

# Education to employment: the role of wellbeing



## TRANSITIONS FROM FULL-TIME EDUCATION INTO EMPLOYMENT: THE ROLE OF WELLBEING

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## KEY MESSAGES

The transition from full-time education into employment can be a testing time for many young people. Helping young people find employment has been a key policy objective for many years, and indeed the percentage of young people not in education, employment or training (NEETs) is now part of the United Nations SDG framework.

Using five years of longitudinal data from the UK Understanding Society Survey, this study finds that young people with lower levels of life satisfaction are less likely to go on to find a job. The strength of the effect is determined by personality, such that the negative impact of low life satisfaction is only significant for introverts (those scoring below average on an extraversion scale), and not extraverts (those scoring above average).

The effect is small: a 1-point increase in life satisfaction (on a 7-point scale) is associated with a 2.8 percentage point increase in likelihood of transitioning into a job, for introverts. In comparison the likelihood of transitioning to a job for those whose parents had low skill jobs was 6.5 percentage points lower than those whose parents had medium skill jobs, whilst those who only had completed GCSEs were 17 percentage points less likely to find a job than those who had completed A-levels. Nevertheless, while most demographic factors are fixed, life satisfaction is something that can be improved within the education system.<sup>1</sup> As such, actors looking to improve the employability of young people – particularly introverts, should consider interventions that improve their life satisfaction.

The advantage of looking at young people, as we have done in this study, is that they are less likely to have much previous employment experience, meaning that we can discount the possibility that the effects we have found are the result of the reverse causal effect – i.e. people who have had more employment experience have higher life satisfaction.

This finding also highlights a significant bias in recruitment processes in the UK: Why are introverts approximately 11 percentage points less likely to get jobs than extraverts? What can be done to change the recruitment process to give them a fairer chance?

Indeed, much further research is required in this area to better understand the links between life satisfaction, personality and job chances. Other important questions include:

- What interventions are helpful for improving the life satisfaction of introverts (as opposed to that of the broader population)?
- Where in the recruitment process do introverts suffer a disadvantage? At the interview stage? At the application stage? Or do they submit fewer applications?
- Why does higher life satisfaction improve introverts' chances?

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<sup>1</sup> Seligman, M. & Adler, A. (2018). Positive Education. In The Global Happiness Council (ed) *Global Happiness Policy Report 2018*. New York: Sustainable Development Solutions Network

## Introduction

The transition from full-time education into employment can be a testing time for many young people. Helping young people find employment has been a key policy objective for many years, and indeed the percentage of young people not in education, employment or training (NEETs) is now part of the SDG framework (Target 8.6). Reducing the chances of experiencing unemployment for young people will decrease their probability of experiencing unemployment in the future.<sup>2</sup> The Centre's review on unemployment found evidence that the effects of unemployment on subjective wellbeing are worse for young people than the broader population.<sup>3</sup> Meanwhile, it has been argued that early unemployment can lock some people in a vicious circle of lower self-confidence and wellbeing, wage scarring, and reduced employability.<sup>4</sup>

More broadly, of course, making sure everyone has the best chance of getting a job is a key policy issue, regardless of age.

There have been a few studies that have looked at the effect of mental health upon changes in employment status.<sup>5</sup> Psychological wellbeing, however, is a different, albeit related, construct. It is possible to be mentally healthy but not to have good psychological wellbeing, and people with mental illnesses can – at least at given moments in time – display good psychological wellbeing.<sup>6</sup> We were interested in the impact on employment status specifically of wellbeing, which we measured using people's reported satisfaction with their life. While a few studies have examined the effect of life satisfaction on the prospects of the unemployed,<sup>7</sup> findings have been mixed and to our knowledge none has focussed on young people and their exits from education.

Aside from its policy relevance, focussing on young people has the added advantage that it allows us to separate out the effect of wellbeing on employment status from the effect of employment status on wellbeing. As the people in the study have no previous employment or unemployment history, their life satisfaction cannot have been influenced (either positively or negatively) by prior work experience or career trajectories. Since all the young people in the sample are in the same position, this means that we are able to explore how life satisfaction influences employment outcomes without having to worry about how previous employment outcomes have influenced life satisfaction. Therefore, this approach allows a clearer view on causality.

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<sup>2</sup> Gregg, P. (2001). The Impact of Youth Unemployment on Adult Unemployment in the NCDS. *The Economic Journal*, 111(475), 626-653; Gregg, P., & Tominey, E. (2005). The wage scar from male youth unemployment. *Labour Economics*, 12(4), 487-509.

<sup>3</sup> What Works Centre for Wellbeing (2017) *Unemployment, (re)employment, and wellbeing*. <https://whatworkswellbeing.org/product/unemployment-reemployment-and-wellbeing/>

<sup>4</sup> Sissons, P. & Jones, K (2012). *Lost in transition? The changing labour market and young people not in employment, education or training*. London: The Work Foundation.

<sup>5</sup> Hammarström, A., & Janlert, U. (1997). Nervous and depressive symptoms in a longitudinal study of youth unemployment - Selection or exposure? *Journal of Adolescence*, 20(3), 293-305; Breslin, F. C., & Mustard, C. (2003). Factors influencing the impact of unemployment on mental health among young and older adults in a longitudinal, population-based survey. *Scand J Work Environ Health*, 29(1), 5-14.

<sup>6</sup> Keyes, C. (2005) 'Mental illness and/or mental health? Investigating axioms of the complete state model of health.' *Journal of Consulting and Clinical Psychology* 73:539-548.

<sup>7</sup> Ferreira, J.A., Reitzle, M., Lee, B., Freitas, R.A., Santos, E.R., Alcoforado, L. and F.W. Vondracek, Configurations of unemployment, reemployment, and psychological well-being: A longitudinal study of unemployed individuals in Portugal. *Journal of Vocational Behavior*, 2015. 91: p. 54-64; Gielen, A.C. and J.C. van Ours, Unhappiness and Job Finding. *Economica*, 2014. 81(323): p. 544-565; Krause, A., Don't worry, be happy? Happiness and reemployment. *Journal of Economic Behavior & Organization*, 2013. 96(2013): p. 1-20; Mavridis, D., The unhappily unemployed return to work faster. *IZA Journal of Labor Economics*, 2015. 4(2): p. 1-22.

## Methods

We use data from the first five waves (2009-2014) of Understanding Society: the UK household longitudinal survey. The survey started in 2009 with a nationally representative sample of around 26,000 households and an ethnic minority boost sample of around 4,000 households. We focus on anyone who was in full-time education and between the ages of 16 and 25 when they received their first adult interview. From the time of the first interview, we are able to follow these full-time students for up to five successive waves to observe when they leave full-time education and the type of labour market status they transition into (excluding those who never transition out of full-time education during the period of observation).

We measure the labour market status after the transition from full-time education based on the main activity status reported by the respondents, distinguishing between employment (self-employment or paid employment) and non-employment (unemployment, taking care of home or family, long term sick or disabled, government training schemes or unpaid family employment).<sup>8</sup> We then estimate the effect on the probability of transitioning into employment of the following variables: life satisfaction measured in the final year of full-time education, gender, ethnic group, educational qualification obtained, and region of residence. In addition, we investigate the impacts of parental background (education and occupation), regional unemployment, personality traits, and attitudes to gender equality.

## Findings

There is a significant association between life satisfaction and the probability of finding a job after leaving full-time education: students with higher life satisfaction are more likely to be employed when they leave. We find that life satisfaction affects employment prospects in addition to any effects of students' gender, ethnic group, their qualification when leaving, or their region of residence. If life satisfaction is one point higher (on a 1-7 scale) then the probability of getting a job is 1.9 percentage points higher. This compares with an overall probability of transitioning into employment of 65%.

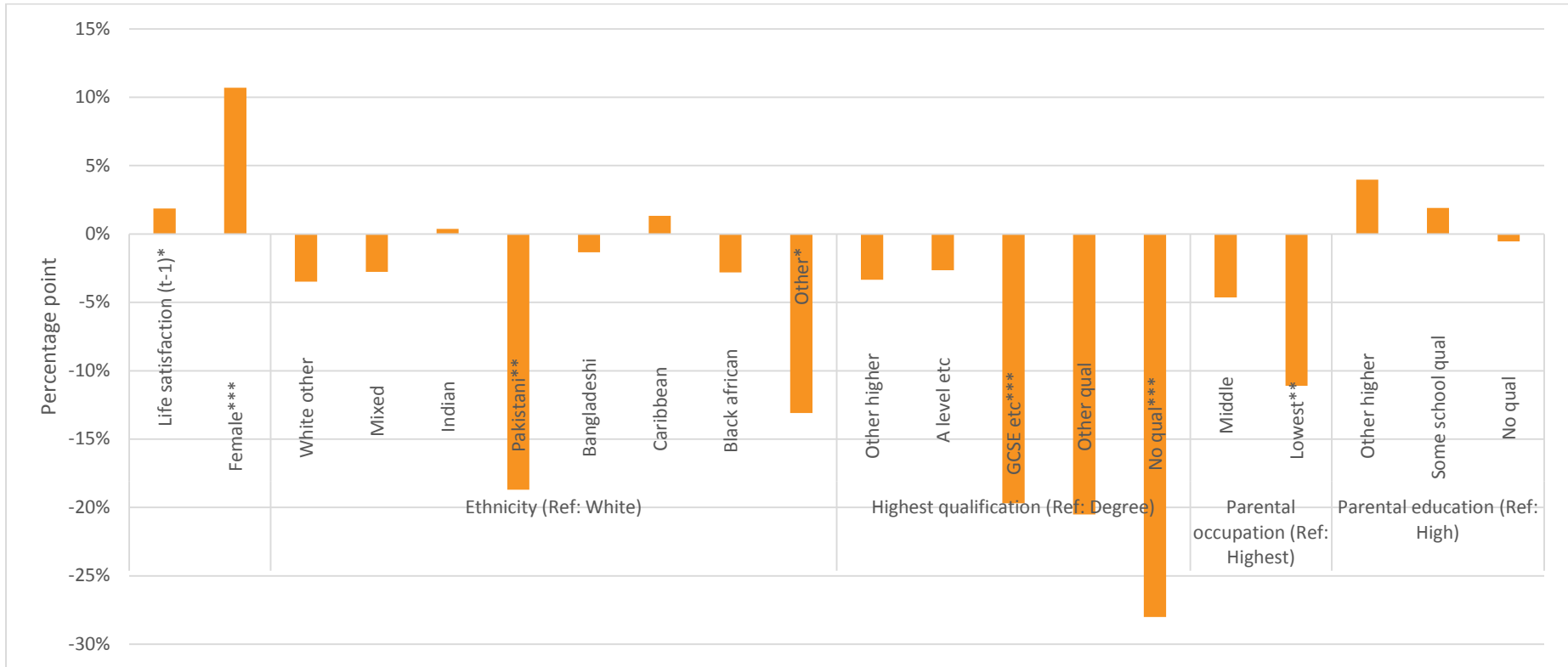
We also found (see Figure 1 for full results):

- Level of qualification made a big difference to employability, with the biggest difference being between on the one hand those who had A-levels, degree or other higher education, and on the other hand those who only had GCSEs or lower qualifications.
- Young Pakistanis were significantly less likely to find employment than White British
- Young women were significantly more likely to find employment than young men
- Those whose parents had lower skilled occupations (when the students were aged 14) were less likely to find a job.

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<sup>8</sup> The non-employment category also includes some respondents on maternity leave. We could not analyse them separately because they were too few (less than 1% of the sample).

**Figure 1: The impact of background characteristics upon the probability of finding a job**



Note: These average marginal effects are based on the results presented in specification 3 in the full Technical Report, they illustrate the percentage point impact of each of the individual factors upon the probability of transitioning from full-time education into employment as opposed to non-employment.

\*p<0.05      \*\*p<0.01      \*\*\*p<0.001

As can be seen in Figure 1, the effect of life satisfaction is smaller than all of these other effects.<sup>9</sup> Even comparing someone with the lowest possible life satisfaction (1 on a 1-7 scale) with someone with the highest possible life satisfaction (7 on a 1-7 scale), the difference in likelihood of finding a job is only 11.4%, which is not much bigger than the difference between males and females. Nevertheless, the effect acts over and above this standard set of characteristics. We can also be confident regarding the causal direction of the effect, as the study followed young people who had little prior experience in the job market, and as life satisfaction was measured *before* leaving full-time education. In other words this is clearly the effect of life satisfaction on employment status, rather than the effect of employment status on life satisfaction (which of course also exists).

Furthermore, as we shall see in the next section, for some segments of the population, the importance of life satisfaction on employability is greater.

## Effects of personality

Whilst the effect of life satisfaction on employability for the overall population is small, we found that it interacted with personality type – i.e. life satisfaction was more important for some personality types in predicting employment than for others.

The Understanding Society Survey measures what are known as the “Big 5” personality traits (openness, conscientiousness, extraversion, agreeableness and neuroticism). One of these – extraversion – interacted significantly with life satisfaction, such that for more extravert people, life satisfaction has a smaller effect on their chances of moving to employment than for less extravert ones. To better understand the interaction of extraversion and life satisfaction, Figure 2 plots predicted probabilities for two reference cases: a person with low extraversion (less than the median) and another with high extraversion (above the median), these probabilities assume average levels of all other characteristics. The graph shows the probability of finding a job for different levels of life satisfaction. We see that life satisfaction is a strong determinant of employment for students with low levels of extraversion – if they are “completely dissatisfied” they have only a 50% chance of ending up with a job, compared with almost 65% if they are “completely satisfied”. In contrast, students with high levels of extraversion have a higher probability of being employed (more than 70%) and this barely changes for higher levels of life satisfaction. As a consequence, the gap between the two reference cases (low versus high extraversion) is wide at low satisfaction levels but almost disappears at high satisfaction levels. Thus, for “completely satisfied” students, extraversion makes no difference: both groups have about a 65-70% chance of transitioning into employment.

### Figure 2: Predicted probability of finding a job for those with high/low levels of extraversion by levels of life satisfaction

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<sup>9</sup> We do not find a significant effect of region on the probability of finding a job, although our regions are very broadly defined. There was also no direct effect of parental education (controlling for occupation). In additional analysis – available from the authors on request – we confirmed that (i) there is an effect of parental education but it runs through their occupation; and (ii) the effect of parental background runs partly through students’ own education.

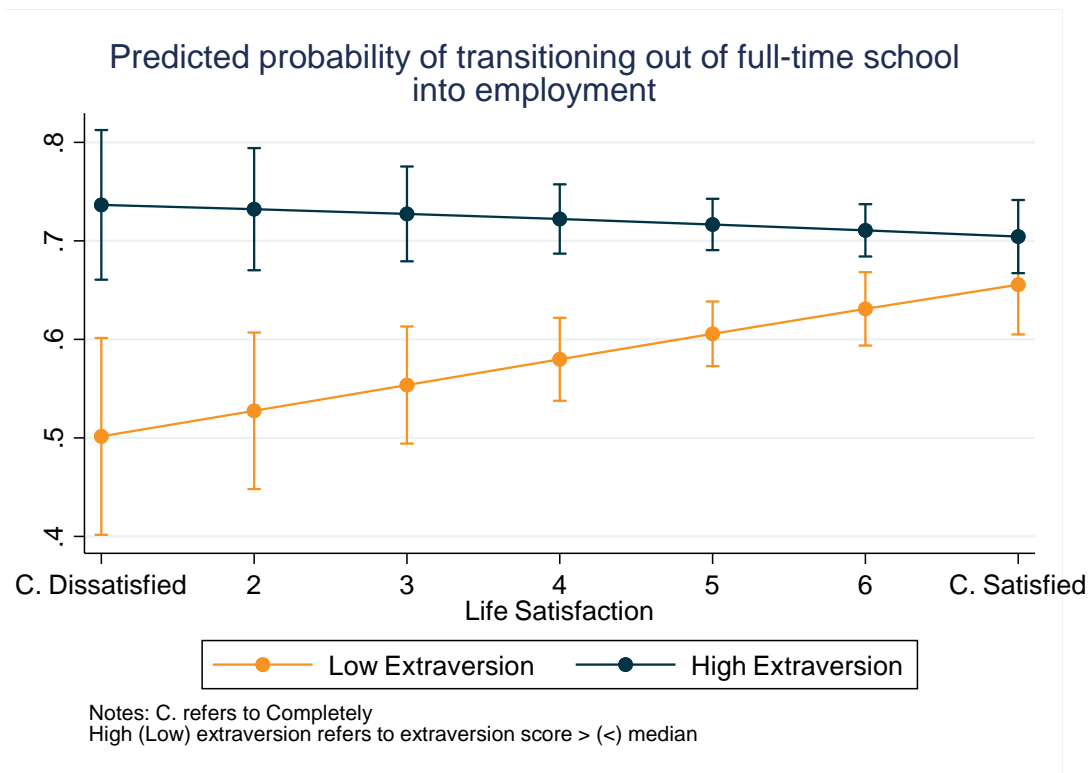


Figure 2 also makes it clear that, in general, extraverts are more likely to become employed than introverts. On average, there is a difference of 11 percentage points. Extraversion also correlates with life satisfaction – extraverts are more likely to have higher life satisfaction than introverts.<sup>10</sup> Indeed when the effects on future employment status of both extraversion and life satisfaction are tested in a single regression (without exploring the interaction), it is extraversion which is more important in predicting getting a job, not life satisfaction.

Aside from extraversion, we also found that respondents who scored highly on conscientiousness also were more likely to find employment. However, in this case, there was no interaction with life satisfaction.

## Implications and future research

There are two sets of implications for practice of these findings in relation to life satisfaction and personality. These implications, however, do come combined with a need for further research.

Firstly, the findings so far provide a further argument for the provision of support services to cover student wellbeing that can complement standard educational support and career guidance within educational establishments. Not only is improving students' wellbeing of value in and of itself, but it also increases their chance of finding employment after education – which is one of the principal aims of education providers. Importantly, the increase in employability is strongest for introverts, suggesting that it may be beneficial to target some

<sup>10</sup> This is in line with existing research which show that personality traits are one of the best predictors of life satisfaction: Ferrer-i-Carbonell, A., & Frijters, P. (2004) How Important is Methodology for the estimates of the determinants of Happiness?. *The Economic Journal*, 114(497), 641-659.

wellbeing services at introverts. Further study is required to identify the kinds of wellbeing services that are of most benefit to introverts, and that are most likely to engage introverts.

There is a second set of implications of these findings not linked directly to life satisfaction. Why are introverts 11 percentage points less likely to get jobs than extraverts? Where in the recruitment process to introverts suffer a disadvantage? At the interview stage? At the application stage? Or do they submit fewer applications? What can be done to change the recruitment process to give them a fairer chance? Further research is required, but one can already imagine how extraverts have significant advantages in recruitment and how recruiters can strive to be conscious of these.

Lastly, there are research questions to be asked around the generalisability of these findings. Do the effects of life satisfaction depend on when (or at what level) students leave full-time education? Are there interactions with other subjective factors, such as self-esteem or a student's locus of control? Once a person has entered the labour market, does life satisfaction continue to have an impact on their career progression, or is their subsequent experience explained by when they started in the labour market?