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Research Paper Final Draft – Underemployment: Why it matters and its consequences

What if you were to find out that the janitor at your favorite restaurant has a master's degree in law? And what if I were to tell you that this is true story? The reality of what drives individuals to this position is underemployment, different from unemployment. The system of unemployment is designed to foster underemployment, which is why society should pay more attention to the resources it offers and how its lacking growth opportunities. This issue is not only how a person gets to be underemployed but also the role that the outside world plays in it and what negative mental health consequences it leaves behind. Underemployment is not a small issue; it affects more people than unemployment does, and yet it is talked about far less than unemployment is. In this paper I will be discussing what underemployment is, why it needs a spotlight and some solutions that can help solve the problem.

In a world where the unemployment rate seems to be discussed every week, the concept of underemployment and those affected seem to be lost in the data. Unemployment, the lack of job opportunities, has been a popular topic across all areas of society. According to Barry Eichengreen, before the 20th century, unemployment affected people based on the labor demand, so if an industry was no longer needed, those workers would lose their jobs. This is to say that unemployment was not a problem that could be solved just rather unemployed workers transferred to another thriving industry. Unemployment started to become a real problem in between the World Wars, because the labor demand dropped drastically; Policies began to aid those who became unemployed. (Eichengreen 1989)

Even though unemployment was a known issues seen in between wars as stated by Eichgreen (1989), it was also seen in economic recessions and depressions like the Great Depression of the 1930's. It was during this later period that demand for more policy really gave a spotlight to the struggle of the unemployed. This issue quickly became politicized as a way for presidential candidates to commit to fixing the problem if they won. Policies were made to help the unemployed, but it wasn't enough. Throughout history, employees complained about the lack of promotion opportunities, benefits, or retention. Blue-collar workers conducted many strikes demanding fair treatment like the railroad shop workers strike or the Pullman Strike. (Frohlich and Harrington) The issue no longer was just unemployment but what came after you had job.

Underemployment by its most basic definition is work that is inferior to full employment (Feldman, 1996, as cited in Kim & Allan, 2020). In the last 20 years, researchers Allan, Tay, and Sterling (2017) combined with Feldman (1996) defined what it means to be underemployed. They concluded that underemployment includes overqualification, underpayment, status, hours, involuntary temporary work, field, and poverty-wage employment. Several of the terms are obvious, but in this context it is imperative to define status and poverty-wage employment. Status means having more experience or skills than what the jobs requires, and poverty-wage employment is when the earnings are below the federal poverty line even at full employment all year.

As a way to quantify the levels of unemployment, in 1931 the U.S Congress authorized a census on unemployment. (Card 2011) The inclusion of the unemployment rate came along with many questions for the survey that provided economists with the resources to break down what theses rate really reflected. (United States Department of Labor) The use of the unemployment rate is common because it is used by governments to reflect their ability to create job

opportunities. The underemployment rate is harder to calculate since the Bureau of Labor Statistics has not found a way to do so. (Dixon 2019) In the smartasset article, Amanda Dixon states,

According to the BLS, the difference between its U-5 and U-6 measures of unemployment provides the best representation of underemployment, at least among part-time workers who would rather have full-time jobs. The U-5 measure looks at the number of people who are unemployed and marginally attached to the workplace as a percentage of the labor force. The U-6 measure covers everything captured by the U-5 measure, plus the number of people working part time involuntarily. (Dixon 2019)

This shows that there is a need for an underemployment rate that targets the categories that are included in the definition of underemployment as previously stated in this paper.

As of May 2020, the current underemployment rate in the United States is 22%, aggravated by the pandemic, but this rate usually sits around 11-12% (James, 2021). The people affected in this rate are mostly marginalized groups and women. From data analyzed by Jensen and Slack (2004) of the underemployment rate of 13.5% in the 2000s, you can see who are the most affected. 29.1% of younger workers between the ages of 18 to 24 are affected by underemployment, 6.6% of them being college graduates. (Caceres & Caceres 2015) In terms of who was affected by race, 23.3% were Native Americans, 21.3% were Hispanics and, 19.9% were African American. (Jensen& Slack, 2004) In a study done by Lichter and Landry (1991), they found that women, individuals with low education levels, and ethnic minorities have a higher chance of falling into underemployment.

Amanda wicks, a writer for the online employment website The Muse, tells her story of struggling with underemployment in her article, “Underemployment: Everything You Need to Understand.” Amanda writes about how she graduated with a PhD in English and after two months she got one single interview to work at a newspaper. The job that was offered to her was an entry-level position as an assistant editor which she implies to not pay all that well either. In her article she shares another story about an individual who had a master’s in Fine Arts and still works part-time as a bartender to pay off her debt. The author and the people she interviewed all felt overlooked, alone, and isolated. Dealing with underemployment affected how they viewed themselves, their abilities, their relationships and their mental health. Underemployment is affecting members of our society that could provide much more if they had access to services that acknowledged them.

While for many starting in entry-level position is consider a rite of passage, staying in this stage for longer than anticipated or expected by certain individuals can greatly affect their mental health. For some highly qualified immigrant having to go back to this entry level position due to their migration also fosters negative thoughts that influence their mental health. In the study done by Agnieszka Chwialkowska (2020), she talked to a person who immigrated to Finland from Romania who talked about how the only job that he got was as a janitor even though he had a masters in his own country. The man shared that it made him feel, “...like a total failure, I just never imagined doing this job back home. I feel that I am transforming from a confident entrepreneur with ‘sky is the limit’ attitude into a flop (. . .) This is really depressing [Informant 49: Interview].” (Chwialkowska 2020)

Underemployment like unemployment is a constant or always present rate in the job market. There is a part of this rate that will exist regardless due to seasonal employment or people

starting in their careers. (Oner) The underemployment rate is much higher than the unemployment and is not equally distributed. As stated, research has shown that minority groups, women and expatriates or legal immigrants are the ones who are most affected by underemployment. (Jensen & Slack) Why is this so?

Recent research published in 2020, done by Agnieszka Chwialkowska, an Assistant Professor of Marketing at the University of West Georgia, explored the issue of underemployed individuals that purposely immigrated to Finland where they did not have job offers, also referred to as expatriates. Chwialkowska (2020) explains that the categorization of expatriates as outsiders especially when they do not look like the natives or speak the language forces them into underemployment. Some of the expatriates immigrated with master's degrees and yet had to take blue-collar jobs due to lack of connections to the nation and the people in it. This perspective that underemployment correlates with the way a nation treats those who are deemed as different or other does not only relate to being an expatriate.

In this study, the individuals who were interviewed had a range of experiences not only as immigrants but also as minorities or partners of another person who was a Finland native. The findings showed that individuals with an African or Middle Eastern background had a harder time getting integrated and finding white-collar jobs. (Chwialkowska) The study also concluded that those who were married to a Finland native had a much easier time getting jobs and cultivating community with the locals. (Chwialkowska) This shows that there is a lack of preparedness in the nation's society to accept others into the workforce no matter how qualified they may be if they are not perceived to be part of the community.

In research done by Caceres & Caceres (2015) to understand underemployment in Latin America, he concluded that women, especially single mothers, tend to be underemployed.

Caceres & Caceres (2015) showed that this is a result of the lack of resources provided to women and single mothers. Single mothers need support with their children to be able to pursue a career with bigger benefits or even to be able to pursue an education that would allow higher qualifications. This lack of resources for women and single mothers robs society of workers that could provide a much-needed input and fuels the issue of underemployment. Both Caceres & Caceres (2015) and Chwialkowska (2020) talk about societal trends and resources that need attention to fix the issue of underemployment.

Many sources have explored why underemployment occurs and why it affects the people it does. I would argue that one of the reasons why underemployment is an issue is because it is a result of solving unemployment. Many world leaders, companies, and organizations agree to reduce the unemployment rate by creating jobs. While it is true that jobs are created and that many get to be employed, these jobs tend to be entry-level positions. There is a lack of action in creating jobs that are above the minimum wage or that use people with high qualifications. The creation of these blue-collar jobs forces the individuals looking for higher positions to take these jobs because there is nothing else being offered in the job market. Another factor is that even if higher positions were being created, there are outside resources (i.e., childcare, specialization) that underemployed individuals need access to be able to excel in their work.

A prime example of only having entry-level positions available is being displayed during the Covid-19 Pandemic. Since the CDC declared the start of the pandemic, many people lost their jobs. This increased the unemployment rate to numbers that have not been seen before or expected from the last few years. A year and almost a half later, there has been a great reduction of limitations that allows for more jobs to come back. Yet, the jobs that are available are jobs like cashiers, waiters, hotel staff and more service industry position. To many of the colleges

graduates that came out of last year and this year, the job market is not offering the positions that are needed for highly qualified individuals.

So, why is underemployment an issue? Underemployment is an issue because it affects gravely the marginalized groups in society that already have many other obstacles in the way. This includes ethnic minorities, single mothers and expatriates or immigrants. It also has a very negative effect on the mental health of those that go through underemployment. This is not a problem that is impossible to overcome; applying at least one of the next solutions, a change or impact could be made.

One of the many solutions that is always mentioned in all the studies as well as something that the individuals that find themselves underemployed ask for is awareness. Many describe feeling like failures and feeling so ashamed to share their situations with others. (Wicks & Agnieszka) In the study done by Kim and Allan, they discussed the psychological effect of underemployment on a person and how everyone needs to feel like they are being useful. In this study, they mention that one of the solutions along with awareness is to teach counselors and psychologist to deal with underemployed individuals. Kim and Allan claim that the mental health resources needed to help the underemployed are to identify what parts of the job cause them so much hardship and how to deal with it. Awareness would not only help other people that find themselves underemployed not feel alone but also give it a widely recognizable name so that resources like mental health professionals, unemployment offices and higher education can help provide more specific resources.

While awareness helps everyone suffering from underemployment, another solution that would greatly help the expatriates or migrants combat this problem is governmental practices that encourage inclusion. For clarification, expatriates are individuals who legally immigrate to

another country without a job offer. These individuals tend to have higher education or a career in their country that is not valid in the new country they have arrived in. Expatriates also do not tend to be fluent in the language of their new country or know anybody. In the study conducted by Agnieszka she talks about how not blending in with the society of the country by not knowing anyone or speaking the language can leave the expatriates as outsiders and less job opportunities that leads to underemployment. To help expatriates with this issue an organization or a governmental body should be created to provide immigrants opportunities to practice the new language with natives of the nation and network to get more recommendations for jobs.

Civility also plays a huge part on how society and companies make the underemployed employees feel. Many employees in lower or entry-level jobs get treated as if they are invisible or less than their higher up colleagues because of the positions they have. Companies and organizations fail to include cleaning employees in seminars or parties. Customers also tend to look down on the employees serving them. Society should start realizing that circumstances or the position of employment does not equate to level of intelligence or experience. Therefore, I believe that encouraging civility in companies and in society to one another will help.

To conclude, underemployment, even though it is a bigger issue than recognize, is not as widely talked about. This leaves those going through underemployment alone which is why awareness is one of the solutions. Underemployment also affects women and ethnic minorities which is a direct reflection on society's view on the level of potential they see on these groups. This problem also is a part of the issue which is why policy and governmental integration programs are needed. Lastly the biggest steps any person can take, including the reader of this paper, is to be civil. Underemployment demands attention and kindness from all of us. It makes

us check our assumptions about who are the people around you and what their job tells you about them.

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