
REMAPPING DEBATE

Asking "Why" and "Why Not"

The hidden toll of underemployment

Original Reporting | By Mike Alberti | Economy, Employment, Labor

Nov. 9, 2011 — The many impacts of unemployment — including social and psychological ones — have long been catalogued. But much less is known about the consequences of “underemployment.”

Millions of Americans — at least as many as are unemployed, and perhaps more — have either been forced to take part-time work because full-time jobs are not available, or are forced to work in jobs for which they are overqualified. (See “How many are there,” on next page)

“We have never experienced anything like this,” said Carl Van Horn, director of the John J. Hel-drich Center for Workforce Development at Rutgers University. It is “not something that as a society we’re used to dealing with.”

Since the recession, researchers have begun to take more of an interest in the psychological effects of underemployment, and what they have found is not encouraging. In the short-term, it appears that those who are underemployed — like those who are unemployed — have an increased risk of depression, increased stress, and lowered self-esteem.

And there may be long-term negative effects, too. On the psychological side, there are intriguing hints of a downward spiral that might affect underemployed workers in their family, social, and employment relationships. In economic terms, there is already data that show that the effects of being underemployed directly after graduating from college can linger for more than 10 years.

“Unemployment is an emergency,” Van Horn said. “Underemployment is a crisis.” Neverthe-

WHAT IS UNDEREMPLOYMENT?

One of the primary difficulties in measuring underemployment is that there is no consensus about how it should be defined. For many years, underemployment was thought of only in terms of “hours,” that is, a situation in which a worker is not able to work as many hours as he or she wants.

In 2003, psychological researchers Daniel S. Friedman and Richard H. Price wrote an [influential paper](#) on underemployment in which they sought a broader definition. They emphasized the importance of studying the implications of four different “types” of underemployment: hours-based, income-based, skill-based, and status-based.

Income-based underemployment is a situation in which workers makes less money than they would be expected to, given their skill-level and educational background. Skill-based underemployment represents whether a worker is overeducated for his or her current job. Status-based underemployment is more complicated (and somewhat more controversial), drawing on a “socioeconomic index” that combines the income and educational attainment associated with a specific occupation with a more subjective measure of the “value” a specific occupation is perceived to have in society.

less, the United States, unlike other countries, is not gathering the data needed to pinpoint what the full costs of underemployment actually are. Making it difficult to know which policies might be effective in helping those affected.

What's wrong with me?

Douglas Maynard, an associate professor of psychology at the State University of New York in New Paltz is one of only a few psychologists who has studied the mental health effects of underemployment.

"There are a few things that we know for sure," he said. "We see very clear evidence of lower self-esteem, greater stress, and less job satisfaction," he said.

How many are there?

The Bureau of Labor Statistics (BLS) keeps track of one class of underemployed workers, which it calls "involuntary part-time workers," that is, workers who want full-time employment but cannot get it. According to BLS, the number of these workers has risen even faster than the number of unemployed workers since the beginning of the recession. As of September there were 9.2 million such workers.

But BLS does not take into account another class of the underemployed: those workers who hold jobs below their skill and education level.

Andrew Sum, director of the Center for Labor Market Studies at Northeastern University, [has shown](#) that, between Sept. 2010 and Jan. 2011, nearly two million college graduates under the age of 30 were working in jobs that did not require a college degree.

But even this does not capture the full scope of their numbers. Sum's analysis, for example, did not include those college graduates aged 30 and older who were working in jobs not requiring a college degree. It also did not include workers with lesser level of education whose jobs do not fully utilize their skills.

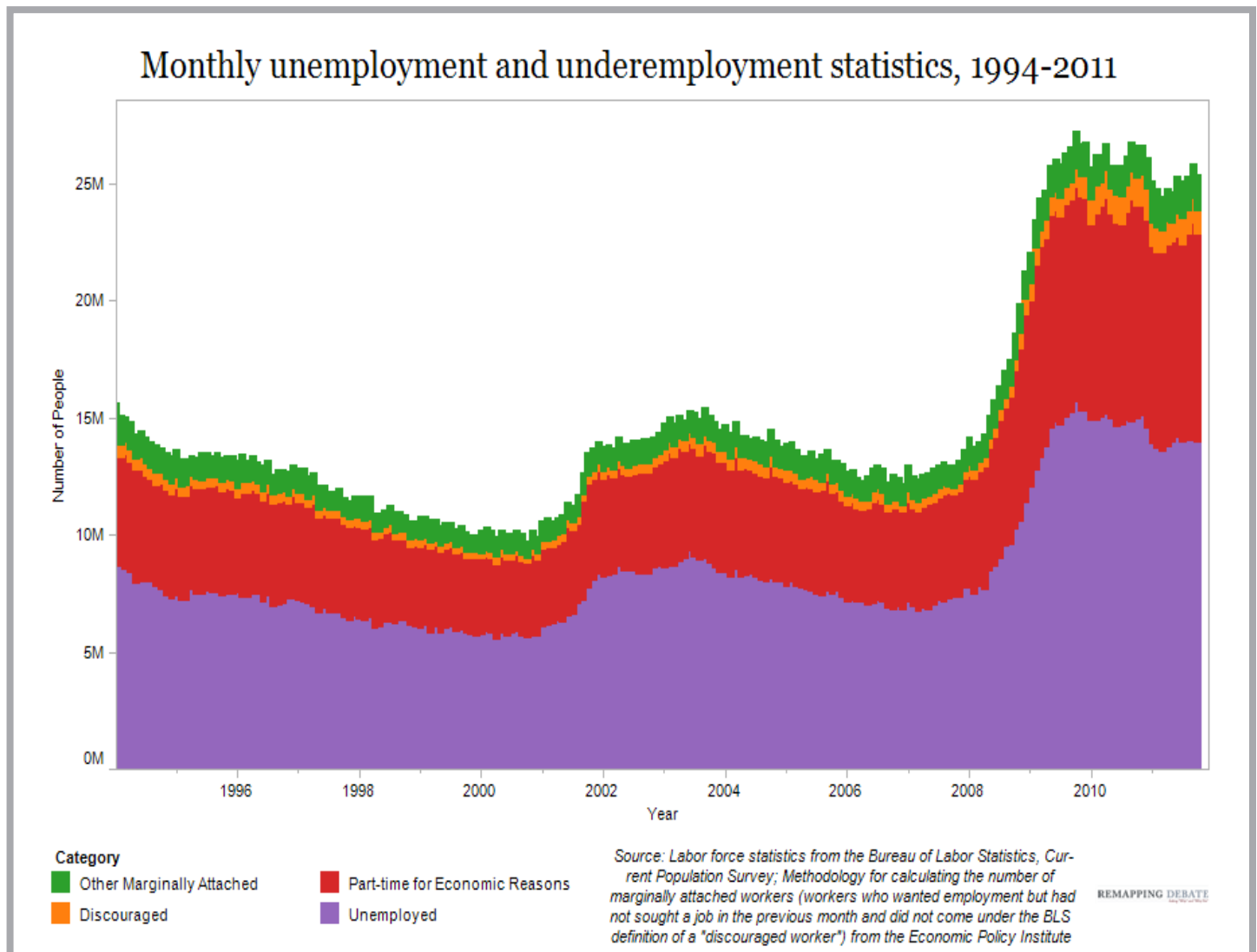
"We know the problem is big, but we actually don't know how big it is," said Francis McKee-Ryan, a professor of management at the University of Nevada in Reno, who has studied underemployment.

And there is still another category to be accounted for. Carl Van Horn, director of the John J. Heldrich Center for Workforce Development at Rutgers University, pointed to those workers not traditionally categorized as underemployed but whose status has markedly deteriorated because of pay cuts imposed during and after the height of the financial crisis.

To illustrate those effects, David Pedulla, a doctoral candidate at Princeton who is writing his dissertation on the consequences of underemployment, suggested considering the case of a worker with a degree in accounting who is laid off from an accounting firm and has to take a new job working in retail.

“Imagine going from a situation where you had gained some status and control over your day-to-day life, and then moving into a retail job with a boss with less education than you,” Pedulla said. “That person might feel like he had lost control over his life.” The theme of loss of control is one that numerous experts cited repeatedly.

Pedulla said that the result is often that underemployed workers internalize a sense of shame, and begin to blame themselves for their situation. Psychologists have long recognized that shame is a very powerful emotion, and that people who feel a strong sense of shame tend to cope with it in different ways. (See bottom box on page 5 on the nature and power of shame.)



The ex-accountant working retail, Maynard said, “might start blaming himself for it. He might wonder, what’s wrong with me that I’m here?”

That sense of shame intensify if the individual has been forced to take a pay cut, Maynard said. Underemployed workers will often feel a greater financial strain, which can be exacerbated because their new jobs may not provide the same levels of health or retirement benefits as their old jobs, while at the same time making them ineligible for government assistance programs.

Pedulla said that, for men, the implications of becoming underemployed and earning less money can have profound effects on their perception of their masculinity, especially if they find themselves struggling to provide for their families.

“The breadwinner model is still very present,” he said. Men who feel that their masculinity is being threatened are more likely to lash out at their families. There is evidence that underemployment can cause marital strain, Pedulla said, and that when older children perceive that there has been a reduction in income or status, they may “inherit” the sense of shame.

“Kids may feel like they can no longer have the newest clothes, or that they can’t do certain activities with their friends because their family can’t afford it anymore,” he said.

Social isolation

One of the strongest effects of the shame and lowered self-esteem that can result from underemployment is that the worker may become socially isolated — in the workplace and outside of it — and that the isolation can, in turn, reinforce those feelings because the worker is not receiving social support, experts said.

“Your social interactions might change,” Pedulla said. “If you were laid off from a job where you had friends, you might feel less inclined to see your former co-workers because you might fear that they would look down on you.”

[Some research](#) has found that workers who have been laid off and found new jobs that are unsatisfactory are less likely to engage in social activities. In 1988, Katherine Newman, a sociologist and the current dean of the School of Arts and Sciences at Johns Hopkins University, wrote an influential book called *Falling from Grace: Downward Mobility in the Age of Affluence*, in which she interviewed hundreds of people who had, for various reasons, fallen out of the middle class.

Several people reported that the social consequences of underemployment can be particularly challenging.

“If your old friends are going out for drinks or going to the theater or playing golf or doing other things that you can no longer afford to do, then that can be a very isolating experience,” she said.

Berrin Erdogan, an associate professor of management at Portland State University, said that underemployed people might find themselves isolated within the workplace as well. “You would probably feel like a misfit, especially if you are surrounded by people who are less educated than you,” she said.

She used the example of a young worker who graduated from college but could not find a job in her field, and had to start working at a coffee house. “After work, [your co-workers] might go out or spend time together on the weekends, but you might be less inclined to go because you feel like you don’t fit

The power of shame

Psychologists have long recognized the debilitating power of feelings of shame, and how those feelings are closely linked to other mental health issues, like depression and low self-esteem.

Shame and guilt are often used interchangeably, but according to June Tangney, a professor of clinical psychology at George Mason University, the two emotions are very distinct.

“Guilt is when you feel bad about a behavior, but shame is when you feel bad about yourself, when instead of saying, ‘I did a bad thing,’ you say, ‘I’m a bad person,’” she said. “Guilt is a negative emotion, but it’s nothing like shame.”

Tangney said that feelings of shame can often emerge from entering a circumstance, like underemployment, in which people feel that they are not meeting their own expectations or the expectations of others’.

“It is the sense of being humiliated and demeaned and empty and worthless at the core,” she said. “There is often a sense of shrinking, of being small, of wanting to sink into the floor, of being powerless, and also of feeling exposed, that other people are sort of looking at you and evaluating you.”

According to Tangney, proneness to shame is associated with higher incidence of depression and alcohol and drug abuse, and it can often manifest itself as anger. “There’s a close link between feeling like you’re a horrible person and blaming other people, which in extreme cases can lead to outbursts of aggression. It is generally not good for relationships, either domestic relationships or friendships or workplace relationships.”

According to Ronda Dearing, a research psychologist at the University of Buffalo who has also studied shame, it is an extremely difficult feeling to overcome. “A common response to guilt is try to do something proactive about it,” she said. “But shame can be completely immobilizing. When you feel that there is something fundamentally wrong with you as a person, that you are somehow rotten at the core, it’s very hard to move forward from there. You just get stuck, thinking ‘I am a horrible person. I’m despicable,’ [and, perhaps] ‘I deserve this.’”

Both experts emphasized that feeling of shame exist along a spectrum, and may affect people differently. “There are gradations,” Tangney said. “Some people experience shame that is overwhelming and debilitating. Other people go through their days feeling little micro-experiences of shame, just short encounters that make them feel shame for a moment. Even those can quickly eat away at their sense of being good, functioning people.”

in,” she said. “At the same time, there’s a great chance that your co-workers might feel intimidated by you, and won’t want to invest in a relationship with you.”

Erdogan said that that situation could quickly lead to anger and “self-defeating behavior,” which could affect the way that underemployed workers do their jobs. “If you don’t feel appreciated in your job, and feel like it’s unfair to be there, you might not do your job as well. If you’re working in a coffee house, in the end you may not end up treating your customers very well,” she said.

“People spend a huge number of their hours at work,” said David Pedulla of Princeton. “If that work is making them depressed, then it’s easy for that to affect other parts of their lives.”

In his [research](#), Maynard has found that workers who perceive themselves to be overqualified for their jobs report less job satisfaction even than workers who are involuntarily employed part-time.

Erdogan said that evidence also exists that workers who are overqualified for their jobs are more likely to have bad relationships with their managers and co-workers, and that this can make them more likely to get fired from their jobs.

“If you don’t leave a job on good terms,” she said, “that in turn diminishes your chances of finding another job.”

Depression and boredom

Psychologists stress that the duration of underemployment is a very important factor. If a person finds a better job within a few weeks or months, said Daniel Feldman, associate dean of the Terry College of Business at the University of Georgia, the negative psychological impacts are more likely to be limited.

But if the worker remains underemployed for more than six months, Feldman said, it would be a short step from the combination of boredom and self-doubt to clinical depression. [Researchers have shown](#) that depression is strongly associated with underemployment, especially if the person is making less money than he or she had come to expect. Others have [also found that](#) underemployed workers are just as likely as the unemployed to show signs of depression.

Going back to the example of a worker who went from an accounting job to a retail job, Feldman said that an huge factor would be the dissonance in the worker’s mind between his present situation and the future that he had imagined.

“You went from doing something where you were using your skills to folding shirts,” he said. “That’s a very strong contradiction [of] the idea that you had of where you were going to end up.”

“You’re going to be constantly bored with that job,” he said. “You’re never going to be happy working there.”

Depression has long been linked to self-destructive behavior such as an increased incidence of [alcoholism](#), [drug use](#), [aggression](#) toward family members, and [suicide](#). While little research has been done examining the incidence of these behaviors among underemployed people, the [connection between self-destructive behavior and unemployment](#) is quite strong.

“We would expect to see many of the same effects in some underemployment situations,” said Meghna Virick, an associate professor of management at San Jose State University.

Feldman [has also found](#) that if workers who are laid off blame themselves for losing their jobs, there is an increased likelihood that they will engage in self-destructive behavior.

Characteristically, people who suffer from depression can have strong feelings of shame, guilt and worthlessness, as well as fatigue and irritability. They can also lose interest in things that were once important to them, such as their families, friends, and hobbies.

“People spend a huge number of their hours at work,” Pedulla said. “It’s central to the construction of their identity. If that work is making them depressed, then it’s easy for that to affect other parts of their lives.”

Unfulfilled hopes and diminished expectations

Though many researchers speculate that underemployment can have long-term psychological effects, it is an issue that has not been studied in depth. But several experts worried that, if the situation does not improve quickly, it could lead to a sense of unfulfilled hopes and diminished expectations, especially among young people.

“If you’re going into the labor market and have a particular idea of what your future is going to look like, and what you actually find is quite different, that has an effect on how you perceive yourself and how you perceive your chances for the future,” said Sarah Anderson, a professor of psychology at the University of South Australia who has long studied underemployment.

Returning to the example of the ex-accountant who works in retail, Feldman said that after a certain amount of time the worker might start to become discouraged. “If you don’t get out of the job after six months, you become increasingly pessimistic that you’re going to get out of it at all,” he said.

That could mean that the worker stops looking for other jobs, or approaches the job search with “less gusto,” Maynard said. Because the job search can quickly become an exhausting process, especially while an applicant is working at another job, he or she may not put in as much effort after a prolonged period of time, he added.

“In Europe,” said Portland State’s Berrin Erdogan, “underemployment is treated as a social problem. We don’t even pay attention to it that much.”

“Some people might cope with being underemployed by changing their expectations, and saying, ‘I guess this is as good as it gets for me,’” Maynard said.

The job search can reinforce that sense. Several experts in management said that employers might be less likely to hire an applicant for a job if the applicant has been clearly underemployed, leading to a vicious cycle from which the worker cannot extricate him or herself (see sidebar).

If the worker is ensnared in this vicious cycle, Maynard said that he or she might begin to feel a sense of “learned helplessness” in which the person stops trying to actively change his or her situation. “If you’ve been applying to jobs and hearing nothing back, you may start to feel like you have no control over your life,” he said.

And many researchers have noted that the mental health effects of underemployment are most severe if workers feel that they have lost control over their situation — if they begin to feel trapped in their current jobs. “That is the point when we would expect to see the worst mental health outcomes,” Maynard said.

In the current context, that is particularly disturbing. There is [some evidence](#) that shows that during a recession, workers are less likely to quit their current jobs, because they are less likely to believe that they will be able to find another one. Before the recession, an average of three million people quit their jobs each month; in September, that number was slightly over two million. (See [data visualization](#).)

Lack of data

While the understanding of the consequences of underemployment is growing, many of the experts interviewed for this article said that there is still a long way to go.

“There is much less empirical research than we would like,” said Pedulla. “Before we know how to respond effectively, we need to understand the contours of the problem better.”

FUEL FOR THE FIRE: EMPLOYERS AND THE VICIOUS CYCLE

Some studies have found the underemployed workers can face a stigma from potential employers, and that this stigma can make it more difficult for the worker to find better employment. For example, [research on temporary workers](#) has shown that those workers are very often stigmatized by potential employers, regardless of their profession.

Ed Reagan, the director of the temporary division at Taylor Hodson, a staffing firm in New York City, said that when employers see that a worker has been underemployed for more than a few months, they may start to question the worker’s commitment to their field.

“If you see on a resume that the person has clearly taken a step back, then there might be a perception that the person is lazy,” he said.

Erdogan has studied underemployment from the employer’s side, and she said that it is quite common for underemployed workers to be stigmatized. “An employer might look at someone with a degree who has been working in a coffee house and say, ‘What’s the matter with this person that they couldn’t find another job?’” she said.

One reason why so little research is done on underemployment is that it is important to have what's called a "longitudinal" data source to draw from, which means data that follows individuals through time to measure what effects result from changes in their situations.

While the U.S. does have a few longitudinal data sources, they are generally limited in the amount of information they contain. Much of what is known comes from data from other countries, especially in regard to mental health and to more subjective measures like perceived well being.

Long-term economic effects...and effect on happiness, too?

Although economists have not done much work that specifically focuses on the long-term implications of underemployment, they have examined the long-term implications of recessions. What they have found is that negative effects are persistent. And new research offers a intriguing hints that underemployment, too, may cause persistent negative effects on workers.

Lisa Kahn, an economist at Yale University, has studied the long-term economic consequences of graduating into a recession. In [one study](#), she found that for every 1 percent increase in the unemployment rate, young people who graduate during a recession can expect in their first job to earn 6 to 7 percent less than they otherwise would have.

Till von Wachter, an economist at Columbia University, and colleagues have conducted similar research, and found that the wage loss associated with graduating into a recession lasts an average of 10 years. This is especially significant with a view toward the long-term earnings of those graduates, because [other economists have found](#) that two-thirds of the wage-growth of American workers happens in the first ten years that they are in the labor market.

Von Wachter has also studied the economic effects of being laid-off during a recession, and [found that](#) workers who experience a mass layoff were still making twenty percent less even 15-20 years afterwards. The accumulation of those annual earnings totaled between \$110,000 and \$140,000. If the worker would have been expected earn \$50,000 a year during those twenty years, the loss of \$110,000 represents a lifetime earnings loss of twenty percent.

Paola Giuliano, an assistant professor of economics at the University of California Los Angeles, is currently doing research investigating the long-term effects on well-being that result from experiencing a recession between the ages of 18 and 25. Though her results so far are only preliminary, she said that, across countries and regions, it seems as though those people report that they are less happy many years later.

"Unfortunately, it seems like the effects can stick with you for the rest of your life," she said.

In her study, Giuliano is controlling for employment status, so she is not able to say how much one's labor market status affects his or her happiness in the future. However, she said that, drawing from the psychological research, it stands to reason that those who are unemployed and underemployed would be the most affected.

Longitudinal data collection is more expensive and more time-consuming than normal survey studies, and while a few universities have the resources to conduct them, the responsibility generally falls to the government to provide the funding and support. Virick of the San Jose State University said that the recession should have served as a wake-up call to policy makers that this is an issue that demands attention.

“We haven’t had any kind of organized response to this,” she said.

According to Erdogan, the United States is paying much less attention to the issue than European countries. “In Europe, underemployment is treated as a social problem. We don’t even pay attention to it that much.”

Whose fault is it, really?

Few people would suggest that mass underemployment is somehow the “fault” of the people who are underemployed.

“Underemployment is now a structural feature of our society,” said Newman of Johns Hopkins. “Structural problems demand structural solutions.”

Nevertheless, several researchers said that, in the United States, there is a strong impulse for underemployed workers to blame themselves for their situation, which is the source of many of the negative mental health effects associated with underemployment.

“If people don’t understand that there is a way that the system has become rigged against them, they may start feeling like they’re to blame for their issues,” said Anderson of the University of South Australia.

Anderson said that appreciating the broader structures that created underemployment was an important part of a strategy to avoid falling into the trap of self-blame.

“I like to hope that we’re starting to see people realize that the ways the workplace has changed in the last few decades have not been positive for most workers, and to try to change that” she said.

Newman agreed. Seeking to address the systemic causes of problems “can be a very healthy coping strategy,” she said.

This content originally appeared at remappingdebate.org/node/943