

## CHAPTER 3

# Transition from School to Work

## Icelandic Young People in NEET

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The transition from school to work is more complicated now than in the past (Bynner & Parsons, 2002; Furlong & Cartmel, 2007; Lauder et al., 2006; Lundahl, 2011; Lundahl & Olofsson, 2014; Roberts, 2009). By analysing young people (16–34) who are not in employment, education or training, i.e. the two main social and economic areas of society, our understanding of the situation of this group that is particularly at risk for a social exclusion can improve. According to social exclusion theory, the loss of employment constitutes the first step of social exclusion, which leads to further hindrances. The young people concerned are not active and therefore face economic and social obstacles that often lead to multidimensional deprivation such as being out of the educational system, being unemployed and not participating in leisure activities. This situation blocks individuals from the main social activities (Burchard, Le Grand & Piachaud, 2002; Gallie, 2004; Gough, Esenshitz & McCulloch, 2006).

Leaving the school system and entering the labour market is one of the first steps young people take into adulthood. Researchers have noticed that successful transition processes tend to be related to the future well-being of the individual. However, although the educational expansion was meant to increase equality, there is

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still inequality in job opportunities and education, where family background influences the outcomes and this group of young people with no qualifications lacks job opportunities (Furlong & Cartmel, 2007; Goldthorpe, 2007; Oskarsdottir, 1995; Roberts, 2009; Wolbers, 2014). Research has also shown that countries differ in their emphasis on preparing young people through general academic education or vocational education or training at upper secondary level (Arnardottir, 2014; Kerckhoff, 2000; Lundahl, 2011; Müller & Gangl, 2003; Olofsson & Panican, 2008; Olafsson & Arnardottir, 2008; Oskarsdottir, 1995; Walther, 2006).

The opportunity structure theory by Roberts (2009) assumes that it is more common that young people lack opportunities than that they lack ambition or talent. A successful transition from school to work is primarily formed by the interrelationships between family background, education, labour market processes and employers' recruitment practices. These factors are valuable in comparing the current situation with the past. According to the theory, imbalances of transition from school to work lie primarily in the opportunities regarding which different groups are required to be reflexive. Young people need to be reflexive, in the sense that they have to make choices set by institutions and the society, in the context of other actors. In a traditional society, young people generally had few choices, but in the modern society they have to choose their future based on more uncertainty and risk. Even though the characteristics of the opportunity structures have changed in the last decades, the same processes may maintain them. According to social network theory, however, information is the key to successful matching between education and occupation, where employees search for suitable employers and vice versa. The information can come from the family, employers or the school system (Granovetter, 1995; Müller & Gangl, 2003; Rosenbaum & Jones, 2000). Thus, job-searching method matters. Young people often lack job experience and job contacts and these factors are possibly affecting inactivity among the NEET group.

The NEET concept has proved to be a powerful tool to focus on the problems of youth in the labour market and the multifaceted nature of their vulnerabilities such as for young mothers and those with disabilities (Eurofound, 2016; see also Chapter 2). This research adds new knowledge about the NEET group in Iceland and young people's entry into the labour market (first job), an area that has not been previously studied (Arnardottir, 2014). Former research on transition from school to work in Iceland (Olafsson & Arnardottir, 2008; Oskarsdottir, 1995, 2000) has shown high school dropout rates and weak links between school and the labour market. At the same time, many students work alongside studying, and, in general, there is a high demand for youth labour. Before the economic crisis in 2008, Iceland did not have a large array of measures to activate individuals, since the employment rate was generally very high and the unemployment rate low and short-term (Olafsson & Arnardottir, 2008; Thorlacius & Olafsson, 2010; Olafsson, 2012). There has also been more focus on disability welfare recipients and on recognizing the importance of employment or educational opportunities among inactive young people (Arnardottir, 2016a, 2016b; Hannesson, 2013; Jokumsen & Traustadottir, 2014; Nordens

Välfärdscenter, 2016; OECD, 2013; Thorlaciuss & Olafsson, 2010). However, high dropout rates indicated that some youths were facing difficulties in the labour market. Before the economic crisis in 2008, a group of youth was already inactive in society and in need of pursuing further studies (Arnardottir, 2008, 2014; Gunnlaugsson, 2008; Olafsson & Arnardottir, 2008).

Here we will focus on the group of young people in Iceland who are not in employment, education or training (NEET). The hypothesis is that they are more likely than other youth to have only completed education below upper secondary education and their parents are more likely to have low educational levels. They are also more likely to get a job via formal means such as public employment offices (PEOs) and advertisements compared to others and their first job is usually unskilled. We assume that this is the case even when controlled for gender, age, residence, ethnicity and disability.

## Method

The research method is quantitative. The data are based on the Labour Force Survey (LFS) regularly undertaken by Statistics Iceland, which is also a part of the Labour Force Survey of Eurostat (Statistical Office of the European Union). Data were obtained from standardized questionnaires by telephone interviews. The data collection represents the population aged 16 to 74 in Iceland, with a random sample of about 4,000 and a response rate of 80–85%. The key concepts are based on the definitions of the International Labour Organization and Eurostat. Data for 2006–2008 refer to the whole year but in 2009 only the second quarter. It is of great value to have a sample of the NEET group based on the random sample of the LFS. It is also possible to generalize results to the whole population, although there is a need for caution when responses are few. This large dataset gives possibilities of comparing the situation of young people with those who are older, and find what is special for youth. These were the newest data available when this research started and the first time an ad hoc module including supplementary statistics on first job was conducted in order to enable investigation of labour market entry in Iceland.

*Not in employment, education or training* (NEET; see also Chapter 2) are respondents that have not been taking part in regular education or training during the last four weeks and those who are not employed, i.e. who have worked for pay or profit one hour or more in the reference week or are absent from the work they usually carry out. Apprentices' on-the-job training is classified as 'in education'.

Educational level refers to the highest level of education successfully completed classified according to the International Standard Classification of Education 1997, ISCED97. Four categories are used here: 1) below upper secondary level, that is, below ISCED 3; 2) vocational education and training (VET), i.e. those who have completed ISCED 3c or 4c; 3) general education, which refers to those who have completed ISCED 3a, 3b, 4a or 4b; and 4) tertiary education, which refers to those who have completed ISCED 5 or 6. Occupational groups are classified according to the International Standard Classification of Occupations, ISCO-88.

The following questions were only used in an ad hoc module of LFS in the second quartile 2009 among 16- to 34-year-old respondents (n=1169):

*First job* is the first job respondents had for more than three months after completing formal education for the last time, and without any scheduled further education. Only jobs for pay or profit are included; apprenticeships and summer jobs are excluded. Those who had had a first job got a question about the method they used to get their first job and occupation.

*Parents' educational level* is classified into low (ISCED 1–3c short), medium (ISCED 3a, b, c two years or longer and ISCED 4), high (ISCED 5, 6). This is the highest educational level at least one parent has completed.

The chi-square test is used to test for significant differences between groups. Significance is indicated by stars, where one star corresponds to  $p < 0.05$ ; two stars  $p < 0.01$  and three stars  $p < 0.001$ . Logistics regressions are used to show which variables predict if youth belong to the NEET group or not. Finally, the comparison with the UK, Spain, Germany and the Nordic countries is based on published data by OECD and Eurostat.

## Results

Low educational attainment and early school leaving is believed to be one of the main causes of the marginalization of young people (see for example Gallie, 2004; Halvorsen et al., 2013; Olafsson & Arnardottir, 2008; Oskarsdottir, 1995; Roberts, 2009). Dropout can influence vulnerability in times of crisis when there are fewer job opportunities than normally, and that was of concern in Iceland due to the crisis in 2008. Over a longer time, dropout rates in Iceland have been higher than in most other Western countries, including other Nordic countries (Arnardottir, 2008; Nordens Valfärdscenter, 2011; OECD, 2011a; Olofsson & Panican, 2008; Oskarsdottir, 1995; Valkonen & Vihriälä, 2014. Also see Chapters 2 and 4 in this book).

Table 3.1 shows the highest educational level successfully completed among 16- to 34-year-olds in Iceland in 2009, by gender, age, residence, parental education and ethnicity. The results reveal that a higher percentage of males than females had not completed upper secondary education or tertiary education. A higher percentage of males than females had completed vocational education and training (VET) and a higher percentage of females than males had completed general education below tertiary education. Similarly, a higher percentage of females than males had completed tertiary education. It also shows that higher percentage of those living in the capital region had completed some education. Those with parents who had higher education did better with regards of completing some education. However, there was no significant difference if the parents were born in Iceland or not. This is in contrast to the findings in other countries, for example Sweden—see Chapter 4. A higher percentage of those in the NEET group had only completed education below upper secondary level or VET compared to others (Table 3.1).

**Table 3.1:** Highest educational level successfully completed among 16- to 34-year-olds by gender in Iceland in 2009.

	Below upper sec. level %	VET %	General %	Tertiary %	N
All	46.8	11.5	22.5	19.3	1167
<b>Gender***</b>					
Males	52.7	15.4	16.3	15.6	565
Females	41.2	7.8	28.2	22.8	602
<b>Residence***</b>					
Capital region	41.1	10.9	24.5	22.7	799
Other regions	59.5	13.7	15.6	11.2	365
<b>Parents' education***</b>					
Low	50.2	12.4	15.5	21.9	233
Medium	44.9	16.8	22.9	15.3	463
High	44.8	5.5	26.6	23.1	433
<b>Parents' ethnicity</b>					
Not born in Iceland	40.0	10.8	20.0	29.2	65
One born in Iceland	55.7	8.6	22.9	12.9	70
Both born in Iceland	46.5	11.7	22.8	19.0	1024
<b>NEET status***</b>					
NEET	56.8	17.6	14.2	11.5	148
Others	45.4	10.7	23.6	20.4	1014

\*\*\*p&lt;0.001.

Table 3.2 shows percentage of youths (16–34-year-olds) who were not in education or employment, by gender and educational level, in 2006–2009. About 5–6% had not been in employment or education and training during 2006–2008. The period of 2006–2008 is used in the analysis of the NEET group, as this was a small group of respondents. In 2009, there was a significant increase, due to the economic crisis in Iceland, starting in October 2008. A higher percentage of males than females was inactive. Those who were least educated faced a higher risk of not being in education or employment, and those with tertiary education were likely to be engaged in education, training or work. Interestingly, those who had completed VET were more likely than those who completed a general education not to be in education or employment.

**Table 3.2:** Percentage of population aged 16–34 not in employment, education or training by gender and education in Iceland.

	2006 %	2007 %	2008 %	2009 %
All	5.6	5.3	6.2	12.7
<b>Gender</b>	***	***	***	
Males	3.4	3.4	4.4	14.0
Females	7.7	7.2	8.0	11.5
<b>Education</b>	**	**	*	***
Below upper secondary level	6.9	6.7	6.9	15.4
Vocational education (VET)	4.9	4.4	6.4	19.4
General (academic) education	4.3	3.8	4.1	8.1
Tertiary level	4.1	4.0	6.5	7.6

Significant difference by gender 2006–2008, by education 2006–2009.

The focus is here on the situation of the NEET group in Iceland. In 2009, almost 13% of 16- to 34-year-olds were not in employment, education or training, which means a doubling compared to 2008. Here we start by looking at what kinds of reasons the respondents (aged 16–64) gave for leaving the last job or business (see Table 3.3). The results show that own illness or disability was the most frequently mentioned reason in 2006–2008, especially among 35- to 64-year-olds. For the youngest group, about 18% said a job of limited duration had ended, but the equivalent figure was only about 5–6% among the older participants. Between 14 and 17% said that the main reason was dismissal or being redundant. Here it is interesting to notice the small differences between age groups. From the answers it was obvious that there were many different reasons behind leaving the last job; a high percentage mentioned this. Research has shown that there is an association between unemployment and incidence of new disability claimants (Thorlaciuss & Olafsson, 2008), which could also be an explanation here. In 2009, a much higher percentage gave the reason that they had been dismissed and a lower percentage gave other reasons. These data refer only to those in the NEET group and therefore it seems that, when the situation in the labour market is worsening for the workforce as a whole, it is probably not as shameful to indicate the reasons for being dismissed or made redundant as it is in better times. A lower percentage give reasons such as own illness, but a higher percentage that they were in education or training and a lower percentage give other reasons (see Table 3.3).

**Table 3.3:** Main reason for leaving last job or business among the NEET group in Iceland.

Period	Age		
	16–24 %	25–34 %	35–64 %
<b>2006–2008***</b>			
Dismissed or made redundant	17.1	15.1	14.2
A job of limited duration has ended	17.5	5.8	5.4
Looking after children or incapacitated adults	4.0	10.8	3.5
Own illness or disability	18.7	38.2	52.9
Education or training	8.7	11.4	1.2
Other reasons	34.1	18.8	22.8
Total	100.0 (N=252)	100.0 (N=325)	100.0 (N=1188)
<b>2009**</b>			
Dismissed or made redundant	62.5	48.6	50.0
A job of limited duration has ended	6.3	4.3	1.5
Looking after children or incapacitated adults	0.0	1.4	2.3
Own illness or disability	10.4	18.6	30.3
Education or training	12.5	10.0	0.8
Other reasons	8.3	17.1	15.2
Total	100.0 (N=48)	100.0 (N=70)	100.0 (N=132)

\*\*p<0.01; \*\*\*p<0.001.

Research has shown that a higher percentage of claimants is registered at public employment offices in times of crisis, which probably also made it easier in people's mind to receive public help during higher unemployment (Arnardottir, 2013; Rosenbaum & Jones, 2000; Granovetter, 1995). Many of those who belonged to the NEET group were unemployed, or about a half of those aged 16–24 in 2006–2008 but about 71% in the second quartile of 2009 (Arnardottir, 2013, 2014). In 2006–2008, higher percentages of the NEET group were not seeking employment but even by 2009 between 29–46% of youths were not seeking employment. As the unemployed got older, more than two thirds of them were not seeking employment. Hidden unemployment

possibly increases with age and it is more common under ‘normal’ circumstances than in times of crises, when a much higher percentage of the population faces unemployment and therefore it is possible that the shame of being inactive is not as great. Hammer (2000) believes that being unemployed in Iceland carries more stigma than it does in Denmark, where unemployment has been high for decades. She found that mental health problems were more frequent in Iceland than in other Nordic countries, but economic deprivation had strong association with mental health problems. This could also indicate that the definition of unemployment is rather strict, as Roberts (2009) mentions, where some youths are classified as out of the labour force instead of unemployed.

Table 3.4 shows the reasons for not seeking employment among the NEET group. We see that own illness or disability was more often the reason for not searching for work among the older cohort compared to those who were younger. Caretaking was more common among 25- to 34-year-olds than among the others. Hence, two thirds of the 16- to 24-year-olds indicated other reasons for not searching employment and about 40–50% of the 25- to 34-year-olds. This implies that, when people are younger, there are various reasons for inactivity but as they get older the main reasons are their own illness or disability. The results also show that caretaking is more often the reason for females but own illnesses or disability among males.

**Table 3.4:** Reasons for not searching employment by age among the NEET group in Iceland, %.

All				Males			Females		
	Own illness or disability	Care-taking	Other reason	Own illness or disability	Care-taking	Other reason	Own illness or disability	Care-taking	Other reason
<b>2006–2008***</b>									
16–24	26.8	7.8	65.4	38.0	0.0	62.0	21.4	11.7	67.0
25–34	40.2	20.1	39.6	60.3	5.5	34.2	34.7	24.2	41.1
35–64	71.0	9.1	19.9	75.6	0.0	24.4	69.2	12.6	18.2
<b>2009***</b>									
16–24	25.0	6.3	68.8	—	—	—	—	—	—
25–34	43.9	9.8	46.3	—	—	—	—	—	—
35–64	72.5	4.2	23.2	—	—	—	—	—	—

\*\*\*p<0.001 for All. N for 2006–8=2038; N for 2009=199; Caretaking=Looking after children or incapacitated adults.



**Table 3.5:** The first job of more than three months after completing formal education by NEET group compared to others among 16- to 34-year-olds in Iceland, 2009.

	Higher skilled %	Clerks %	Service, sales %	Agric. fishery, craft %	Low-skilled %	Total %	N
NEET	11.0	5.5	37.6	19.3	26.6	100.0	109
Others	25.5	9.7	28.4	16.2	20.3	100.0	631
Total	23.4	9.1	29.7	16.6	21.2	100.0	740

Significant differences  $p < 0.01$ . Higher skilled refers to manager, professional and associate professionals according to ISCO-88 and low-skilled to elementary and plant and machine operators.

Respondents aged 16–34 were asked about their first job in 2009, that is, the first paid job they had worked at for more than three months after completing formal education, the last time, and without scheduled further education. About 77% of the NEET group had already got their first job. According to the opportunity structure theory youths do not lack ambition or talent but they lack job opportunities and are at risk of being trapped in part-time positions, with less security and a bad job (Roberts, 2009). Table 3.5 shows the first job among 16- to 34-year-olds in 2009. The results show that, among the NEET group, higher percentages had worked as service or sales workers or in elementary occupations compared to others. This result indicates that young people in the NEET group, once they get a job, is more at risk of being employed in lower ranks of the occupational ladder. It is possible that they are in so-called dead-end jobs, with less chance of promotion, and with fewer opportunities of attending courses and suitable on-the-job training at the beginning of their career.

Those who had had their first job were asked about the method they used to get their first job. According to research, young people tend to lack a social network to help them get a job and they therefore may be more vulnerable when entering the labour market than other jobseekers. In particular, youth who have not done well in school need to convince employers of their value (Granovetter, 1995; Rosenbaum & Jones, 2000). Therefore, it would be easy to suppose that the lack of social contact makes the NEET group more likely to use formal means when applying for a job compared to others. However, that does not seem to be the case at the time studied here, as a similar proportion of the NEET group compared to others got their first job by using formal means (see Table 3.6). A possible explanation is that, in Iceland, young people use the same methods in job-searching irrespective of their parents' level of education, while those who have completed tertiary education are less likely than others to use personal contacts (Arnardottir, 2014). Results are also in accordance with

**Table 3.6:** Method of job-searching used to find the first job by NEET group compared to others among 16- to 34-year-olds in Iceland, 2009.

	Formal means %	Direct application %	Personal contact %	Others %	Total %	N
NEET	21.9	35.2	41.9	1.0	100.0	105
Others	18.2	40.0	36.7	5.1	100.0	622
Total	18.7	39.3	37.4	4.5	100.0	727

No significant differences.

Oskarsdottir's (1995) findings, showing no significant differences with regard to job-searching method between those who dropped out from school and others. Hence, being marginalized in the Icelandic labour market cannot be traced to the job-searching method they use.

This also means that youth at risk of social exclusion were using similar tactics to get a job and they also seemed to use personal contacts to similar extent. Although about 34% were getting job via personal contacts; that was the case for those coming from both higher-class and lower-class families with regard to the highest educational level at least one parent had completed. We must acknowledge that, although youths with parents who have completed tertiary education are more likely to complete tertiary education (Arnardottir, 2014), those without a degree from higher education can be at risk of social exclusion to a similar extent as those who have parents with less than upper secondary education. The social networks of tertiary educated parents are not able to help those with lower qualifications. Hence, the present study indicates that it seemed to require a certain educational standard before getting access to the same social network as the parents. This could be of interest to understand further under what conditions children from better educated parents are not getting ahead. We should have in mind that apprenticeship training is rather rare in Iceland, and those who have parents with tertiary education are the least likely to attend vocational education and training that could be of value when entering into the labour market.

Research has shown that youths from lower-class families are those who are at risk of social exclusion in the labour market (Gallie, 2004; Gough, Esenshitz & McCulloch, 2006; Goldthorpe, 2007; Roberts, 2009). We could therefore expect that parental education is lower among the NEET group compared to others. We have seen here that illness and disability are affecting employment among youths. About 20% of the working-age population in the average OECD country suffers from a mental disorder in a clinical sense (mental illness that reaches the clinical threshold of a diagnosis of psychiatric classification systems). Surprisingly, better awareness of this illness has mostly led to more

exclusion from the workforce (OECD, 2011b). Illnesses as mental disorders may affect school performance and increase the risk of dropping out of school, with negative consequences for working life. Those who suffer from mental illnesses are less likely than the rest of the population to hold onto their job, as well as get jobs, in the lower rank of the occupational structure (OECD, 2011b). Research has shown that about 12% of the Icelandic NEET group aged 16–34 were permanently disabled in 2006–2008, compared to less than 1% of others, and 8% of the NEET group in 2009, compared to less than 1% of the whole population (Arnardottir, 2013). Among those aged 30 years or younger, 70% of male and 57% of female disability claimants were so because of mental or behavioural disorder (Social Insurance Administration, 2013). At this time about half of disability pensioners who are mentally ill in Iceland faced prejudice (Hannesdottir, 2010).

As shown in Appendix, Table A.1 youth who have not completed education at upper secondary level or higher are more likely to belong to the NEET group compared to others when controlled for gender, age, residence, ethnicity, permanent disability, parental education and whether their first job was unskilled (in elementary occupation, plant and machine operator or service and sales occupations). Age, ethnicity, health, educational level and first job have significant association with belonging to the NEET group (see Appendix Table A.1). Those aged 25–34 are more likely to belong to the NEET group compared to 16- to 24-year-olds when other variables were held constant. Those with Icelandic nationality were less likely to belong to the NEET group than those of non-Icelandic background. Disability claimants were at most risk of belonging to the NEET group, and, based on research, a majority of them were dealing with mental or behavioural disorder. However, although those dealing with illnesses were more likely to belong to the NEET group, it was not always the case because, when we controlled for disability, those youths whose first work was in the lower rank of the occupational ladder were more likely than others to be in neither employment education nor training. This result also highlights the importance of looking at various and even different situation this group of young people faces.

Table 3.7 shows the percentage of 25- to 34-year-olds who had never had a job and were not in education (NEETs), and those who had got their first job but were in education. The latter indicates a transition problem, where those who completed their formal education and started to work continued to study because they did not find their place in the labour market.

At the age of 25–34, about 6% of youths had never had a job and were not in education. Fifteen per cent of this age group had had their first job and were still in education. When analysed by these main variables, we see that higher percentages of those whose parents were not born in Iceland had not got their first job and were not in education. Among those who had already entered the labour market, a higher percentage of females than males were in education, and a higher percentage of those who lived in the capital region than outside

**Table 3.7:** Transition failure among 25- to 34-year-olds in Iceland, 2009.

	Never work not in education %	In education after first job %	N
All	6.2	15.1	596
<b>Gender</b>		*	
Males	7.0	11.3	284
Females	5.4	18.6	312
<b>Residence</b>		*	
Capital region	6.4	17.2	425
Other regions	5.9	10.0	170
<b>Country of birth of parents</b>	*		
Not in Iceland	15.1	9.4	53
One in Iceland	10.3	6.9	29
Both in Iceland	5.1	16.1	510

\* $p < 0.05$ ; Education of respondents and their parent(s) showed no significant differences.

it. It is possible that the postponed entrance into the labour market among females had much to do with increased participation in the educational system. Access to education is also an important factor, with lower participation outside the capital region.

### Iceland compared to other countries

The transition from school to work in Iceland is compared to other Nordic countries, Spain, Germany and the United Kingdom (Arnardottir, 2014; Esping-Andersen, 1990, 1999; Olafsson & Arnardottir, 2008; Olafsson & Stefansson, 2005; Walther, 2006). The results are based on the ad hoc module on young people's entry into the labour market conducted in 2009. In some countries, this ad hoc module was based on the whole year, but in Iceland, Denmark, and the UK only on the second quartile of the year. The comparison of results from the ad hoc module of entry into the labour market among 15- to 34-year-olds is based on published data from Eurostat (in Iceland, the UK and Spain the data refer to 16- to 34-year-olds).

Table 3.8 shows the distribution of 15- to 34-year-olds in 2009 who left formal education within five years, by level of entry into the labour market, or levels of experience in the labour market since leaving education. In Iceland, 14%

**Table 3.8:** Distribution of people by level of entry into the labour market among 15- to 34-year-olds who left formal education within five years, 2009. Iceland compared to Denmark, Finland, Norway, Sweden, Germany, Spain and the UK.

	Iceland	Denmark	Finland	Norway	Sweden	Germany	Spain	UK	EU27
Good experience	14.4	21.9	22.0	20.0	21.2	—	22.6	26.9	21.4
Fairly good experience	61.6	61.6	53.0	67.7	54.8	80.4	37.3	48.5	50.3
Moderate experience	11.7	7.9	10.0	6.0	14.1	—	21.2	14.7	15.4
Limited experience	12.2	8.5	14.9	6.3	9.8	19.6	19.0	9.9	12.9

— no information. Source: Eurostat (2012).

had a good experience (i.e. had been employed for more than one year or had a permanent contract), 62% fairly good experience (i.e. other employed), 12% moderate experience (i.e. not employed but had such experience) and 12% limited experience (i.e. not employed). A higher percentage of youths in Iceland had a good or fairly good experience than in Spain, Finland and the UK but the transition rates were not as good as in Germany, Denmark and Norway.

Although the transition experience was not so good in Iceland according to these results it is important to notice that the employment rate has been high in recent decades and among the highest in the Western world, and especially among the low-educated (Arnardottir, 2014; Olafsson & Arnardottir, 2008; Olafsson, 2012). This is still the case and it is interesting to note the differences of the employment rates among low versus highly educated, which are 20–30% in most countries but about 10% in Iceland among 25- to 34-year-olds (OECD, 2011a, 2017). However, the educational level in Iceland is rather low, although it has increased in recent years. The percentage of 25- to 34-year-olds with less than upper secondary education was 20% in Iceland in 2016, compared to 17% in Denmark, 10% in Finland, 13% in Germany, 19% in Norway, 17% in Sweden, 13% in the UK, 35% in Spain and 9% in the US (OECD, 2017).

Table 3.9 shows youth population not in employment, education or training (NEET) in 2005, 2010 and 2016. The results show the lowest percentage in Iceland compared to these countries in 2005 and 2016. The percentage increases in 2010 due to the economic crisis, compared to 2005 in all countries except in Germany. It is also important to notice that higher percentages of 15- to 29-year-olds are in NEET in the UK, the US and Germany compared to the Nordic countries. Germany is known for a strong tradition of vocational education and training system, and the UK and especially the US for emphasis on general academic education. The youths who complete the vocational path are

**Table 3.9:** Percentage of population aged 20–24 and 15–29 not in employment, education or training (NEET) in 2005, 2010 and 2016. Iceland compared to Denmark, Finland, Norway, Sweden, Germany, Spain, the UK and the US.

	2005		2010		2016	
	20–24 %	15–29 %	20–24 %	15–29 %	20–24 %	15–29 %
Denmark	8.3	8.2	12.1	10.5	9.5	8.2
Finland	13.0	10.9	15.8	12.6	17.4	13.2
Germany	18.7	14.7	13.7	12.0	10.8	9.6
Iceland	6.6	5.5	12.2	11.4	6.0	5.3
Norway	9.6	8.1	9.0	8.4	10.9	9.4
Spain	19.1	17.1	27.0	23.6	25.5	21.7
Sweden	13.4	9.2	14.2	10.3	10.8	8.2
United Kingdom	16.8	14.2	19.3	15.9	15.0	13.2
United States	15.5	13.1	19.4	16.1	15.3	14.1
OECD average*	17.3	14.9	18.8	16.0	16.2	13.9

Source: OECD (2017).

usually believed to have better prospects in the labour market than those who take the general academic pathway at upper secondary level. As shown in Table 3.8, transition experience is better in Denmark and Germany than most of the countries but in Table 3.9 a similarly high percentage is inactive in Germany in 2005 as in the UK and the US.

What these results indicate is that participation in VET can serve as a short-term solution rather than long-term success in the labour market, as other research has also shown (Arnardottir, 2014; Müller & Gangl, 2003). It also indicates that the social democratic region of the Nordic countries has lower percentages of youths in NEET than other countries. In particular, Danish youths have good or fairly good transition experience and also a rather low percentage in NEET.

The OECD figures show the lowest percentage in NEET among those aged 20–24 in Iceland compared to other countries. In Iceland, most students at upper secondary level attend general education. Active labour market measures for youths were few before the economic crisis and it is most common that students complete upper secondary education at the age of 20, but this is 18 in Spain, the UK and the US and 19 in the other countries (Eurydice, 2011). However, from 2016, general academic education at upper secondary school in Iceland takes three years to complete instead of four years.

## Conclusion

The results show the situation of young people who were not in employment, education or training, i.e. the NEET group of 16- to 34-year-olds in Iceland, in the years 2006 to 2009. They were about 5% of population before the economic crisis in 2008 and increased to 13% in the second quarter of 2009. Based on figures from 2006–2008, we on average could expect under ‘normal’ circumstances that females are more likely than males to belong to this group and also those who have not completed upper secondary school. In time of crisis an increased number of males and those who have completed vocational education and training are in NEET. The main increase is among 25- to 34-year-olds but the younger group (16–24) probably attends school longer and especially those who have completed general education and therefore have access to university.

When looking at the main reasons in the NEET group for leaving the last job, we have seen that there are many reasons behind their inactivity. It seems that lack of job opportunities rather than lack of commitment to employment is the reason, as other researchers have shown (Gallie, 2004, 2013; Roberts, 2009; Serracant, 2014). Only a small part of the NEET group is taking care of children or adults in need of care. Own illness is the cause for about 20% and this is the main reason for the oldest group. This is important because employment among mothers and disabled individuals can reduce the risk of poverty (Esping-Andersen & Myles, 2009; Thorlacius & Olafsson, 2010).

A significant difference is found in respect to the first job. A higher percentage of the NEETs compared to others had unskilled jobs when controlled for gender, age, residence, ethnicity, parental education and disability. A lack of job opportunities seems to particularly influence the NEET group in Iceland, as could have been expected based on other research (Furlong & Cartmel, 2007; Goodwin & O'Connor, 2009; Müller & Gangl, 2003; Quintini, Martin & Martin, 2007; Roberts, 2009; Serracant, 2014). However, the results show that the job-searching methods among the 16- to 34-year-old NEET group are not very different from those of others. The educational level of their parents shows no significant differences compared to others among 16- to 34-year-olds, although the trend is that it is lower.

Young people who start to work in the lower rank of the occupational ladder are at risk. Young people leaving the school system are in many ways vulnerable at the labour market. Inequality in education is of concern when we look at the NEET group, as they, according to research, have often experienced failures in school as well as in their jobs (see Lundahl & Olofsson, 2014). More than half of those who are mentally ill face prejudice, which possibly also influences the school and labour market career. Those who are unemployed face stigma and are less attractive to employers, and, in the case of intervention, it is more effective prior to redundancy than afterwards (Gallie, 2004, p. 19). The results show the main pattern among the NEET group in Iceland in 2006–2009, but further research is needed on the fluctuation between jobs and inactivity at the beginning

of their carrier. Furthermore, new entrants need training and support in their first job, and good transition experience can possibly reduce the risk of being NEET.

Transition experiences in Iceland are less favourable than in other countries, but the overall employment rate is higher and fewer youngsters are inactive than in other countries. A large proportion of youngsters have not completed upper secondary school and they are more likely than others to belong to the NEET group. It seems to be that hidden unemployment can be a problem and jobs available for new entrants are insufficient. According to Lundahl and Olofsson (2014), local decision makers tend to believe that young people's lack of motivation is the major reason behind school dropout in Sweden. However, a large number of factors related to the individual, the family and the school contribute to the school failure (*ibid.*).

Successfully entering the labour market is of major importance and youths who do not have enough skills to handle obstacles or fulfil their employer's requirements, which leads to loss of a job and feeling of failure, will probably face more obstacles in the future. Results are in accordance with the opportunity structure theory of Roberts (2009) that youth who lack education can lack job opportunities rather than ambition or talent to do well in the labour market. As predicted by the social exclusion theory, youth can enter the vicious circle of unemployment and inactivity when facing different obstacles in the beginning of their career. As shown here, some of them left their last job because they were dismissed or a job of limited duration ended, which means that they needed to find another job or continue to study. This means another entry into the labour market, facing new challenges, possibly still with low skills and no formal qualifications. Recent studies show similar results and add further to this analysis where mental health problems are of major concern among the NEET group (Anvik & Waldahl, 2016; Arnardottir, 2016a, 2016b; Bjarkadottir, 2018; Nordens Vælfærðscenter, 2016; Rannsóknir og greining, 2017; Kolouh–Soderlund & Lagercrantz, 2016). For some of them, lack of school performance can be traced to dyslexia (Vilhjálmsdottir, 2017). Only some of those who are registered as unemployed at PEO attend any courses, and there are example of youths who are socially isolated and are in need of further help (Anvik & Waldahl, 2016; Arnardottir, 2016a, 2016b). There is considerable movement into and out of the NEET status and some of them are not registered at the public employment offices and will therefore not have access to interventions offered (Arnardottir, 2013, 2014, 2016b; Eurofound, 2016; Quintini, Martin & Martin, 2007).

Intervention needs to focus on various aspects related to a low educational level, vulnerability when they enter the labour market, illness and disability, which may also develop if they are not helped to adapt successfully in the society. Intervention that focuses on employment seems to help some youth to adapt into the labour market (Hannesson, 2013; Müller & Gangl, 2003; Olafsson, 2012; Roberts, 2009; Kolouh–Soderlund & Lagercrantz, 2016; Tamesberger, Leitgöb & Bacher, 2014). Hence, such jobs must lead to further career development. Financial obstacles should not prevent youngsters from attending formal or informal education or training and there must be access to individual counselling regardless of young people being registered as unemployed or not.



## Appendix

**Table A.1:** Predicting whether youths aged 16–34 belong to the NEET group. Logistics regression.

	Model 1			Model 2			Model 3			Model 4		
	B	SE	OR	B	SE	OR	B	SE	OR	B	SE	OR
Female=1	-0.33	0.19	0.72	-0.34	0.19	0.71	-0.27	0.19	0.76	-0.28	0.20	0.75
Age 25-34=1	0.36	0.20	1.44	0.34	0.20	1.41	0.55**	0.22	1.74	0.49*	0.21	1.64
Outside=1	-0.22	0.21	0.80	-0.26	0.22	0.77	-0.35	0.22	0.71	-0.34	0.21	0.71
Icelandic=1	-1.12**	0.35	0.33	-1.1**	0.35	0.33	-1.06**	0.35	0.35	-1.1**	0.36	0.33
Disabled=1	3.78***	0.79	43.63	3.73***	0.79	41.7	3.56***	0.80	35.2	3.62***	0.80	37.2
Parents educ. low=1				0.27	0.23	1.31	0.23	0.23	1.26	0.22	0.23	1.24
Below upper sec.=1							0.54**	0.21	1.72	0.48*	0.21	1.62
First job low=1										0.71***	0.19	2.03
Constant	-0.97*	0.39	0.38	-1.03**	0.39	0.36	-1.44***	0.43	0.24	-1.62***	0.43	0.20

B is the logistic regression coefficient; SE is standard error; OR is odds ratio or  $e^B$ ; dependent variables: NEET group: are not employed in previous week and not in education or training in past four weeks (1), Others (0); Independent variables are dichotomous: Gender, where males=0 and females=1; Age, where 16–24=0 and 25–34=1; Residence, where capital region=0 and outside capital region=1; Ethnicity, where Icelandic=1 and others=0; Disabled refers to those permanently disabled=1, others=0; Parents education is low=1, others=0; Below upper sec are those with education below upper secondary level=1 compared to others=0; and First job low=1 means those that got first job in elementary occupations, plant and machine operators or in sales and service occupations compared to others=0.

Model 1:  $\chi^2$  model (5,1123)=50.9  $p<0.001$ ; Nagelkerke R Square 0.085.

Model 2:  $\chi^2$  model (6,1123)=52.3  $p<0.001$ ; Nagelkerke R Square 0.087.

Model 3:  $\chi^2$  model (7,1123)=58.9  $p<0.001$ ; Nagelkerke R Square 0.098.

Model 4:  $\chi^2$  model (8,1123)=72.1  $p<0.001$ ; Nagelkerke R Square 0.119.

\* $p<0.05$ ; \*\* $p<0.01$ ; \*\*\*  $p<0.001$ .

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