

Life without a job

The significance of work for the unemployed, the disabled and employees

Summary and conclusions

1 A life without work

A substantial group of people in the Netherlands do not take part in the employment process, either because they are unemployed or unfit for work. The number of non-working job-seekers stood at over half a million at the end of 2009. Most of them were in receipt of unemployment or social assistance benefit, though a proportion were not entitled to benefit. In addition, over 600,000 people are in receipt of incapacity benefit (figure as at year end 2008), of whom around three-quarters do not work.

Numerous changes have been made to the Dutch social security system in recent decades, most of them involving cutting benefits and the imposition of more stringent eligibility criteria. Additionally, an increasing amount of policy has been introduced aimed at getting non-workers back into work as quickly as possible. The idea underlying this active integration policy is partly that a high labour participation rate will keep the welfare state affordable, and partly that having a paid job is ultimately the best thing for people themselves: work not only gives people an income, but also offers opportunities for development, fosters self-respect and encourages the formation of social contacts. The research carried out in this field in recent years has concentrated on finding ways of helping benefit claimants into work as effectively as possible. Insufficient attention has been paid to what it means to be unemployed or unfit for work. The purpose of this report is to explore the consequences of a life without work for those affected, as well as how they themselves perceive their situation. The study focuses on the following research questions.

- What changes have occurred on the labour market and in the social security system which influence the significance of employment in Dutch society?
- What consequences do unemployment and incapacity for work have for satisfaction with life, and to what extent are people who are unable to work because of unemployment or incapacity for work socially excluded?
- How much importance do unemployed people attach to work and what do they do in order to find work again?
- Has it become more important to (be able to) perform paid work in recent decades, and are the unemployed and people with an incapacity for work more socially excluded today?

More than ten years ago, the Netherlands Institute for Social Research/SCP published a comparative study of people who were unemployed, on incapacity benefit and employed, based on data from 1982 and 1995 (Hoff & Jehoel-Gijsbers 1998). A large group of unemployed, incapacitated and employed persons were again interviewed in 2007.

The findings in this report are based on the data from 2007, and are also compared with those from 1982 and 1995. The emphasis is on the structural effects of being out of work and the changes that have taken place in this regard over the last few decades. A number of social consequences of the current economic crisis have already been explored by s.c.p. in the recent report 'Unemployment in time of crisis' (Werkloos in crisistijd) (Vrooman 2009).

2 Results: the significance of employment for workers and non-workers

Greater prominence of paid work

Paid work has acquired a more prominent position in Dutch society over recent decades. The labour participation rate has risen sharply: where around half of all 15-65 year-olds were performing paid work for at least 12 hours per week in 1985, in 2007 this had increased to 66%. Women account for most of this increase, though the increased labour participation of older persons and non-Western migrants has also contributed. The increased labour participation rate means that the average amount of time devoted to work each week is higher than 20 years ago, up from 17 hours per week in 1985 to over 23 hours in 2005. The emphasis in the social security system has also increasingly come to lie on promoting paid work in recent decades, leading to a tightening up of the eligibility conditions for unemployment, social assistance and incapacity benefits. There was a greater focus on encouraging people to move off benefit and into work (e.g. through a greater emphasis on reintegration) and financial incentives were used to make employers and employees more directly responsible for workers dropping out of the labour market due to illness or unemployment.

Non-workers less satisfied with life than those in work

People who are unemployed or unfit for work are less satisfied with many aspects of their lives, such as their day-to-day activities and their circle of friends and acquaintances, than people with a paid job. Their views on life as a whole are also more negative: while nine out of ten workers are satisfied or very satisfied with the life they are currently leading, this applies for only half of those who are unemployed or unfit for work. Much of the reason for this lower satisfaction level of non-workers lies in their poorer perceived health, in addition to their limited financial resources and lower social participation. However, these factors do not explain the difference completely.

Unemployed people and incapacity benefit claimants more often socially excluded in many respects than workers

The degree of social exclusion was measured in this study on the basis of four indicators:

- 1 inadequate social participation (e.g. political disinterest, social isolation);
- 2 material deprivation (difficulty meeting basic needs, shortage of material goods);

- 3 lack of access to basic social rights (feeling unsafe, inadequate access to help and support agencies);
- 4 inadequate normative integration (the degree to which people endorse the work ethic).

People who are unemployed or on incapacity benefit are more socially excluded in many respects than those in work. In the first place, they are less socially active: they do less voluntary work than workers and have less contact with friends and family. Secondly, non-workers relatively often have a lack of financial resources; roughly one in six unemployed people report that they are often or continually in payment arrears, whilst almost half of non-workers do not have enough money for new clothes or a week's holiday once a year. Thirdly, non-workers more often feel unsafe in their residential neighbourhood and have less good contacts with support agencies. The final indicator of social exclusion listed above – normative integration – forms an exception to this picture: non-workers are just as likely to have a strong work ethic as those in work.

No unemployment culture ...

In the literature, the unemployed are sometimes characterised as calculating citizens who exploit the social security system to the full and have little motivation to join the employment process (the 'unemployment culture' approach). The unemployed respondents in our study, however, do not give the impression that they see their position as advantageous or that they are happy with it: the majority are very distressed at being out of work and would like to find a job. Unemployed people are also no more choosy than those in work as regards the kind of work they would be prepared to accept. This suggests that there is not a general unemployment culture in the Netherlands. If there is a group who adopt a calculating approach to work and social security, they are only a small minority (see also Hoff & Van Echtelt 2008).

...but a high proportion of unemployed people are not looking for work

At the same time, the unemployed respondents in our study are by no means all actively seeking work: a third of non-working job-seekers had done nothing in the four weeks prior to the survey to find work. One possible explanation for this may be that they think there is no point in applying for jobs because they have little chance of getting one – the 'discouraged worker' effect. The unemployed in our study do indeed generally take a sombre view of their situation: the majority think their chances of finding work again are poor or very poor. However, perceived labour market opportunities or opinions about work do not provide a complete explanation for the low job-seeking activity. The main contributory factor is whether or not the person concerned has a job application duty. In addition, non-Western migrants and the long-term unemployed, in particular, relatively rarely actively look for work.

Not working has possibly become more distressing

Broadly speaking, people who are unemployed or unfit for work were less satisfied with their lives in 2007 than in 1995. The deterioration was particularly marked among people with an incapacity for work: almost three-quarters of this group were satisfied with their lives in 1995, but this had fallen to less than half in 2007. Unemployed persons were also less satisfied with their lives in a number of respects in 2007 than just over ten years previously. They also saw fewer advantages to their jobless status in 2007 than in 1995. The decline in satisfaction on the part of people who are unemployed or unfit for work is all the more striking when they are compared with those in work, who were by contrast more satisfied with their lives in 2007 than in 1995.

People who are not in work have generally seen a deterioration in their financial position as well. For example, they borrow money more often and search more avidly for bargains. Finally, the social participation (voluntary work, political engagement, etc.) of the unemployed and people with an incapacity for work remained constant between 1995 and 2007, while that of those in work increased. Although the situation of non-workers has not deteriorated on this point, therefore, they have not followed the trend towards a higher degree of social participation.

The disadvantaged situation of non-workers can be explained partly by changes in the composition of this group (in terms of sex, age, education level, ethnicity and health status), which relate among other things to the favourable economic climate in 2007 and the stricter eligibility requirements for incapacity benefit. However, compositional changes such as this cannot fully explain the difference. It may be that not working has become a more distressing experience in two respects. First, the stricter policy may have had a direct influence on the financial situation of non-workers as they receive less compensation, or are compensated for a shorter period, for their loss of income. Second, the increased importance that is attached to work in Dutch society may have played a role. The increased labour participation rate and the greater importance attached to paid employment in policy have probably given work a more central place in people's lives. These trends may have a paradoxical effect: the more people who participate in the labour market, the more difficult life is for those who are unable to do so for one reason or another.

3 Pointers for policy

Work increases well-being

One of the arguments for the present labour market policy is that performing paid work is good for people's sense of well-being. It not only provides them with an income, but also affords opportunities for self-development and provides structure for their day. Moreover, work is seen as the most important means of countering social exclusion. The research results show that people in paid work are more satisfied with their lives and less socially excluded than people without work. Even when allowance is made for differenc-

es in health status and other background characteristics, people who are unemployed or unfit for work are found to be less satisfied than those in work. It may be concluded from this that performing paid work does indeed increase people's sense of well-being, and in that regard the results support the argumentation underlying the activating labour market policy. The flipside of this policy, however, is that those who are left behind, those who do not succeed in finding work, feel even more firmly entrenched in their disadvantaged situation.

What helps people more: work or benefit?

The principle underlying current Dutch government policy is that going back to work is better for people than staying at home on benefit. It is not considered socially acceptable to pay people benefit without also giving them some prospect of participating in society. This view is most pronounced when it comes to the question of whether the right to benefit should be replaced by the right to work, or in the stricter variant, a duty to work. This view has to some extent been put into practice for unemployed young people aged up to 27 years, via the recent Investment in Young People Act (*Wet investering jongeren - w11*), which requires local authorities to offer work or training to this group, and which those young people are in principle required to accept. Young people who are unable to work or learn, for example because they have an employment disability, are still eligible for financial support (e.g. via the Invalidity Insurance (Young Disabled Persons) Act (*Wajong*)). Recently the municipality of Rotterdam announced that it was launching a pilot project based on the same principle but aimed at people over the age of 27: social assistance benefit claimants will be offered suitable work, and those who refuse to work offered will no longer be eligible for benefit.

It is however debatable whether the strict and unconditional imposition of a duty to work is either socially desirable or attainable. Some of those affected will be insufficiently equipped to be able to function in a job – people with psychological problems, addicts, ex-detainees, people with debts or housing problems, etc.. Even assuming they (are able to) go to work, it very much remains to be seen whether they are able to hold on to a job in the longer term. It is not beyond the bounds of possibility that a proportion of them will ultimately fall between two stools, with neither work nor benefit.

Over to employers

In addition to the question of whether or not people are themselves able and willing to work, there is the issue of whether employers are actually prepared to take them on. A relatively high proportion of people who are unemployed or on incapacity benefit have poor labour market prospects – the low-skilled, older persons, non-Western migrants, people in poor health, etc. Changes to government policy have given employers greater (financial) responsibility for preventing sickness absence and incapacity for work. This has caused them to be even more cautious about taking on people who (are assumed to) have a heightened health risk (see e.g. Jehoel-Gijsbers 2007).

One solution here could be the introduction of policy to influence the costs and benefits for employers, for example by subsidising any adaptations needed at the workplace or relieving employers of the financial burden of the heightened risk of dropout due to sickness. A great deal is already being done in this area, but a number of regulations are currently under pressure (including the Sheltered Employment Act). The concerns are related to the limited number of people moving off these schemes and into paid work, and that sheltered employment displaces mainstream employment and distorts competition. However, if the principle is adopted that everyone should be able to participate in the labour market, the effectiveness of regulations such as these should perhaps not be assessed purely by the likelihood that they will provide a route to mainstream employment and the external effects on the labour market; ultimately, for people who are genuinely unable to participate in the mainstream jobs market, forms of sheltered employment offer the only opportunity to benefit from the positive effects of work.

Looking for work: not a moral problem, but a behavioural problem

It is striking to note that a substantial proportion of unemployed people are not looking for work, even though they regard their own situation as disadvantageous. Unemployed people who do not apply for jobs therefore appear to be undermining their own position. Why is it that they do not look for work, while at the same time they find their jobless existence so distressing?

Part of the explanation may lie outside the individuals concerned. Mismatches between supply and demand on the labour market, institutional factors (little difference between wage and benefit levels, few effective reintegration provisions, light sanctions that are not rigorously enforced, etc.) can in theory mean that people do not actively look for work even though they are willing to work. At least as important, however, is how this mechanism of 'willing to work but not looking for work' arises in those concerned. It is of course possible that specific circumstances stand in the way of looking for work, such as health impairments or having to look after others. However, the majority of unemployed respondents in the study reported that they were available for work at short notice, which implies that they must also be able to apply for jobs. The *social rationality* approach may offer an alternative explanation. This theory is based on the idea that the social context determines the way in which people make choices: the things on which they focus their attention, what they involve in their choice processes and what is lacking from their considerations (Lindenberg 2001, 2006; see also Van Echtelt 2007). In their day-to-day lives, the attention of unemployed people is probably not explicitly focused on the negative longer-term consequences of not working. Their time and attention is largely taken up with their day-to-day worries, and the importance of looking for work is then easily pushed to the background. Qualitative research on unemployment regularly produces the finding that 'life goes more slowly' for people who are unemployed: despite having oceans of time, people are unable to set their minds to anything. This could be regarded as a manifestation of the 'tyranny of small decisions' (Kahn 1966): the cumulative effect of a series of small decisions, leading to a result that was never envisaged but which is nonetheless the consequence of the concatenation of a person's individual

choices. Seen in this light, the cumulative effect of a series of decisions 'not to apply for a job today' can lead to a situation which the person concerned actually considers undesirable, namely long-term unemployment.

If unemployed people devote little effort to seeking work, the cause should not be sought so much in a negative attitude to unemployment. Such an attitude does not emerge in the results found here, and the logical conclusion is then that the active integration policy should not focus primarily on countering an assumed unemployment culture. Reminding unemployed persons that they have a duty to work or that paid employment is of great importance does not in itself lead them to accept jobs, since the unemployed themselves generally endorse these views. A more useful approach would seem to be to address the behavioural problems: people are willing to work but somehow are unable to get round to applying for jobs. Following the social rationality approach, the best way of tackling this problem would be to change the everyday circumstances of the unemployed in such a way that looking for work occupies a more prominent place in their daily lives. Personal contact with the relevant agencies (Institute for Employee Benefit Schemes (u w v Werkbedrijf), Centres for Work and Income) could play a key role here. By way of illustration, it makes a difference whether people are sent home with a duty to apply for jobs and with another appointment scheduled for two months' time, or whether they have weekly contact with the agency, are able to engage in daily e-mail contact with fellow job-seekers, and take part in a job application group one morning per week. Although some steps have been taken in the policy in this area, the overall social context within which the job-seeking behaviour of unemployed people develops at micro-level deserves more attention.