

The Causes and Dynamics of Worklessness: Literature Review

Key Messages

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West Midlands
**Regional
Observatory**

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1.1 Causes of worklessness

The literature review identified a wide range of groups that are at high risk of worklessness, many of whom face numerous barriers to employment.

Several groups of people have been found to have much higher rates of worklessness than the general population. Disabled people, Pakistanis/Bangladeshis, carers providing more than 20 hours of unpaid care per week, offenders/ex-offenders, homeless people, refugees/asylum seekers and social tenants have all been found to have worklessness rates above 50%. The average rate for the West Midlands is 28%.

The table below summarises the main barriers to employment, or causes of worklessness, together with the groups that are generally affected by each factor. The cause that affects the most groups is listed first and the number of barriers faced by each group decreases from left to right. However, the number of barriers recorded for each group partly reflects the extent of the literature for that group, so for the groups for whom there was little evidence available the number of barriers tends to be smaller. This might not be a true reflection of their level of need with respect to overcoming these barriers and entering employment.

Causes of worklessness	High risk groups												
	Disabled people/those in poor health	Older people	Lone parents	BME groups	Carers	Living in deprived areas	People with workless partners	Offenders/ex-offenders	Social tenants	Workers in the informal economy	Homeless people	Refugees and asylum seekers	Young people
Disability/poor health	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded
Low qualifications and skills/ language, numeracy and literacy problems	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded
Lack of work experience/relevant experience; poor work history	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded
Employer attitudes/discrimination	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded
Low confidence	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded
Caring responsibilities	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded
Financial considerations - loss of benefits, low pay	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded
Poor public transport /lack of personal transport	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded
Structure of benefits system - making work pay	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded
Age	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded
Labour demand	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded
Structural changes in economy	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded
Lack of childcare	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded
Influence of social networks	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded
Postcode discrimination	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded	Shaded

The shaded areas in the table highlight the barriers faced by each of the high risk groups.

This summary shows that most of these barriers to employment are experienced by more than one group of people. Poor health and low qualifications/skills are two of the most common barriers and were cited by nearly all of the high risk groups included. In addition to this there was significant overlap between these two groups, with many people suffering from poor health or having a disability also having low qualifications.

Some of the people at risk of worklessness face multiple disadvantage and belong to several of the high risk groups. These are the people who are particularly hard to reach and pose a specific challenge to policy makers due to the number of barriers they are facing. However, research has shown that a person's overall risk of worklessness can be estimated by adding together the independent effects of each risk factor. This is important for policy makers as it means that addressing any of the barriers associated with each of the independent risk factors would lower the overall level of risk of worklessness.

1.2 Dynamics of worklessness

The literature showed that this is a complicated area with many different factors working in combination to influence people's labour market transitions. Furthermore, factors that trigger worklessness are often not the same factors that then act as barriers and prevent people from returning to employment.

The main factors identified as influencing flows in and out of the labour market can be summarised as:

- Length of time out of work - the longer a person was out of work the less likely they were to return to the labour market, making quick interventions important. This was true for several groups who may have had different initial triggers for worklessness, but was particularly true for those who were disabled or in poor health.
- Financial reasons (incentives and disincentives) played an important part in people's decisions about leaving/entering employment. For people claiming benefits, the management of the transition period between benefits and work was important.

1.3 Gaps in the evidence

This review has provided a summary of the issues relating to the causes and dynamics of worklessness. Future work could take a more focussed approach to look at any of the themes identified in this review. There are also some specific areas that provide opportunities for further research:

- **Multiple risk factors in the region** - to look at the number of people in the region who belong to more than one of the high risk groups and face multiple disadvantage.
- **Specific high risk groups** - there is currently only limited data available on the following groups: offenders, refugees and asylum seekers, carers, homeless people, and people with mental health problems.

- **Characteristics of Incapacity Benefit claimants** - only limited demographic data are available. Ethnicity data, for example, are not available.
- **Causal direction** - Some of the causes of worklessness identified in this review may in fact be consequences of being workless but there is little evidence to show this.
- **Dynamics of worklessness in the region** - to look at the reasons and flows of entry and exit from the labour market within the region.
- **Issues for specific ethnic groups** - to look at the differences between different minority ethnic groups with respect to causes of worklessness and barriers to employment that they face.