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**Working Paper**

## Improving the labour market integration and well-being of young adults in times of crisis

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# Mapineq

## Improving the labour market integration and well-being of young adults in times of crisis

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**Mapineq** – Mapping inequalities through the life course– is a three-year project (2022-2025) that studies the trends and drivers of intergenerational, educational, labour market, and health inequalities over the life course during the last decades. The research is run by a consortium of eight partners: University of Turku, University of Groningen, National Distance Education University, WZB Berlin Social Science Center, Stockholm University, Tallinn University, Population Europe, and University of Oxford

Website: [www.mapineq.eu](http://www.mapineq.eu)

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## Introduction

Improving the labour market prospects of young adults is a major concern in European countries. From a life-course perspective, young people's entry into the labour market, especially into rewarding jobs, is crucial for promoting positive career trajectories. Research has widely demonstrated that this phase strongly influences subsequent career paths and success in other life domains, such as family formation.

The Mapineq project sheds light on the inequalities young people face during the school-to-work transition (STWT) by exploring individual and contextual factors that shape their experiences. We assess success and inequalities in the STWT of young adults (aged 16-34) using three indicators of labour market integration: the risk of unemployment, the broader risk of being 'not in employment, education or training' (NEET), and occupational status. We also examine related outcomes, including income security (disposable income and poverty risk) and well-being (life satisfaction). Our research covers 27 European countries and, for 14 of them, we also examine differences between the main socio-economic regions (NUTS 1 level) using data from the 2021 wave of EU-SILC and comparing it with 2018. We also examine the influence of urbanity on young adults' labour market outcomes. For each of our six indicators of early labour market outcomes and well-being, we address three key research questions:

1. Are differences among young adults related not only to their demographic characteristics (such as gender, age, migrant background) and educational attainment, but also to their health status and other transitions into adulthood (such as partnership, parenthood and living arrangements)?
2. To what extent can the differences in early labour market inequalities and life satisfaction across and within countries be explained by the average characteristics of young people living in those regions (i.e. a specific country or a NUTS 1 region within that country)? Specifically, this refers to regional differences in the average composition of young adults' educational attainment, socio-demographic characteristics and transitions to adulthood.
3. Are additional contextual factors, including characteristics of education systems, labour market regulations, the economic situation, and family and health-related policy domains influencing young people's early careers beyond the compositional differences mentioned above?

This policy brief summarises key findings on the prevalence and drivers of outcomes for young adults, highlighting both similarities and differences across four broad outcome domains. The most influential explanatory factors are highlighted in order to identify promising pathways for ensuring young adults' labour market integration and well-being.

## Risks of unemployment and NEET

**Background.** Young adults who are not studying or working during the time when their generation is transitioning from school to the workforce face long-term difficulties in the labour market. While this is a challenge for many countries and regions, our analysis reveals notable differences. For example, Luxembourg, Switzerland and Malta perform



well in facilitating the employment of young adults, while countries such as Italy, Serbia and Greece face high unemployment and NEET rates. There is also considerable variation within countries, particularly in Southern Europe, where regions in Italy, Spain and Portugal show wide disparities in labour market integration.

**Key Explanatory Factors.** Our results show that poor health is the strongest predictor of NEET status among young adults in all European countries. On average, being in (very) poor health increases the risk of being NEET by more than 30 per cent compared to being in very good health. In addition, unemployment and NEET status are closely linked with higher rates of living with parents (as opposed to living with a partner without children). Young adults with children, whether in a couple or as lone parents, are also more likely to becoming NEET.

Accordingly, differences in young adults' family composition between countries (including whether young adults still live with their parents) are a key driver of cross-country differences in NEET and unemployment risks. In addition, (self-rated) health emerges as an influential factor for cross-national variation in NEET risk. At the regional level, educational composition emerges as a crucial factor in explaining within-country differences in both unemployment and NEET risks, highlighting the important role of education beyond its interactions with other domains.

## Occupational status

**Background.** Our analysis of average ISEI scores - a commonly used indicator of occupational attainment or status - shows that high employment rates are not necessarily achieved at the expense of occupational quality. For example, countries such as Switzerland, Luxembourg and Malta not only have high employment rates among young adults but also a high proportion of them in high-status occupations. Conversely, countries with lower employment rates, such as Bulgaria, Greece and Serbia, tend to have lower average ISEI scores among young adults.

**Key Explanatory Factors.** Educational attainment, especially tertiary education, is the strongest predictor of high occupational status in all European countries. On average, young adults with tertiary education rank almost 30 points higher in terms of occupational status than those with less than upper secondary education. In addition, young adults in rural areas consistently report lower occupational status, highlighting the concentration of better job opportunities in urban centres.

Country-level family composition, including the share of young adults with children or living with parents, and, to a lesser extent, (self-rated) health play an important role in shaping cross-national differences in occupational status. At the regional level, differences in occupational status are mainly attributed to educational composition and urbanisation (i.e., the proportion of young adults living in cities), in line with their central role at the individual level.



## Income in/security

**Background.** Our analysis of young adults' disposable income and poverty risk reveals significant regional variations, closely linked to labour market integration. Occupational status and income are positively correlated at the country level, indicating that young adults' average disposable income is higher in countries with greater access to high-status occupations, such as Switzerland and Luxembourg. Conversely, countries with more low-status jobs, such as Bulgaria, Romania, and Serbia, show lower average disposable incomes.

Poverty rates are most strongly correlated with unemployment rates, highlighting the severe economic impacts of youth unemployment. Countries hit hardest by the 2008 economic crisis - such as Greece, Spain, and Italy - exemplify this trend. Additionally, regional disparities within countries are particularly pronounced in Italy and Spain, as well as in several continental European nations, including Belgium, France, and Germany, and in Eastern European countries like Croatia and Serbia.

**Key Explanatory Factors.** Unemployment or inactivity significantly increases the risk of poverty for young adults across all European countries. Moreover, having children reduces disposable income in all countries, and single parents are especially vulnerable to poverty. Educational attainment also plays a critical role in securing income stability, beyond its associations with labour market outcomes and family formation.

At the country level, family composition (including parenthood) is the most important factor affecting income, while health plays a smaller role compared to its impact on national labour market outcomes. Notably, country-level average education and the proportion of residents with a migration background also influence differences in disposable income, even though these factors were less prominent in explaining variations in young adults' labour market integration between countries. When examining regional differences within countries, educational composition emerges as the most important factor.

## Life satisfaction

**Background.** Life satisfaction is considered an important psychological resource for individuals to cope with problems. Importantly, our findings show that life satisfaction is not always consistent with the labour market outcomes of young adults at the national level. For example, despite Luxembourg's excellent employment opportunities and high disposable income, young adults' life satisfaction is only average, comparable to Italy, where labour market integration is poor and economic insecurity is high. Conversely, young Romanians report the highest average life satisfaction, despite facing high poverty risks and low occupational attainment. Life satisfaction also varies less between regions within countries.

**Key Explanatory Factors.** The most important factor influencing life satisfaction is health, with a strong direct relationship independent of labour market outcomes or income. Young adults in poor health report on average almost three points less life satisfaction than their healthier counterparts. Employment is also a key factor: those who are employed tend to



be more satisfied than those who are unemployed. Interestingly, young adults in rural areas report higher levels of satisfaction than those in urban areas, once factors that typically reduce rural satisfaction, such as employment issues, are accounted for. Moreover, young adults living in partnerships with children report higher satisfaction than couples without children. However, lone parents in particular tend to be less satisfied, even if they have a good job, likely indicating a lack of support in balancing work and family life. At the country level, family composition (including single parenthood) emerges as the most important factor, while educational composition and health explain much of the regional variation within countries.

## Summary and policy recommendations

Young adults face significant challenges in terms of labour market outcomes, with considerable variation between countries and regions. Some perform better than others, and the regional differences identified in this report offer opportunities for mutual learning. Our analysis highlights the interconnectedness of different life domains at the time of labour market integration and shows how inequalities in STWTs are linked to outcomes in other areas, such as family formation and health. In particular, we find that education, health, economic independence (e.g., living outside the parental home) and family formation (e.g., having children or being a single parent) are generally more important than standard socio-demographic characteristics such as age, gender or migration background. In fact, health status - often overlooked in previous STWT research - emerges as the most important factor for both NEET and life satisfaction in all countries.

These findings highlight the need for a multifaceted policy approach. While investment in quality jobs and education remains essential to improve the employment prospects of young adults, policies also need to address spill-over effects from other areas. For example, increased investment in health care is crucial as poor health is a major barrier to labour market integration. Supporting young adults' economic independence, e.g. by reducing housing costs, and improving work-life balance through accessible childcare are also crucial steps to reduce unemployment and NEET risks, while increasing income security and life satisfaction.

Furthermore, our analysis shows that cross-country variations in young adult outcomes are largely driven by differences in average living arrangements and family composition across countries, highlighting the importance of investing in these areas to reduce inequalities between countries. Within countries, addressing regional disparities, particularly through investment in education, can help ensure more equitable opportunities for young adults.

Taken together, our findings highlight several areas for policy action to improve the labour market integration and well-being of young adults, particularly in times of crisis and beyond. Our recommendations include:

- **Invest in Health Services for Young Adults:** Recognise health as a key factor for labour market integration by improving access to preventive and mental health services. Include more mandatory health screenings during high-school years and improve health literacy in schools.



- **Invest in Creating Quality Jobs:** Create sustainable quality jobs, for example by attracting larger companies, to reduce unemployment and underemployment among young adults.
- **Promote Access to High-Quality Employment:** Improve pathways to high-status occupations through targeted training programmes, internships and apprenticeships. Invest in lifelong learning opportunities and continuous skills development to support young adults facing challenges in entering the labour market.
- **Support Educational Attainment for Regional Equity:** Prioritise investment in education in underserved regions to equalise opportunities. Introduce or expand vocational training programmes in rural areas where occupational attainment tends to be lower.
- **Promote Economic Independence Through Affordable Housing:** Implement policies that reduce housing costs and support the economic independence of young adults.
- **Strengthen Work-Life Balance Through Family Support:** Provide accessible and affordable childcare services, especially for single parents.
- **Reduce Poverty:** Implement direct poverty reduction strategies, such as income support programmes or housing subsidies, among young adults (especially single parents) to break the cycle of poverty and its negative effects on children's cognitive development and educational outcomes.

## References

Hornberg, Carla, Jan Paul Heisig, and Heike Solga (2024). Decomposition of between- and within-country (regional) differences in the labour market attainment of young adults. Mapineq deliverables. Turku: INVEST Research Flagship Centre / University of Turku. DOI: [10.5281/zenodo.13364399](https://doi.org/10.5281/zenodo.13364399)

