in a formal educational programme.

Data and methods:  
independent variables

- Individual/household characteristics.**
- Individual/household social capital endowment.** The proxy variables are indicators of the level of:
  - social behaviour (SB);
  - social relationships (SR);
  - those specific territorial and environmental characteristics (TC) which are significant determinants of social capital formation.

## Results

a. Individual characteristics				
Variable	Reference category	Category	2007	2014
			Odds ratio	Odds ratio
Gender	Male	Female	1.47	1.16
Has ever worked	YES	NO	50.50	33.23
Actively looking for a job	YES	NO	167.71	97.27
Available for work	YES	NO	94.45	63.74
General Health	Very good	Fair	-	1.33
		Bad	1.77	-
Limitation in activities (health problems)	Not limited	Strongly limited	1.49	-
		Limited	1.03	-

b. Household characteristics				
Variable	Reference category	Category	2007	2014
			Odds ratio	Odds ratio
Household type	One person household	2 adults under 65 years	1.37	-
		2 adults at least one > 65 years	2.22	-
		Other households without dependent children	2.24	2.20
		2 adults, one dependent child	1.78	1.45
		2 adults, two dependent children	1.91	1.45
		2 adults, three or more dependent children	1.87	-
Tenure status	Owner	Tenant at market rate	1.25	0.83
		Tenant at a reduced rate	1.37	-
Dwelling type	Detached house	Flat in a building with < 10	-	1.19
Equivalentized household disposable income	5th quintile	1st quintile	3.77	5.83
		2nd quintile	2.32	3.26
		3th quintile	2.34	2.45
		4th quintile	1.52	1.46
At risk of poverty	YES	2.24	1.49	
Ability to make ends meet	Very easily	With great difficulty	2.09	2.08
		With difficulty	1.67	1.56
		With some difficulty	1.47	1.48
Social exclusion allowances	YES	2.32	2.04	
Housing allowances	YES	1.67	1.41	
Inter-household cash received	YES	1.42	1.28	

c. Social Capital		
Variable	2007	2014
	Odds ratio	Odds ratio
<b>Social behaviour</b>	-	<b>0.88</b>
<b>Social relationships</b>	<b>0.35</b>	<b>0.11</b>

- The recent economic crisis has undoubtedly worsened labour market prospects for young adults in Europe as it is proved by the decreasing relevance of voluntary NEETs.
- An increasingly central role in reducing the probability of becoming NEET is played by individual/household social capital endowment and in particular by the social behaviour and the social relationships components.
- Social capital and the economic status seem to have a similar strong effect on labour market prospects for young adults.

## Conclusions

Networks of interpersonal relationships characterized by mutual trust represent a particular important resource especially for those *who are often described as deficient along other vectors*.

This result has direct and important implications for policies aimed at improving labour market prospects for young adults: it is hoped that in addition to traditional measures, governments should play a key role in promoting "*desirable*" forms of social capital.

## References

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