

# Youth Unemployment and Job Insecurity in Europe



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Problems, Risk Factors and Policies

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*Edited by*

**Bjørn Hvinden**

*Professor, Oslo Metropolitan University, Norway*

**Christer Hyggen**

*Senior Researcher, Oslo Metropolitan University, Norway*

**Mi Ah Schoyen**

*Senior Researcher, Oslo Metropolitan University, Norway*

**Tomáš Sirovátka**

*Professor, Institute for Public Policy and Social Work,  
Masaryk University, Czech Republic*



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# Contributors

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**Marie-Luise Assmann** is a research fellow in the Department of Social Sciences at the University of Oldenburg. Her research focuses on youth employment policy, policy implementation and comparative welfare analysis.

**Pepka Boyadjieva** is Professor of Sociology in the Institute for the Study of Societies and Knowledge at the Bulgarian Academy of Sciences and is Honorary Professor of Sociology of Education at the University of Nottingham. She is currently leader of the Bulgarian team for the EU-funded project ENLIVEN – Encouraging Lifelong Learning for an Inclusive and Vibrant Europe (<https://h2020enliven.org/>) and is co-editor of the volume *Inequalities and Social (Dis)Integration: In Search of Togetherness* (Iztok Zapad, 2018). Orcid id: <https://orcid.org/0000-0002-0561-6942>.

**Margherita Bussi** is a post-doctorate fellow at the University of Louvain, Belgium, under the ERC Starting Grant QUALIDEM on policy change and citizens' political agency. She is an associate researcher at the European Trade Union Institute, Belgium. She was previously a research fellow at the University of Brighton and obtained her PhD in 2016 from the University of Geneva. Her interests include school-to-work transitions, activation policies and social policy implementation in Western Europe.

**Irene Dingeldey** is head of the research department 'Changes in Working Society' in the Institute for Labour and the Economy at the University of Bremen (<http://www.iaw.uni-bremen.de/ccm/profiles/dingeldey/index.de>). She has worked on various comparative research projects and on labour market policies. She was co-editor of the volume *Governance of Welfare State Reform* (Edward Elgar Publishing, 2009). She also published a book in German on coordination of policies within an activating welfare state.

**Onďřej Hora** is Assistant Professor of Public and Social Policy at Masaryk University in Brno. He has participated in the EU-funded projects CITISPYCE and NEUJOBS. He was co-author of chapters in two books about young people: *Effective Interventions for Unemployed Young People in Europe* (Routledge, 2017) and *Local Matters: How Neighbourhoods and Services Affect the Social Inclusion and Exclusion of Young People in European Cities* (Peter Lang, 2018).

**Markéta Horáková** is Assistant Professor of Public and Social Policy at Masaryk University in Brno. She has participated in the EU-funded projects NEUJOBS and INNCARE (Norwegian funds). She focuses on the impact of education policy and labour market policy on the employability of vulnerable groups.

**Bjørn Hvinden** is Professor of Sociology and working in the NOVA Institute (Norwegian Social Research) at Oslo Metropolitan University. He has previously coordinated the EU-funded project DISCIT: Making Persons with Disabilities Full Citizens (<https://blogg.hioa.no/discit>) (2013–16) and co-edited *The Changing Disability Policy System: Active Citizenship and Disability in Europe (Vol.1)* and *Understanding the Lived Experiences of Persons with Disabilities in Nine Countries. Active Citizenship and Disability in Europe (Vol.2)* (both Routledge, 2017). Orcid id: <https://orcid.org/0000-0003-1760-2537>.

**Christer Hyggen** is a senior researcher in the NOVA Institute (Norwegian Social Research) at Oslo Metropolitan University. His current research interests encompass youth research, transitions from school to work, unemployment, inequality and processes of marginalization. Orcid id: <https://orcid.org/0000-0003-2953-7517>.

**Petya Ilieva-Trichkova** is Assistant Professor of Sociology in the Institute for the Study of Societies and Knowledge at the Bulgarian Academy of Sciences. She holds a PhD from Adam Mickiewicz University in Poznań, Poland. Her research interests include educational inequalities, social justice, higher education, adult education and graduate employability. Orcid id: <https://orcid.org/0000-0002-2889-0047>.

**Christian Imdorf** is Professor of Sociology of Education at Leibniz University Hannover, Germany. His current research interests focus on education systems and gendered school-to-work transitions, vocational pathways to higher education, school-to-work transitions in Bulgaria and discrimination in hiring. Orcid id: <https://orcid.org/0000-0002-8015-977X>.

**Maria Karamessini** is Professor in Labour Economics and Economics of the Welfare State at Panteion University of Social and Political Sciences. She is currently the President and Governor of OAED (Greek Public Employment Agency). Her research covers labour market analysis and policy, gender and employment, youth transitions from education to work, labour flexibility and industrial restructuring, as well as employment and social models.

**Piotr Michoń** PhD is Associate Professor in the Department of Labour and Social Policy at Poznań University of Economics and Business in



Poland. He was previously leader of the Polish team in the EU-funded projects WOLIWEB and EurOccupations; and he was a leader of the international project ‘Work–life balance in Visegrad countries’.

**Jacqueline O'Reilly** is Professor of Comparative Human Resource Management at the University of Sussex Business School, United Kingdom. She was previously coordinator of the EU-funded project STYLE: Strategic Transitions for Youth Labour in Europe ([www.style-research.eu](http://www.style-research.eu)) (2014–17) and co-edited the volume *Work in the Digital Age* (Rowman & Littlefield, 2018). Orcid id: <https://orcid.org/0000-0001-6223-154X>.

**Dimitris Parsanoglou** is a senior researcher in the Department of Social Policy at Panteion University of Social and Political Sciences. He has worked on several national and European research projects and is co-author of *Mobile Commons, Migrant Digitalities and the Right to the City* (Palgrave, 2015).

**Stefan Sacchi** is a senior researcher in the Swiss Youth Panel ‘Transitions from Education to Employment’ (TREE, University of Berne: <http://www.tree.unibe.ch/>). He was previously co-leader of the ‘Swiss Job Market Monitor’ ([www.stellenmarktmonitor.uzh.ch](http://www.stellenmarktmonitor.uzh.ch)) at the University of Zurich. Orcid id: <https://orcid.org/0000-0002-8518-3146>.

**Robin Samuel** is Associate Professor of Youth Studies at the University of Luxembourg. His current research addresses transitions from education to employment, social stratification, well-being and sustainability. ORCID id: <https://orcid.org/0000-0002-7598-197X>.

**Mi Ah Schoyen** is a senior researcher in the NOVA Institute (Norwegian Social Research) at Oslo Metropolitan University. She works in the field of comparative welfare state research and her interests include the welfare mix, the socioeconomic consequences of welfare reforms, questions of intergenerational solidarity and how to develop an ecologically sustainable welfare state. Orcid id: <https://orcid.org/0000-0003-4851-9920>.

**Lulu P. Shi** is a junior researcher and PhD candidate at the University of Basel. Her research covers the labour market, education systems and field experiments. She is currently working on a project analysing across different countries how education may function as a safety net for individuals following unemployment experiences.

**Tomáš Sirovátka** is Professor of Social Policy and Social Work at Masaryk University in Brno (Czech Republic). He was previously involved in the EU-funded projects NEUJOBS and CITISPYCE and is co-editor of the books *Innovation in Social Services: The Public–Private Mix in Service*

*Provision, Fiscal Policy and Employment* (Ashgate, 2014) and *Effective Interventions for Unemployed Young People in Europe* (Routledge, 2017).

**Glykeria Stamatopoulou** is a sociologist and currently a PhD student in the Department of Social Policy at Panteion University of Social and Political Sciences. Her work centres on intergenerational social mobility.

**Lisa Steinberg** is a research fellow in the Institute of Labour and Economy at the University of Bremen. Her main research topics are youth unemployment, school-to-work transition policies and comparative welfare analysis.

**Rumiana Stoilova** is Professor in the Institute for the Study of Societies and Knowledge at the Bulgarian Academy of Sciences ([www.issk-bas.org](http://www.issk-bas.org)). She was previously the Bulgarian team leader of the project 'Social disparities and regional differences in school-to-work transitions in Bulgaria' (2012–15) in partnership with the University of Basel.

**Maria Symeonaki** is Associate Professor of Social Statistics in the Department of Social Policy at Panteion University of Social and Political Sciences. She has participated in a number of scientific and developmental projects and has been the national scientific coordinator of the Horizon2020 – NEGOTIATE project.

**Aggeliki Yfanti** is currently a PhD candidate in Methodology and Social Statistics. She has participated in research for both national and European projects and has also been a national scientific consultant for the International Labour Organization in Greece, supporting the new generation of Public Works Schemes (Kinofelis).

**Gabriela Yordanova** is a senior research associate in the Institute for the Study of Societies and Knowledge at the Bulgarian Academy of Sciences. She is a country team operator (CTO) of the international project SHARE – Survey of Health, Ageing and Retirement in Europe (<http://www.share-project.org/>) and a researcher in Diresoc – Digitalisation and Restructuring: Which Social Dialogue? She is involved as an expert in the EU-funded project ENLIVEN: Encouraging Lifelong Learning for an Inclusive & Vibrant Europe (<https://h2020enliven.org/>) and a lecturer at Plovdiv University 'Paisii Hilendarski'.

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NEGOTIATE is centred on young people in Europe. It examines the long- and short-term consequences of experiencing job insecurity or labour market exclusion in the transition to adulthood. Nearly 30 researchers from universities and research institutions in nine European countries (Bulgaria, the Czech Republic, Germany, Greece, Norway, Poland, Spain, Switzerland and the United Kingdom) have carried out the research. In addition, SOLIDAR, a European network of civil society organizations working to advance social justice in Europe and worldwide, has been a full partner in NEGOTIATE, with particular responsibility for dissemination.

The NOVA Institute (Norwegian Social Research) at Oslo Metropolitan University has coordinated the project.

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Bjørn Hvinden, Christer Hyggen, Mi Ah Schoyen and Tomáš Sirovátka  
Oslo / Brno, July 2018

# 1. Introduction

**Bjørn Hvinden, Jacqueline O'Reilly,  
Tomáš Sirovátka and Mi Ah Schoyen**

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## 1 INTRODUCTION

The financial crisis had an immediate and disproportionately adverse effect on-the-job prospects of young people. As these effects rolled out in the decade that followed, there were patchy signs of improvement across Europe. In some regions youth were barely touched, whilst in others the scars of the crisis marked a generation (Bell and Blanchflower, 2011, 2013; O'Reilly et al., 2017, 2018). But even in regions that were less harshly affected there were still deep pockets of youth whose chances of labour market integration and of establishing stable trajectories were impaired. Poor labour market prospects for youth have forced new entrants to be less selective in terms of the types of jobs they apply for (Filandri et al., 2018; ILO, 2013). Young people are increasingly likely to find work in temporary, part-time, low-paid and precarious forms of employment (Eurofound, 2013; Grotti et al., 2018; Karamessini et al., Chapter 2 this volume). It is not just the difficulties of finding work, but also the likelihood that this work will be of low *quality* and more *insecure*, that has increased the risks youth face. In these circumstances, policy interventions are imperative to address the long-term negative effects of such experiences.

This is the first of two volumes presenting the main findings from a European research project (NEGOTIATE) that has examined the consequences of early job insecurity and labour market exclusion for young Europeans.<sup>1</sup> With this shared focus, each volume makes a distinctive contribution. While this first volume maps out the causes and consequences of early job insecurity and related national and European policy responses, the second illustrates more subjective experiences (Gallie et al., 2017; Green et al., 2016).<sup>2</sup> In the latter volume, life-course interviews

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<sup>1</sup> See <https://negotiate-research.eu>.

<sup>2</sup> Volume 2: Hvinden B, O'Reilly J, Schoyen MA and Hyggen C (eds) (2019) *Negotiating Early Job Insecurity. Well-being, Scarring and Resilience of European Youth*. Cheltenham, UK and Northampton, MA, USA: Edward Elgar Publishing

describe effects of scarring, levels of well-being, and resilience and agency in attempts to overcome early job insecurity. The interviews illustrate the effects of particularly adverse circumstances in relation to the use of drugs and patterns of migration and the consequences of these experiences over the life course. They also pinpoint the roles of individuals' active agency, and the help or hindrance provided by their families, significant others, or policy guidance and advice institutions.

The first volume presented here has a much stronger emphasis on policy dimensions, while the second volume focuses on how young adults have actually coped with adverse circumstances. The shared questions examined in these volumes are as follows:

- What factors lead to high and differentiated levels of job insecurity amongst young Europeans? (Volume 1)
- What are the short- and long-term consequences of early career insecurity? (Volumes 1 and 2)
- How does the design of European and national public policies for preventing or reducing early job insecurity impact on youth unemployment? (Volume 1)
- How have young adults coped with the risks, experience or consequences of job insecurity, and through what action of their own have they negotiated or overcome these challenges? (Volume 2)

Using a mixed-methods approach, both volumes draw on a range of different empirical evidence. Some of this includes analyses of a rich set of existing statistical or survey data. Extensive qualitative approaches include primary data collection through over 200 life-course interviews with women and men from three birth cohorts in seven EU countries. A particularly innovative approach to examining employers' attitudes is provided by an employer survey including a 'vignette experiment'. In addition, a series of expert policy interviews were conducted with key respondents involved in implementing and evaluating current policies and practices across Europe.

This first volume pays particular attention to labour market outcomes at the aggregate level. It identifies factors and mechanisms causing early job insecurity and the institutions and policies that might reduce the severity of its consequences. These chapters highlight the significance of institutional variation across labour market regimes and take seriously the role of the actors themselves: young people, employers and policy-makers. This volume also assesses the role of key policy measures coming from European and national institutions and related to educational reform, active labour market policies (ALMPs), and employment and

unemployment protection in shaping young people's ability to overcome the barriers they face in entering the labour market. Finally, the volume presents new empirical findings and consequent recommendations on how to improve policies and systems of multi-level governance.

In addition, our analysis integrates a wide range of multi-method evidence to consider how the active agency of young people has mediated these consequences and the role of public policies in supporting young people. The breadth of analysis provided here contributes to an improved understanding of how young people's individual resources and negotiating positions in the labour market interact with country-specific structural contexts. These contexts include institutional settings and policies (Hora et al., Chapters 7 and 8 this volume), as well as European-funded initiatives such as the European Social Fund (Bussi et al., Chapter 10 this volume) and the Youth Guarantee (Dingeldey et al., Chapter 9 this volume).

Having created a rich, mixed-methods source of comparable cross-national data, the authors of these two volumes can maintain the voice of the young person in relation to their specific societal context and the impact of policies on their trajectories. In this sense the two volumes provide a unique contribution to debates in this field. The wealth of this mixed-methods approach not only tells us about the recent experiences of young people since the economic crisis of 2008, it also provides a longer-term perspective to understand how deeply rooted some of these problems are, and how the past decade of austerity has exacerbated them for particular sections of the youth population.

The two volumes do not aim to analyse in detail all the macro-level factors that have interacted with or generated different crisis impacts. Our focus is on the institutional or contextual factors that may help to reinforce or alleviate the effects of macroeconomic factors. Such institutional factors include a country's education system, its employment protection legislation (EPL), minimum wages (if any), unemployment income protection and ALMPs for young people (see Hora et al., Chapters 7 and 8 this volume). We also analyse aspects of European policy efforts to enhance the labour market integration of young people (see Dingeldey et al., Chapter 9 this volume; Bussi et al., Chapter 10 this volume).

Together the two volumes provide a systematic and nuanced understanding of the mechanisms behind differentiated outcomes for young people in relation to gender, socioeconomic class, ethnicity, skills, occupation and geographical location. Understanding these mechanisms can inform policy solutions, enabling timely and measured interventions for vulnerable groups and the well-founded allocation of public resources.

In this introductory chapter we outline the key notions informing our analysis, drawing on the concepts of *resilience*, *capability*, *active agency*

and *multi-level governance*. We also outline the analytical framework we have developed in the course of the analysis and the interaction between different theoretical approaches and a diverse array of empirical evidence, with particular reference to the concepts of social resilience and active agency. Using this approach, we identify how policy and different forms of multi-level governance can promote the active agency of young people dealing with early job insecurity.

## 2 KEY CONCEPTS AND ANALYTICAL FRAMEWORK OF THE BOOK

Both volumes develop the concepts of *resilience*, *capability*, *active agency* and *multi-level governance* as tools for analysing data and translating findings into policy options and recommendations. The authors seek to move beyond the existing scholarship by investigating how the strength of linkages across macro, meso and micro levels may be mechanisms influencing differences in the prevalence of youth unemployment, precarity and labour market exclusion in and between European countries.

At the individual level, factors such as low or incomplete education, poor health or disability, ethnicity, or a family background of unemployment are likely to influence a young person's labour market attachment. However, the structural traits of the relevant labour market and of a country's political economy more generally shape the individual's scope for making choices. The way employers assess young jobseekers' resources and the risks associated with hiring them also have an important effect. Thus, at the macro and meso levels, economic conditions and institutional and organizational factors combine to produce cross-country variation in the prevalence and consequences of early job insecurity (see Imdorf et al., Chapter 5 this volume; Karamessini et al., Chapters 2 and 3 this volume; Michoń, Chapter 4 this volume).

The meso- and macro-level circumstances in interaction with the diverse ways in which individuals use their scope for action contribute to further variation. An understanding of the dynamics at and between the three levels is necessary to be able to design effective policies. The linking of micro, meso and macro perspectives provides new knowledge about these key issues:

- the ways in which policies at local, national and EU levels influence (hinder or facilitate) young people's scope for active agency, strategies, capabilities and resilience as responses to job insecurity, and



- the options of decision makers for strengthening such policies – and the links between them – to support young people’s own efforts to find sustainable and satisfactory jobs.

### 3 ECONOMIC AND INSTITUTIONAL CONTEXTS FOR THE ANALYSES

The backdrop of our analysis is the Great Recession in Europe beginning in 2008. This crisis affected the employment prospects of young adults more severely than the prospects of somewhat older groups. However, the effects of the crisis also interacted with and reinforced the impact of longer-term structural changes in the labour markets of most European countries. Prominent aspects of such structural changes were a reduction in the share of people working in the agricultural, extractive and manufacturing sectors, and an expansion of employment in the services or tertiary sectors in a broad sense. A related increase in the share of jobs requiring middle to higher education and training has penalized young people with incomplete or low levels of education and training.

At the same time, most European countries have seen a weakening of the regulation of labour markets, driven in part by a liberalization of EPL and/or a reduction in the coverage of collective agreements, particularly in sectors that traditionally had high trade union membership. In addition, the expansion of fixed-term, part-time and temporary jobs became more important in youth labour markets (Grotti et al., 2018). As a result, young entrants to the labour market in the 2000s were likely to have a less coordinated and more flexible working life than entrants in the final decades of the twentieth century.

The downturn of labour markets in several Western economies in the early 1990s triggered a shift to ‘activation’ policies, first through the Organisation for Economic Co-operation and Development (OECD) Jobs Strategy and then, from 1997, through the European Employment Strategy. Core ideas behind activation were that too many people were staying too long on unemployment benefits (whether from social insurance, means-tested social assistance or a mixed system) and that benefits were too generous, that is, they created ‘disincentives’ to quick re-entry to employment. There was a widespread belief that benefit periods needed to be shorter and benefit levels lower, and that public authorities had to put pressure on unemployed people to return to work more quickly (or, if deemed necessary, to take part in training to enable such a return) using threats of sanctioning (e.g., reduction or termination of benefit payments) (McQuaid and Lindsay, 2005).

Governments put such measures into practice under the slogan ‘from passive to active’, albeit with varying force, consistency and success across Europe (Goetschy, 2003; Hvinden et al., 2001). Whereas some European countries had a history of ALMPs to build on, others tried to introduce such policies for the first time. Overall, this meant that the discursive justification for tightening benefits, qualification rules and activity requirements was often in place before the Great Recession forced many governments subsequent to 2008 to reduce budget deficits and adopt austerity measures.

In sum, we analyse how macro-level factors play together with meso- and micro-level factors in determining the differences of early job insecurity within and across countries. *Meso-level factors* refer to aspects of regional or local communities and the public agencies and civil society (voluntary sector) found in these, as well as the practices of employers operating in these territories. By *micro-level factors* we mean the characteristics of the young person (in terms of gender, education, health, etc.) and his or her immediate surroundings (family, social networks, etc.). For instance, we are interested in seeing how institutional meso- and macro-level factors constrain or facilitate the agency, capabilities and resilience of young people in the face of increasing job insecurity (see Boyadjieva and Ilieva-Trichkova, Chapter 6 this volume; Hvinden et al., Chapter 11 this volume).

#### 4 MACRO-LEVEL DETERMINANTS OF EARLY JOB INSECURITY

Existing research on the macroeconomic factors behind youth unemployment has identified a decline in aggregate demand (and labour demand leading to a shortage of jobs) as the key overall issue (e.g., Bell and Blanchflower, 2011; Clark and Summers, 1982; O’Higgins, 2001, 2015; Ryan, 2001; Scarpetta et al., 2010). This research has pointed to a high volatility of labour demand or a cyclical sensitivity of young people’s unemployment to recession. According to Scarpetta et al. (2010), the ratio of the youth unemployment rate to the unemployment rate of adults was 1.79 during the recent crisis. These authors proposed the following summary of reasons for why young people have been particularly affected: Young people have less specific human capital, and it is easier for firms to lay off young people because they have no statutory entitlement to redundancy payments. Young people are less effective in job search because they have less social capital and weaker job-search skills, and they are exposed to the ‘experience trap’, that is, employers do not hire

them because they lack job experience. Young people tend to have fewer financial commitments and are frequently reliant on financial support from their parents. Finally, jobs for young people are often concentrated in sectors that are more vulnerable to recession, such as construction or non-standard employment.

Studies emphasizing macro-level factors suggest that variations in the ratio between youth unemployment and adult unemployment rates depend not only on differences in demand and supply for labour but also on institutional and policy differences, given that policies significantly mediate the effects of the business cycle (Bell and Blanchflower, 2011; Eichhorst et al., 2016; Gallie, 2013). Some authors have claimed that countries with stronger equality-promoting institutions (EPL, bargaining coverage, ALMPs, welfare-state redistribution) experience less employment reduction during economic slowdowns (Tåhlin, 2013). These policies also prevent the negative effect of minimum or youth wages on unemployment (e.g., Bell and Blanchflower, 2011; O'Higgins, 2012, 2015). However, the evidence is not clear: several evaluation studies have found mixed or ambivalent effects of ALMPs on youth unemployment (Bell and Blanchflower, 2011; Calmfors et al., 2002; Card et al., 2010; Grubb and Ryan, 1999; Heckman et al., 1999). The most recent studies (Caliendo and Schmidl, 2016; Kluve, 2010, 2014; Maibom et al., 2014) have given the most ambiguous assessment of the effects of ALMPs. In addition, these effects have proven to be weaker in the case of youth than in the case of adult unemployed.

We acknowledge what some researchers have identified as a substantial deadweight of ALMP measures for youth. Nonetheless, we assume that redistribution of jobs towards young people is a meaningful policy goal, given that the long-term costs of youth unemployment, in particular in the form of *scarring*, are so high (e.g., Bell and Blanchflower, 2011).

A central concern of this book is to gain better knowledge about the synergies between education systems, EPL, unemployment income protection, ALMPs and social inclusion policies that are available for young people. We see these synergies as a complex institutional set-up, partly mediating significant labour supply/demand interactions, partly (or potentially) alleviating the negative impacts of youth unemployment or early job insecurity. Admittedly, it is difficult to measure the overall effects of such complex policy systems. The focus of this book will therefore be on the ways in which policy packages respond (or not) to situations of early job insecurity in terms of their coverage, coordination, targeting and adequacy relative to the needs of young people, or hinder or enable young people's scope for active agency (see, in particular, Hora et al., Chapters 7 and 8 this volume).

## 5 EARLY JOB INSECURITY

In Europe today the notion of early job insecurity not only refers to how young people feel uncertain about their possibilities of finding an appropriate job when they leave school or higher education. According to reports from the International Labour Organization, the ongoing financial crisis, in addition to reducing the opportunities for employment, also forced new entrants to be less selective in terms of types of jobs, and employment and working conditions (ILO, 2013). While this situation does not fully exclude young people from the labour market, they still face considerable uncertainty. There is a growing concern about a further polarization of the labour market into ‘good jobs and bad jobs’ (Filandri et al., 2018; Kalleberg, 2013). While in many cases immigrants and young adults, especially those with low education, are left with limited access to the ‘good jobs’ and increasingly end up in precarious working conditions (the ‘bad jobs’; see Ross, 2009; Standing, 2011), some second-generation ethnic groups are experiencing more success, although it often takes them longer to secure a good foothold in employment, especially if they are Muslim women (Zuccotti and O’Reilly, 2018). The distribution of risk in the labour market is changing, especially for different groups of young people, with an increasing individualization of risk having a negative impact on more vulnerable groups (Breen, 1997).

In this book we adopt a multi-dimensional understanding of the notion of early job insecurity that includes both the quantitative and qualitative dimensions of the uncertainty in question (Dahl et al., 2009; Gallie et al., 2017; Jansen, 2011). The quantitative dimension is associated with job-tenure issues or job security (having a job or not), and the risk of losing one’s job or of not finding a job. The qualitative dimension is associated with the possibilities for achieving certain valued job features or characteristics, job status or job quality. This includes the ability to use skills, work effort or intensity, autonomy and control/discretion on work tasks, pay and fringe benefits, task interest and intrinsic job rewards, personal treatment by supervisor and job satisfaction (Dahl et al., 2009; Gallie et al., 2017; Green, 2006).

Parallel to the distinction between objective and subjective job insecurity, one may adopt both objective and subjective measures to capture the quantitative and qualitative dimensions of uncertainty. We apply both kinds of measures in the two volumes. Some chapters cover the quantitative dimension through a broader set of objective measures, others focus on some features of the qualitative dimension with the help of self-reported subjective measures, which may be significant both for the strategies used by young people and for the risk assessment and hiring decisions of employers.

Most EU countries have deregulated components of their employment law, allowing employers to more easily hire workers on atypical contracts. In several countries such deregulation has reinforced the division between skilled and protected versus unskilled and deregulated workers, that is, it has contributed to the creation of a more segmented workforce (Emmenegger et al., 2012; Gallie, 2013; O'Reilly et al., 2015). Overall, young people and other labour market newcomers are more likely to be given a fixed-term contract. Temporary employees are subject to lower pay, a higher risk of job loss, subsequent spells of precarious employment and poorer opportunities for job-related training (Inanc, 2010). Women are likely to start their careers in a doubly vulnerable position characterized by part-time, temporary employment (Plantenga et al., 2013). Part-time work also tends to involve poorer employment quality and career prospects in terms of pay, job security, training and promotion (Scarpetta et al., 2010). The crisis has accentuated concerns of a deepening labour market dualism between those on a standard employment contract and those on atypical contracts.

However, low-wage employment is prevalent also for full-time employees in many female-dominated professions (Eichhorst and Marx, 2009). Additionally, the expansion of part-time employment reflects a modernized breadwinner model of the family (Dingeldey, 2014).

A prevalent argument has been that labour market flexibilization and more use of temporary or part-time employment contracts diminish employers' risk in hiring, and that this improves the employment chances of immigrants and young adults with low or no formal skills. The empirical evidence for this proposition is weak and contested. A counter-argument has been that flexibilization puts vulnerable labour market groups in a state of 'permanent temporality' or precarity. Nonetheless, there is some evidence that temporary work can serve as a stepping stone out of unemployment (Korpi and Levin, 2001), especially for new entrants and young adults who have been left behind (Engebretsen et al., 2012; Von Simson, 2012).

Together the two volumes analyse how *structural conditions*, *institutions*, *active agency* and *individual capabilities* interact to shape differential outcomes of early job insecurity across European countries. For this purpose, a multi-dimensional concept of early job insecurity is fitting because the qualitative dimension of such insecurity is closely associated with the capability, resilience and agency of young people, with potentially diverse consequences for the quantitative dimension. A key concern is therefore the extent to which young people, employers and relevant public institutions consider – and act on – both the quantitative and qualitative dimension of early job insecurity. To

examine this question, we adopt a dynamic framework that enables us to understand the processes and interactions taking place between agents and structures.

## 6 ANALYTICAL FRAMEWORK

In both volumes our interest is to identify the factors that promote ‘*social resilience*’, conceived as operating at both the societal and individual levels. We are interested in examining young people’s agency in relation to job insecurity and how public policies may constrain or enable this agency. Moreover, our framework includes the impact of structural and institutional differences – across and within countries – in shaping the consequences of early job insecurity at the individual and societal levels. The concepts of *capability* and *social resilience* help us to understand the mechanisms underlying the consequences of early job insecurity. Both concepts require attention to interactions between structures and individual agency.

Our framework is partly inspired by the capability approach associated with Amartya Sen and Martha Nussbaum and links this approach to the concept of social resilience. More specifically, our framework highlights the mechanisms shaping individuals’ room for (*active*) agency or degree of agency freedom when negotiating or navigating key transitions in the early stages of their working lives. The linking of these concepts enables us to conceptualize how youth-to-adulthood transition pathways influence individuals’ subsequent life courses in a non-deterministic manner. Following Hobson (2013) and Fahlén (2013), we assume that important agency and capability gaps exist and that these differ not only across social classes or groups, but also across institutional, cultural and economic contexts. We aim to map and explain the extent of this variation.

We are interested in what the notion of *capability* means in the context of transitions from youth into adulthood, of which labour market entry is a key marker. In Sen’s (1993) version of the capability approach, *conversion factors* play an important role. Sen has underlined that even if the volume and nature of a person’s *means* (commodities, goods, resources broadly defined, etc.) influence his or her capability set, these means do not determine this capability set in a uniform or definitive way. According to Sen, diverse characteristics or circumstances of a person affect his or her possibilities for translating means into a capability set (and, in the next instance, into desired functionings). In our context we find it useful to distinguish between conversion factors operating, respectively, at the *micro*, *meso* and *macro* levels (see Table 1.1).

*Table 1.1 Examples of initial conditions and/or conversion factors at different societal levels of relevance for young people's efforts to improve their job chances*

At the micro level	At the meso level	At the macro level
<ul style="list-style-type: none"> <li>● Gender and age</li> <li>● Intelligence</li> <li>● Level and type of skills</li> <li>● Work experience</li> <li>● Own (or family's) resources &amp; networks</li> <li>● Self-perception &amp; confidence</li> <li>● Dispositions (habitus)</li> <li>● Ethnicity (command of language of host society)</li> <li>● Health status</li> <li>● Place of residence</li> </ul>	<ul style="list-style-type: none"> <li>● Regional/local institutional arrangements (sub-national administrative institutions, public employment services)</li> <li>● Employers' perceptions &amp; practices</li> <li>● Family resources &amp; networks</li> </ul>	<ul style="list-style-type: none"> <li>● Supranational (EU) institutional arrangements (market regulations, specific redistributive &amp; regulatory provisions aimed at youth)</li> <li>● National institutional arrangements (education and training systems, income transfers &amp; regulations, in-kind social provisions, statutory social rights)</li> <li>● Industrial relations, employment legislation</li> </ul>

*Note:* Whether a specific item in the table has the role of being part of certain initial conditions or serves as a conversion factor depends on the perspective or model one adopts in an analysis (see Hvinden and Halvorsen, 2017).

*Source:* Author's interpretation.

Hence, our emphasis and terminology differ from Robeyns's (2005) categorization into *individual*, *societal* and *environmental* conversion factors. Other scholars have distinguished only between *individual*, on the one hand, and *external* or *social* conversion factors, on the other (Bonvin and Orton, 2009; Egdell and McQuaid, 2018; Hollywood et al., 2012a; several contributions in Otto, 2015). We see a differentiation between conversion factors at different levels as an important tool for sensitizing us to the possible interactions between factors at different levels. Moreover, this differentiation is needed to operationalize the capability approach for measurement purposes in empirical studies (Comim, 2008; Hollywood et al., 2012b).

We are particularly interested in how the micro-level/individual initial conditions or conversion factors interact with meso- and macro-level factors

in shaping the capabilities and functionings of young people who are experiencing early job insecurity. Since individuals' initial conditions or inputs differ along many dimensions, there will be great variation in their ability to convert means into a capability set. Given that it is a category of relevance in most national contexts, the significance of gendered patterns in the conversion process from inputs into capability sets is of special interest to us.

Following the capability approach, we are also keen to know how institutional actors (most prominently the state) centre their activities on the interactions between initial conditions and conversion factors in order to enhance capabilities or the realization of opportunities (Bonvin and Orton, 2009: 567), and we want to identify the outcomes of such interventions. In our framework, *institutions* (conceived as rules, norms and formal, structuring arrangements) belong both to the meso and macro levels. Sub-national administrative institutions such as public employment services are examples of actors that operate at the meso level. The broader institutional arrangements (e.g., the design of the education system, national systems of industrial relations, EPL or parental leave rights) involve decisions taken at the national and sometimes even the supranational level.

We situate our analytical framework within a research strand that sees the capability approach as a useful basis and methodological tool for the assessment of labour market activation and social integration policies for vulnerable young people (as illustrated by the contributions of Bartelheimer et al., 2012; Bonvin and Moachon, 2008; Egdell and McQuaid, 2016; Lindsay and McQuaid, 2010; Otto, 2015).

## 7 RESILIENCE

The second key analytical element is *social resilience*. We argue that social resilience provides a useful lens for comparing – across and within countries – the consequences that early job insecurity and unemployment have for different groups of young people, and how they face up to these challenges. The way we define them, we see the concepts of capability and social resilience as being underpinned by similar logics. Therefore, in our framework the two concepts are complementary, and they both draw attention to individual agency. The benefit of linking capability and social resilience is that the latter is more suited as an analytical lens through which we can interpret our main dependent variable – the (social) outcomes located on the right-hand side of our model.

More specifically, we can conceive of the range of consequences associated with young people's risk of job insecurity or unemployment in terms



of social resilience. For instance, we can examine how young people adapt to the stigmatizing and scarring effects of unemployment through the conceptual lens of social resilience. This concept draws attention to the extent to which young women and men are able to negotiate these conditions and potentially avoid the most adverse consequences of such insecurity.

There is a vast and varied scholarship, much of which originates outside the social sciences, on the concept of *resilience* and more recently on *social resilience*. For the purpose of the analyses in this book, we suggest a basic working definition that encompasses both the individual and societal levels (see Table 1.2). Our definition draws, in particular, on three concrete pieces of work that all have different purposes in addressing the notion of social resilience and thus come at it from somewhat different angles. In developing our definition, we have tried to look for what such discussions have in common.

First, emerging from research in the field of international comparisons of health and well-being, Hall and Lamont's (2009) examination of what constitutes 'successful societies' led to their analysis of the concept of social resilience (Hall and Lamont, 2013). This they define as '*the capacity of groups of people bound together in an organization, class, racial group, community, or nation to sustain and advance their well-being in the face of challenges to it*' (Hall and Lamont, 2013: 2). While Hall and Lamont do not go to great lengths to explain the constituent elements of their definition, we note the collective (rather than individual) perspective and the presence of adversity. Social resilience is relevant in a context of some kind of stressor or threat.

*Table 1.2 Definition of social resilience in the context of early job insecurity*

Level	Given young adults' exposure to the risk of job insecurity and unemployment, social resilience has the following meaning on different levels:
Individual	Opportunity to acquire a feeling of well-being, ability to cope with adverse circumstances and realize valued and meaningful achievements in the short and long term.
Societal	Capacity to provide support that maintains and enhances individual capabilities in their encounter with current and future labour market uncertainties, i.e., support that reaches and is valuable to individuals faced with various social risks, social programmes or regulations that create training or job opportunities or enhance employment prospects.

*Source:* Authors' adaptation of Ungar (2008: 225), Hall and Lamont (2013: 2), and Keck and Sakdapolrak (2013: 10–11).

Second, our approach is inspired by the work of Ungar (2008), who is especially interested in children and young people's diverse experiences of resilience. His emphasis on '*navigating*' and '*negotiating*' resources by and for those affected by adversity informs our analytical framework through the definition of social resilience. Ungar's conception of social resilience as a process and not only a static outcome or absolute endpoint is especially interesting and important. The perspective fits well with our conception of social outcomes as situated within a dynamic model. That is, we suggest structuring the analysis of social outcomes at point  $t_1$  around the notion of social resilience. At the same time, we expect that outcomes at  $t_1$  feed into initial conditions or serve as capability inputs in the future (which we may denote as  $t_{1+n}$ ). So social resilience will have a positive impact on future capabilities. To connect back to the capability approach, it promotes what Nussbaum (2011: 43) refers to as 'capability security', meaning that a given capability can be counted on for the future (for an application of the capability approach and the concept of social resilience in the same analysis, see Bussi et al., Chapter 7 Volume 2).

When we bring institutions into the discussion, it becomes clear that social resilience is (at least implicitly) also a political matter. The institutional setting, or changes to it, may provide resources and opportunities in a more or less universal or selective manner to support resilience. In fact, Keck and Sakdapolrak (2013: 14) argue that the ways of building 'social resilience, especially in the livelihoods of the poor and marginalized, is not only a technical, but a political issue'. This suggests that analysing the drivers of social resilience in the context of young people's employment prospects may serve as a basis for identifying processes of governance and policies for enabling young people's transitions.

Social resilience defined in this way reflects the normatively important aspiration of European societies that also young people have '*effective freedom to act and govern themselves*' (Johansson and Hvinden, 2007: 39–40). That is, we consider *active agency* as a constitutive element of social resilience. Moreover, our definition is in line with Keck and Sakdapolrak's (2013: 10) in incorporating an extended time horizon as opposed to a single point in time. We consider the capacity to draw lessons from the past and from others as being relevant for individual actions as well as for collective actors operating in local communities or at national or supranational level. Such processes of reflexivity and learning underline the need for adopting a dynamic analytical framework (and, next, for choosing methodological designs that allow us to capture how young people's lives develop over time and what factors influence their life courses).

## 8 ACTIVE AGENCY OF YOUNG PEOPLE – AND POLICIES PROMOTING IT

The contributions to this volume identify areas of intervention and social innovation where institutions and policy solutions can help Europeans faced with *early job insecurity* to exercise *active agency* for improving their *employability* over the *life course* within a system of *multi-level governance*. We analyse empirical data in the context of a set of key perspectives and concepts with the aim of achieving a better understanding of the underlying mechanisms and causal relationships that can serve as a basis for proposals for institutional innovation and more effective policies.

Within social science and normative political theory, several scholars have developed concepts of *active agency*. Given the constraints imposed on public resources by macroeconomic conditions and contemporary fiscal policy, we aim to identify and critically assess potential sources of social resilience. In this regard our centre of attention are policies, practices, institutional configurations and modes of coordination that enable groups such as young adults to ‘sustain their well-being’ (Hall and Lamont, 2013: 22). We investigate where these institutions and policies fail and why. Analytically we are interested in critically assessing and comparing cross-nationally how the characteristics of the meso level (i.e., local and regional labour markets, local public and private employment services, employers, access to education or training) structure young people’s actual and perceived room for action and their efforts to manage and utilize this room.

The challenge of preventing and responding to youth unemployment and job insecurity in contemporary Europe belongs to a broader class of complex policy challenges or ‘wicked problems’ requiring a combination of:

- well-integrated, interlinked and mutually supporting public policies,
- networks or horizontal collaboration between relevant actors and stakeholders, and
- vertical coordination across different territorial levels (supranational, national, regional and local).

Social researchers have for a few decades framed the appropriate ways to handle such policy challenges as multi-level governance (e.g., Bache and Flinders, 2004; Berthet, 2015; Blanpain et al., 2009; Enderlein et al., 2011; Halvorsen and Hvinden, 2016; Jordana and Levi-Faur, 2004; Jessop, 2004; Kazepov, 2010; Stephenson, 2013; Van Berkel et al., 2011; also see Dingeldey et al., Chapter 9 this volume).

The underlying idea behind the concepts of multi-level and network governance is that in complex systems of decision-making like those we find in contemporary Europe, no particular level of government – not even the nation state – is sovereign and fully able to oversee and control what happens in its territory. Greater complexity of issues and institutional patterns means that decision-making becomes more dispersed.

First, at each territorial level public authorities establish various forms of networks, agreements or alliances with non-public actors at the same level. While a public authority may be dominant in a network, it still needs the participation, resources, and legitimacy of others to ensure or improve its capacity to achieve significant goals.

Second, public authorities are not only dependent on other actors at the same territorial level, but also influenced and constrained by authorities and actors at other levels (e.g., supranational, national, regional, local or individual, as the case may be). Conversely, public authorities at one level are in their turn seeking to influence and constrain the actions of authorities and actors at the other levels. These efforts create a web of negotiation, alliance-building and mutual adjustment between actors (Halvorsen and Hvinden, 2016). We use these concepts to provide a better understanding of the conditions under which policy efforts to prevent or reduce prolonged youth unemployment will be successful.

While the national and sub-national governments' and other actors' pursuit of policies for promoting the labour market integration of young people is not new, the importance of the EU in policy development and governance has grown markedly since the second half of the 1990s (Ashiagbor, 2005; Blanpain et al., 2009). Especially through the gradual development of the European Employment Strategy, the EU has sought to gain a role in the area of employment and labour market policy (Goetschy, 1999; Pochet, 2005; Visser, 2009). In recent years supranational efforts to promote cross-country policy learning and coordination of national employment policy and to monitor performance have stepped up, becoming even more visible through the central position of employment (and education) in the Europe 2020 strategy. The ambition to implement the Youth Guarantee as a measure to tackle the problem of youth unemployment has received much attention across Europe (Dingeldey et al., Chapter 9 this volume).

However, even though the European dimension has become more visible as the EU plays a growing role in developing policy, EU member states are still far away from full harmonization of employment and labour market policy (as is illustrated, for instance, in Bussi et al., Chapter 10 this volume, on the European Social Fund). Policymakers at the *national* level typically decide on the exact design of the programmes and actions to equip people

with job-related skills and to help them find employment, often in collaboration with the social partners. In some countries, *regional* authorities also have a role in policy development. The concrete implementation of policy typically takes place at the *regional* or *local* level. Finally, the concrete encounter between individuals and policies takes place at the *local* level. We need to consider these aspects of multi-level and network governance when analysing factors of significance for young adults' scope for agency and their risk of experiencing the more adverse consequences of prolonged unemployment and job insecurity.

National institutional differences regarding EPL and the vocational specificity of the education system affect cross-national differences in labour market entry patterns (Julkunen, 2009). More generally, the emergent pattern of policy efforts to integrate young adults in the labour market largely follows the contours of the diverse welfare policy models in Europe. Different combinations of education policies, ALMPs, EPL and unemployment income protection policies establish complex institutional constellations affecting young people's transitions into the labour market.

One way to conceptualize these constellations is the notion of *youth transition regimes* (focusing on the interactions between education, training and labour market entry), while the broader concept of (*youth*) *employment regimes* also includes employment policies, employment legislation and unemployment income protection. Such modelling constructs regimes as different combinations of cultural and institutional structures in which main clusters include the universalistic/inclusive regime (e.g., Scandinavian countries), liberal regime (e.g., the United Kingdom), employment-centred regime (e.g., Germany), sub-protective regime (e.g., Mediterranean countries) and other complex regime models characteristic of transitional/post-socialist societies (Walther et al., 2006). By including countries that represent all the above types in our study, we can compare how these regimes affect the entry of young people into the labour market (see Hora et al., Chapters 7 and 8 this volume).

## 9 SUMMARY

In this chapter we have introduced the reader to two complementary volumes on early job insecurity in Europe. This first volume mainly deals with institutional factors of significance for the prevalence of job insecurity amongst young people and the ways in which young people seek to cope with such insecurity. We ask how well institutional factors at different levels of governance are linked with each other today and how one might improve both the capacity and the coordination of institutional

arrangements and policies to provide young people with better protection against long-term job insecurity, unemployment or precarity.

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## PART I

# The problem of early job insecurity and the crisis

## 2. Mapping early job insecurity impacts of the crisis in Europe

**Maria Karamessini, Maria Symeonaki,  
Dimitris Parsanoglou and Glykeria  
Stamatopoulou**

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### 1 INTRODUCTION

The aim of this chapter is to provide a comprehensive cross-country analysis of early job insecurity (EJI) in Europe, comparing its present levels in different European countries with those that existed at the outbreak of the financial crisis in 2008. Job insecurity at the very beginning of a young person's professional career has numerous repercussions and a strong impact on the economy and society. It is therefore important to provide methodologies for measuring EJI as a first step towards better understanding the phenomenon and consequently proposing more effective policy responses.

When it comes to measuring EJI, different approaches have been proposed in the literature. These differences emanate to a certain extent from diverse definitions of EJI. In Karamessini et al. (2015) and in Dingeldey et al. (2015) an attempt was made to provide a definition of EJI and to connect the phenomenon with school-to-work transitions. Job insecurity relates to the overall concern of employees as to the continued existence of their job in the future. This 'concern', however, not only has a quantitative or static dimension pertaining to whether someone is or feels secure about keeping their job; it also includes a qualitative dimension that relates to 'insecurity about the continued existence of valued characteristics of the job' (Vander Elst et al., 2014). In fact such anxiety has been identified as one of the most important stressors in working life (De Witte, 1999). There is a discussion in the literature concerning the definition of job insecurity on the basis of its characteristics. Accordingly, job insecurity can be approached as a *subjective* experience and/or as an *objective* phenomenon. Subjective perceptions of job insecurity can involve components related to the individual's assessment of the probability of losing their job in the near future, where the affective component refers to the fear, worry or

anxiety that one might actually lose one's job. In this chapter we perceive EJI as an objective phenomenon, with which different kinds of measurable indicators can be linked.

In measuring EJI, a special focus is put on school-to-work transitions in order to highlight the labour market situation of young people in Europe. There is a large volume of published studies describing methods for examining school-to-work transitions. These include sequence analysis, Markov systems, event history, optimal matching and cluster analysis (Alvarez et al., 2008; Betti et al., 2007; Bosch and Maloney, 2007; Brzinsky-Fay, 2007, 2014; Christodoulakis and Mamatzakis, 2009; Eurofound, 2014; Flek and Mysíková, 2015; Karamessini et al., 2016a, 2016b; McVicar and Anyadike-Danes, 2002; Scherer, 2001; Schoon et al., 2001; Symeonaki and Stamatopoulou, 2015; Symeonaki et al., forthcoming a, forthcoming b; Ward-Warmedinger and Macchiarelli, 2013).

The analysis we present in this chapter uses raw data drawn from the EU Labour Force Survey (EU-LFS) for the years 2008 (the beginning of the financial crisis) and 2015 (the most recent year for which data were available). It provides a better understanding of the level of EJI in European countries and of the differences between 2008 and 2015 with a view to ascertaining whether the crisis has brought convergence or divergence regarding EJI. More specifically, our ambition here is to contribute to the existing research and literature by developing a composite index of EJI based on 16 different indicators measured using raw data drawn from the EU-LFS. The measurement of EJI is not a straightforward process because 'perfect' indicators or definitions for EJI do not exist. However, various indicators, such as the unemployment rate or the NEET (not in employment, education or training) rate, have been used in the literature during recent decades and can serve as suitable tools for capturing certain traits of EJI. The indicators used here are linked with several domains relevant to objective and subjective characteristics of the labour market and of the labour condition of individuals. These indicators are considered to be complementary rather than competing and are combined into a single composite indicator to capture the degree of EJI in European countries.

It is clear that if one wanted to compare EJI across countries or study the evolution of EJI over time, it would be problematic to consider numerous indicators for different years simultaneously. Thus, there is a need to provide one single indicator for EJI that takes into account all possible indicators related to different domains of the phenomenon for which reliable and comparable data exist. This composite index will enable comparison of the labour market situation of young individuals in different European countries. To a similar end, Pusterla (2016) proposed a composite index for measuring the working conditions of youth in European

countries. Here we attempt to specify a single, overall composite indicator of EJI for the first time. The results reveal the divergent impact of the crisis on unemployment and EJI and show that despite convergence in policies there is still significant divergence in EJI indicators between countries.

## 2 METHODOLOGY

In order to construct the EJI index, we use raw data drawn from the EU-LFS. More specifically, we use cross-sectional data for the years 2008 and 2015 covering the EU member states, as well as the EFTA countries Norway and Switzerland. The EU-LFS provides detailed information on labour market participation and working conditions and it allows for a multivariate analysis by sex, age, educational attainment and other socio-demographic characteristics, while common principles and guidelines are used to ensure cross-country comparability.

The focus in this study is on individuals aged between 15 and 29. A young person is commonly defined as aged 15–24, but for the purposes of the current analysis the upper limit is extended to 29 years for the following reasons: on the one hand, in some countries there would have been a far smaller sample to analyse, especially when measuring school-to-work transition probabilities; on the other hand, this extension allows us to capture more information on post-graduation employment experiences of young people who have completed tertiary education. Moreover, this broader age span is used in recognition of the fact that the school-to-work transition has been progressively delayed in many countries and is often completed after the mid-twenties. Evidently some young people remain in education beyond the age of 24 years (OECD, 1998: 91).

Some limitations arise due to differences in the national questionnaires used in the EU-LFS. Two of the important variables for our analysis are optional variables,<sup>1</sup> and it is a decision for the national statistical authorities of each member state whether or not to include them in the main questionnaire. These variables are, therefore, not measured for a number of countries participating in the EU-LFS.<sup>2</sup>

The proposed indices provide a set of relative measures of EJI for countries across Europe based on different domains that refer to distinctive

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<sup>1</sup> MAINSTAT and WSTAT1Y.

<sup>2</sup> For the year 2008 the variables are included for all member states except for Denmark, Germany, Ireland, Latvia, Malta, the Netherlands, Norway, Portugal, Switzerland and the United Kingdom. For the year 2015 they are not included for Germany, Ireland or the United Kingdom.

traits of EJI. Each domain uses a set of indicators that can be measured using raw data drawn from the EU-LFS survey. Thus, the composite index combines information from these domains to produce an overall relative measure of EJI. The overall index scores (and those from each domain) can be used to rank each country according to the degree of EJI experienced by their young individuals.

The first domain is that of *labour market outcomes*, which focuses on a central aspect of EJI, namely the participation of youth in the labour market. In this dimension we consider common indicators regularly linked to job insecurity, such as the threat of unemployment and long-term unemployment. A common denominator of the ways in which employees perceive their situation as being insecure is the quality of their job, whereas empirically perceived insecurity is usually connected with objective conditions, such as employment statuses (Bernhardt and Krause, 2013; Klandermans et al., 2010). Thus, the second domain, *Quality of jobs*, includes indicators such as temporary and part-time employment. In the literature EJI is often studied by measuring school-to-work transitions (e.g., Brzinsky-Fay, 2014; Eurofound, 2014; Flek and Mysíková, 2015). In this respect we take into account the school-to-labour-market transition of youth by estimating the transition probabilities from school to employment, to unemployment and to inactivity. Within this stream we estimate the respective probabilities that form the *Transition to labour market* domain. Equally important for a young individual to feel (in)secure is the ability to find and the probability of finding and of keeping a job, which together form the *Employment (in) security* domain. The final domain focuses on data that can provide information concerning relative unemployment indicators such as youth versus adult and low- versus high-skills unemployment. These provide significant evidence on how age and education are related to unemployment.

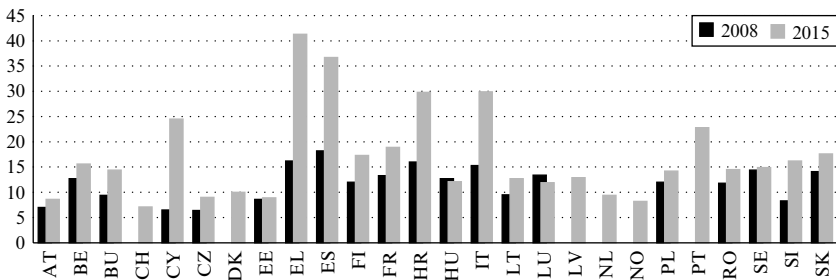
The stages for the development of the composite index are the following:

1. Domains of EJI are identified.
2. Indicators that provide the best possible measure of each domain of EJI are chosen.
3. Indicators are estimated using raw data from the EU-LFS survey.
4. Indicators are standardized.
5. Reverse-scored indicators are recoded.
6. Correlation analysis to finalize indicators is performed.
7. Indicators with (equal) weight for each domain are combined.
8. Domain scores are ranked.
9. The overall index is estimated by combining domain scores using (equal) domain weights.
10. Member states are sorted according to the overall Index of EJI.

The first condition in considering an indicator for a domain is its measurability. Indicators that can be problematic in their measurement because, for example, they are not statistically robust or are not comparable, cannot be included in the analysis. Moreover, indicators need to be domain-specific; that is, as far as possible they must be direct measures of that specific form of EJI. Other conditions are their ability to reflect the labour market situation and that of ranking their values, meaning that there should be no ambiguity as to whether high values of the indicator signify high or low degrees of EJI. A major advantage of using the EU-LFS data is that there are available indicators to consider in a consistent form, which allows for comparisons between countries. The aim is to obtain a single measure of EJI that is straightforward to interpret. Countries with a missing value on any indicator are excluded from the analysis.

## 2.1 The Labour Market Outcomes Domain

The indicators that fall within this domain are typical indicators used for the measurement of EJI. These are the youth participation rate (YPR), the youth employment rate (YER), the youth unemployment rate (YUR), the youth unemployment ratio (YURatio), the long-term unemployment rate (LTU) and the NEET rate. Figure 2.1 provides the values of YUR for the years 2008 and 2015 for each country.<sup>3</sup> There is a clear difference between countries when the impact of the financial crisis on labour market outcomes is considered. There are countries that exhibit an increase in



Source: Data taken from the EU Labour Force Survey (EU-LFS) for the years 2008 and 2015.

*Figure 2.1 Youth unemployment rates, EU-LFS data, 2008 and 2015, ages 15–29*

<sup>3</sup> The values of YPR, YER, YURatio, LTU and the NEET rates for 2008 and 2015 for all countries are provided in the Appendix to this chapter.



YPR and YER, such as Sweden and Lithuania, while others present a tremendous decrease in these indicators and a simultaneous increase in YUR and NEET rates. In the Southern European countries, for example, the impact of the crisis is severe and the differences are remarkable (YER for Greece, 2008: 42.9 per cent; 2015: 28.0 per cent; YER for Spain, 2008: 52.3 per cent; 2015: 33.7 per cent; YER for Italy, 2008: 39.1 per cent; 2015: 28.6 per cent; YER for Portugal, 2008: 50.9 per cent; 2015: 39.5 per cent). In 2015 Greece shows a YUR for individuals aged 15–29 equal to 41.3 per cent – close to the estimate for the *employment* rate in many countries – and an LTU equal to 26.6 per cent, which is by far the highest amongst the countries studied here. Countries with inclusive labour markets present an LTU approximately equal to 1 per cent (in 2015, LTU for Norway: 1.1 per cent; LTU for Austria, Luxembourg and Finland: 1.6 per cent; LTU for Denmark: 1.4 per cent; and LTU for Switzerland: 1.5 per cent).

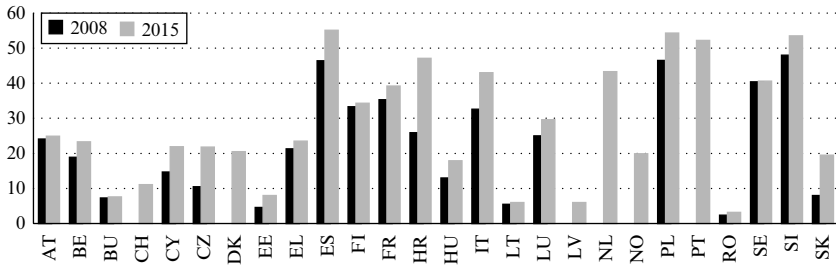
## 2.2 The Quality of Jobs Domain

In this category we gather information concerning the quality of jobs of young individuals. This can be achieved by measuring the incidence of temporary employment, the incidence of part-time employment and the incidence of involuntary part-time work. The latter is also important because part-time employment is not necessarily a matter of personal choice. Besides, relevant literature has shown that involuntary part-time work has been reaching significant dimensions in the United States (Doogan, 2009; Tilly, 1996), while in Europe country differentiations are very important: although the majority of part-time work within the EU is diachronically described by its workers as voluntary (14.2 per cent of part-time workers were working part time involuntarily in the EU in 1992, rising to 19.1 per cent in 1997 and falling back to 14.4 per cent in 2001): In Greece 44 per cent of part-time workers reported working involuntarily in 2001, compared to only 2.3 per cent in the Netherlands (Buddelmeyer et al., 2005: 286).

Figure 2.2 presents the incidence of part-time employment for each country for the years 2008 and 2015.<sup>4</sup> In general there is great country differentiation. Temporary employment in 2015 shows huge variability, ranging from 3.2 per cent (Romania) to 55.1 per cent (Spain). Most of the transitional/post-socialist countries exhibit very low values of temporary employment and low percentages of part-time employment. The Southern European countries, on the other hand, present very high values of involuntary part-time employment, with Italy exhibiting the highest value

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<sup>4</sup> Temporary and part-time employment are presented in the Appendix to this chapter.



Source: Data taken from the EU Labour Force Survey (EU-LFS) for the years 2008 and 2015.

Figure 2.2 Incidence of temporary employment, EU-LFS data, 2008 and 2015, ages 15–29

of 82.2 per cent in 2015. It is worth mentioning that involuntary part-time employment showed a rapid increase during the crisis for the majority of Southern Europe.

### 2.3 The Transitions from School to Work Domain

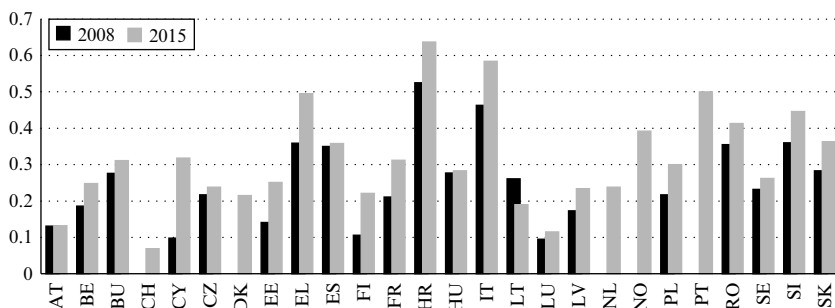
Another crucial domain of EJI is related to the transition of young individuals from school (education or training) to the labour market. Young people who face unemployment or a slow transition may experience long-term adverse effects in terms of future labour market success, earnings, family formation and general life planning (Hellevik and Settersten, 2013), and also well-being (Schulenberg and Schoon, 2012). This may in turn jeopardize public and private investment in their education and training, which results in a loss for society as a whole. This is particularly true in the context of demographic challenges, which put added pressure on Europe's increasingly diminishing younger populations to integrate quickly and effectively into the labour market.<sup>5</sup> In this respect we consider as important indicators of EJI the probability of an individual who has concluded education or training entering one of three labour market states – employment (school-to-employment transition probability, StE), unemployment (school-to-unemployment transition probability, StU) and inactivity (school-to-inactivity transition probability, StI). More specifically, in the EU-LFS survey respondents are asked about their 'current labour market state at the time of the survey'

<sup>5</sup> [http://ec.europa.eu/eurostat/statistics-explained/index.php/Being\\_young\\_in\\_Europe\\_today\\_-\\_labour\\_market\\_-\\_access\\_and\\_participation](http://ec.europa.eu/eurostat/statistics-explained/index.php/Being_young_in_Europe_today_-_labour_market_-_access_and_participation) (accessed 15 May 2018).

(MAINSTAT) and their 'situation with regard to activity one year before the survey' (WSTAT1Y). The eight categories amongst which the respondents can choose for these variables are the following:

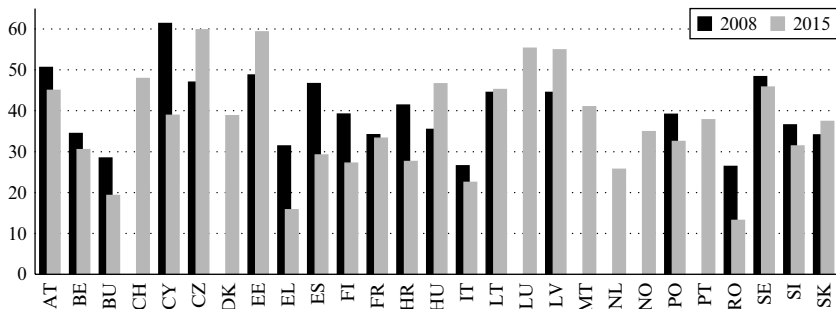
- Carries out a job or profession, including unpaid work for a family business or holding, including an apprenticeship or paid traineeship, etc.;
- Unemployed;
- Pupil, student, further training, unpaid work experience;
- In retirement or early retirement or has given up business;
- Permanently disabled;
- In compulsory military service;
- Fulfilling domestic tasks;
- Other inactive person.

Once the categories are recoded into the three states of employment, unemployment and inactivity, the indicators reflecting the school-to-employment, -unemployment and -inactivity transitions can be estimated as transition probabilities. In 2008 the school-to-work transition probabilities varied between 0.339 (Greece) and 0.755 (Czech Republic). In 2015 the values of the respective probabilities created a wider range, from 0.209 (Greece) to 0.778 (Switzerland), indicating that the crisis brought further divergence. Moreover, there are significant differences in the school-to-unemployment probabilities (Figure 2.3) in 2015, ranging from 0.069 in Switzerland to 0.637 in Croatia. In many countries there is a substantial decrease in the StE probabilities. In Spain, for example, the



Source: Data taken from the EU Labour Force Survey (EU-LFS) for the years 2008 and 2015.

Figure 2.3 School-to-unemployment probabilities, EU-LFS data, 2008 and 2015



Source: Data taken from the EU Labour Force Survey (EU-LFS) for the years 2008 and 2015.

Figure 2.4 Job-finding rates, EU-LFS data, 2008 and 2015

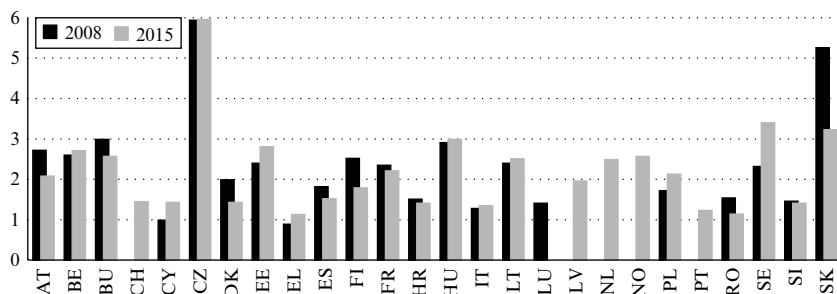
probability dropped from 0.569 to 0.250, and it fell in Cyprus from 0.458 to 0.269, whereas in Lithuania and Hungary the respective probabilities increased, and in other countries, such as Austria and Sweden, they remained approximately at the same levels.

## 2.4 The Employment (In)Security Domain

Two key indicators for capturing employment (in)security are the job-finding rate and the job-separation rate. Figure 2.4 displays the job-finding rates for all countries with available data for the years 2008 and 2015. The situation evidently changed considerably during the years of the crisis. The range of the job-separation rates became narrower, whereas the range of the job-finding rates became broader.

## 2.5 The Relative Changes in Unemployment Rates Domain

In this last dimension of EJI we distinguish two indicators regarding relative changes in unemployment rates. These are the youth-to-adult unemployment ratio ( $Y/AUR$ ) and the relative unemployment rate of those individuals with low skills to those individuals with high skills ( $ULS/UHS$ ), which provides evidence of how education and training influence unemployment. Low-skilled individuals correspond to those who have completed up to lower-secondary education (i.e.,  $ISCED < 3$  in the International Standard Classification of Education). The variable used ( $HATLEV$ ) corresponds to the highest educational attainment. When  $HATLEV=1$  the highest educational attainment is less than primary, primary or lower secondary ( $ISCED$



Source: Data taken from the EU Labour Force Survey (EU-LFS) for the years 2008 and 2015.

Figure 2.5 Relative unemployment rate (low skills vs high skills), EU-LFS data, 2008 and 2015

levels 0–2), whereas when HATLEV=2 or 3 the individual has completed a medium level of education (upper-secondary and post-secondary non-tertiary (ISCED levels 3 and 4) or a high level of education (short-cycle tertiary, bachelor or equivalent, master or equivalent, or doctoral or equivalent (ISCED levels 5–8)).

Differences are evident in the relative changes in unemployment rates. In 2015 the unemployment rate of young individuals with lower education (ISCED <3) is approximately six times higher than that of individuals with a medium- or higher-level education in the Czech Republic, three times higher in Germany and 3.4 times higher in Sweden (Figure 2.5). In other countries the impact of education is not evident because the relative unemployment rate of low-skilled to higher-skilled individuals is approximately equal to 1 (1.13 for Greece and 1.14 for Romania). As far as the youth-to-adult unemployment ratio is concerned, it is worth mentioning that in some countries, such as Belgium, Croatia, Finland, Spain and the United Kingdom, there were no changes between 2008 and 2015.

### 3 THE EJI INDEX

In this section we define the overall Index of EJI and estimate its values for all European countries for which we have the necessary data (variables) for the years 2008 and 2015. As required by the theory on constructing composite indicators, we performed a correlation analysis, which led us to exclude the following indicators because of their low correlation with the rest: youth unemployment ratio, temporary employment, job-separation

rate, youth-to-adult unemployment ratio, relative unemployment rate and school-to-inactivity transition probability.

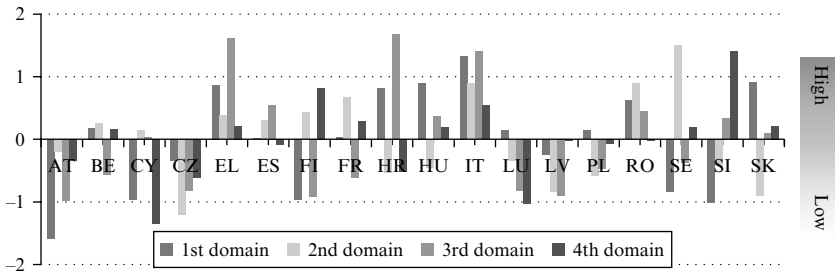
‘Positive’ variables that need to be reversed in order for all variables to point in the same direction (since higher values of the indicator must correspond to higher degrees of EJI) are the youth participation rate, youth employment rate, school-to-employment transition probability and job-finding rate.

Each domain is constructed separately from the component indicators described in Sections 2.1 to 2.5 and each country is assigned a domain score and an EJI score. Therefore, the composite index can be defined as follows (Equation 2.1):

$$EJI = \frac{\sum_{i=1}^d w_{d_i} \cdot \frac{\sum_{j=1}^{d_i} w_{ij} \cdot zInd_{ij}}{\sum_{j=1}^{d_i} w_{ij}}}{\sum_{i=1}^d w_{d_i}} \quad (2.1)$$

where  $d$  is the number of domains (here  $d=4$ ),<sup>6</sup>  $d_i$  is the number of indicators in the  $i$ -th domain,  $w_{ij}$  is the weight of the  $j$ -th indicator in the  $i$ -th domain,  $zInd_{ij}$  is the z-score of the  $j$ -th indicator in the  $i$ -th domain and  $w_{d_i}$  is the z-score of the  $i$ -th domain.

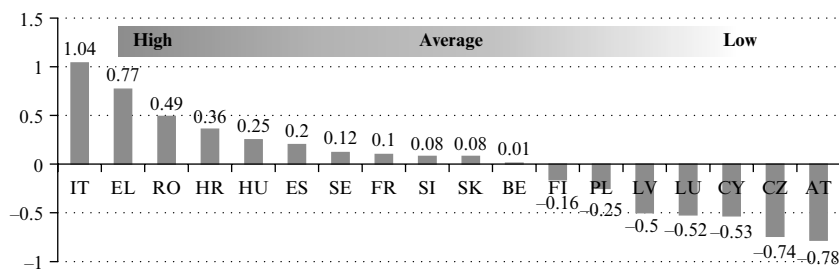
Using Equation (2.1), we estimate the values of EJI in the countries examined. The domain scores for the countries are presented in Figure 2.6



Source: Data taken from the EU Labour Force Survey (EU-LFS) for the years 2008 and 2015.

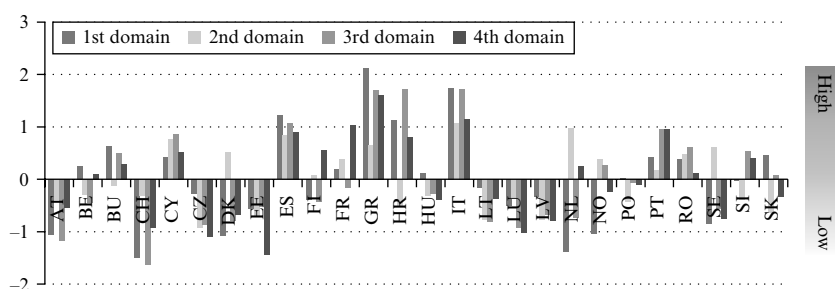
Figure 2.6 Domain scores for member states, EU-LFS data, 2008

<sup>6</sup> The fifth domain was excluded on the basis of correlation analysis.



Source: Data taken from the EU Labour Force Survey (EU-LFS) for the years 2008 and 2015.

Figure 2.7 EJI scores for member states, EU-LFS data, 2008

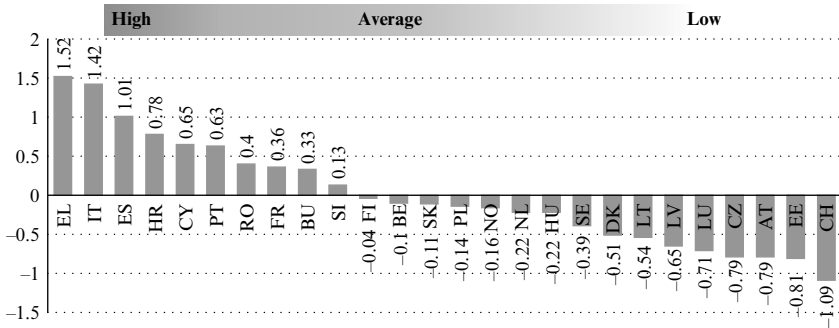


Source: Data taken from the EU Labour Force Survey (EU-LFS) for the years 2008 and 2015.

Figure 2.8 Domain scores for member states, EU-LFS data, 2015

for the year 2008, while the EJI scores for the same year are given in Figure 2.7. In 2008 countries exhibiting positive EJI scores display higher EJI, with Italy, Greece, Romania and Croatia being in the weakest position. On the other hand, countries with negative scores show lower degrees of EJI, with the Czech Republic and Austria in the prime position.

The domain scores for the countries for the year 2015 are presented in Figure 2.8, while the EJI scores for the same year are given in Figure 2.9. Looking at the differences in the EJI scores across countries between 2008 and 2015, a number of comments can be made regarding both the situation in specific countries and the distance between countries. Regarding the former, one can see a clear distinction between countries with low and high EJI: the first category includes countries known for their inclusive labour markets, such as Austria, Switzerland, Luxembourg and the Netherlands,



Source: Data taken from the EU Labour Force Survey (EU-LFS) for the years 2008 and 2015.

Figure 2.9 EJI scores for member states, EU-LFS data, 2015

but also the Czech Republic, Finland and Denmark; in the second category, Southern European countries are commonly found, notably Greece, Italy and Spain. Although we are unable to make direct comparisons between 2008 and 2015 (since the EJI index is a relative measure and the number of countries in the two periods differs), it is interesting to note that the gap between countries with low and high EJI has increased during the crisis.

Another significant aspect is the asymmetrical impact of the crisis. In certain countries characterized by low EJI the situation even improved during the crisis or deteriorated only slightly. On the contrary, in the countries figuring in the lowest ranks, early job insecurity increased, with Spain showing very sharp growth.

To emphasize the potentialities of the proposed multi-dimensional composite EJI index, we now provide an analysis limited to the participating countries in the NEGOTIATE project. Out of the 26 countries examined in 2015, Bulgaria was ranked in ninth position (with first place corresponding to the highest estimated degree of EJI). A closer look reveals that Bulgaria presents an imbalanced situation with regard to the four domains: in the field of *quality of jobs*, Bulgaria shows an encouraging score, mainly because of low percentages for part-time employment. This is counteracted by the adverse scores in all other domains.

Of the 18 countries studied in 2008, the Czech Republic is ranked second to last, which reveals low degrees of EJI. It presents positive scores in all domains, with better scores for *quality of jobs* and worse scores for *labour market outcomes*. The index presents a relatively constant picture in 2015, but with better scores in the *relative changes in unemployment rates* domain.

Greece is found in second position in 2008, with particularly worrying



scores for *transition to the labour market*. A difficulty in school-to-work transitions is what contributes most to the high degrees of EJI in Greece in 2008. Greece then climbs to first position in 2015; however, the dimension that contributes more to the high degrees of EJI is now the *labour market outcomes* domain. In fact the score in this domain is the worst across all the countries studied. On the other hand, *quality of jobs* is the domain that presents the lowest contribution to EJI in Greece in 2015.

Spain's scores show evidence of deterioration from 2008 to 2015. In 2008 two domain scores were positive, whereas in 2015 the situation of all domain scores worsened, pushing Spain from sixth position out of 18 countries in 2008 to third out of 26 countries in 2015, next to Greece and Italy.

In 2015 both Norway and Poland achieved similar EJI scores, but the way each domain contributes to the final EJI score is completely different. In Norway the *labour market outcomes* and the *relative changes in the unemployment rates* counterbalance the higher scores in the other two domains. In Poland all domain scores were rather low in both years.

Switzerland is the country exhibiting the lowest EJI score in 2015, with low scores in all domains and *transition to the labour market* being the domain contributing the most. Switzerland was second to last in 2008, with better scores in the *quality of jobs* domain.

## 4 CONCLUSIONS

In the context of growing job insecurity and systematic labour market and social exclusion of young people, research and policy have been attempting to examine the characteristics of the problem and to reach possible solutions. However, despite the growing discourses over the 'threat of a lost generation', accompanied by a multi-faceted social malaise that entails high risks of poverty, precarity, social exclusion, disaffection, insecurity, scarring, higher propensity towards offence and crime, as well as (mental and physical) health problems, the notion of 'EJI' is far from being completely theorized and conceptualized. In this chapter we attempted to provide for the first time a multi-dimensional composite index of EJI, based on a number of indicators measured using existing raw data drawn from the EU-LFS. The aim was to estimate and compare EJI in European countries before and during the crisis. The suggested index offers great potential for measuring and, most importantly, disentangling the degrees of EJI for each country, and also delivers evidence of the contribution of each domain to it.

It is obvious that EJI will differ across European countries. Countries with low EJI were identified (e.g., Switzerland, Denmark, Austria), as well as those with higher scores (Croatia, Italy, Spain and Greece are the

countries with worrying levels of EJI). The analysis presented using this multi-dimensional approach highlights the different role played by the four EJI domains. Apart from significant divergence amongst European countries, what is also interesting is the asymmetrical effect of the financial crisis on each country. Even though all countries were affected to a certain degree at the beginning of the crisis, EJI seems to have much more significant repercussions in Greece, Italy and Spain, in other words, in countries where the youth unemployment rate has significantly increased in recent years. An important consequence of this increase in unemployment and EJI has been the growing mobility of young people from Southern Europe towards countries in Western and Northern Europe. In the case of Greece there have been considerable outflows of Greek citizens with a relatively high level of education: it is estimated (Lazaretou, 2016) that approximately 0.5 million high-skilled young Greeks left the country during the last years of the crisis.<sup>7</sup> Similar trends have been identified in Spain.<sup>8</sup>

Our analysis provides evidence based on empirical data that early job insecurity is an important issue for labour markets in Europe, that it can be measured and that it must be tackled because it exhibits worrying trends in many European countries. Moreover, our methodology is able to remove some ambiguity regarding how the crisis affected different EU countries and can be used to identify nuanced ways in which relevant policies should be designed and implemented to address early job insecurity. To give a specific example, highlighting these kinds of differentiations can be useful for optimizing the design of Youth Guarantee programmes and their objectives, adapting them to specific national and social contexts. Similarly, our methods can provide insights for a better allocation of funding towards targeted and effective actions through the Youth Employment Initiative. In this way both the European Employment Strategy and the National Reform Programmes and Stability/Convergence Programmes can be informed and updated towards more comprehensive approaches that might provide effective responses to the complicated issues that arise from early job insecurity.

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<sup>7</sup> Lambrianidis (2011) suggests that this phenomenon is not new, that it was not generated but intensified by the crisis.

<sup>8</sup> ‘Young Spaniards flock to Germany to escape economic misery back home’ (Connolly, 2013).

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## APPENDIX

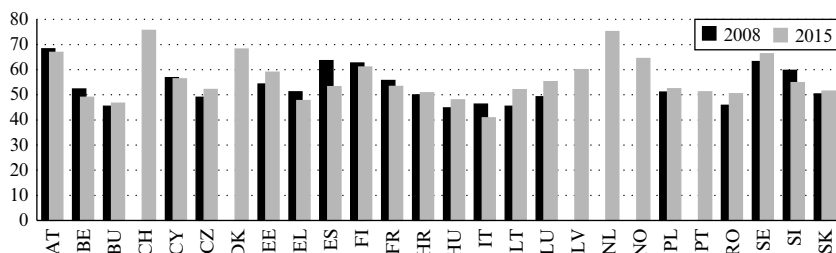


Figure 2A.1 Youth participation rates, EU-LFS data, 2008 and 2015, ages 15–29

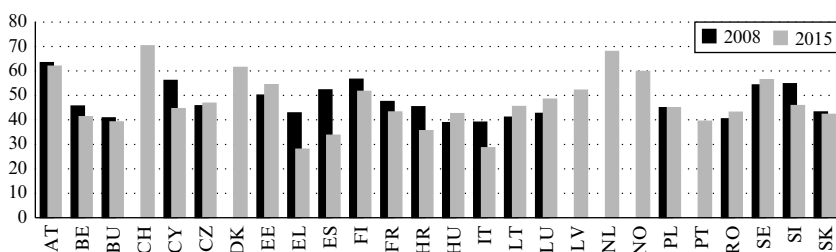


Figure 2A.2 Youth employment rates, EU-LFS data, 2008 and 2015, ages 15–29

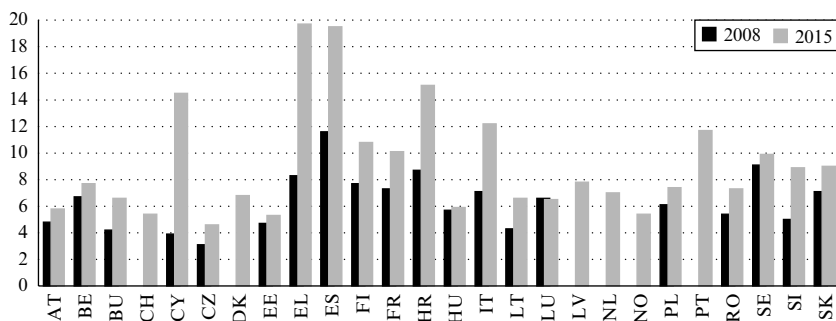


Figure 2A.3 Youth unemployment ratio, EU-LFS data, 2008 and 2015, ages 15–29

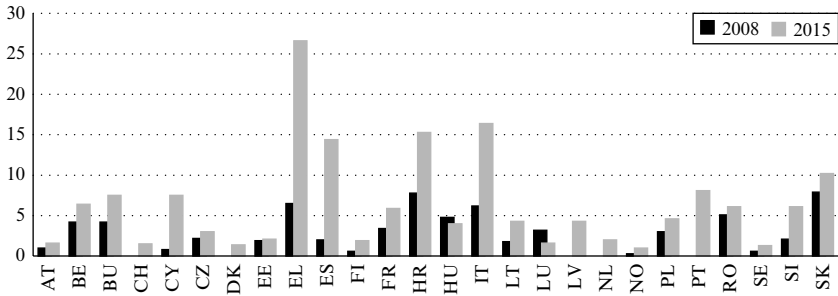


Figure 2A.4 Long-term unemployment, EU-LFS data, 2008 and 2015, ages 15–29

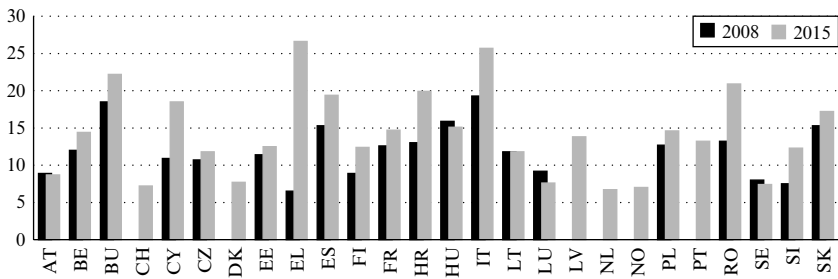


Figure 2A.5 NEET rates, EU-LFS data, 2008 and 2015, ages 15–29

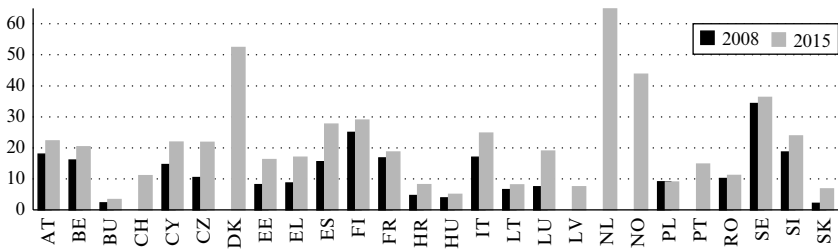


Figure 2A.6 Incidence of part-time employment, EU-LFS data, 2008 and 2015, ages 15–29

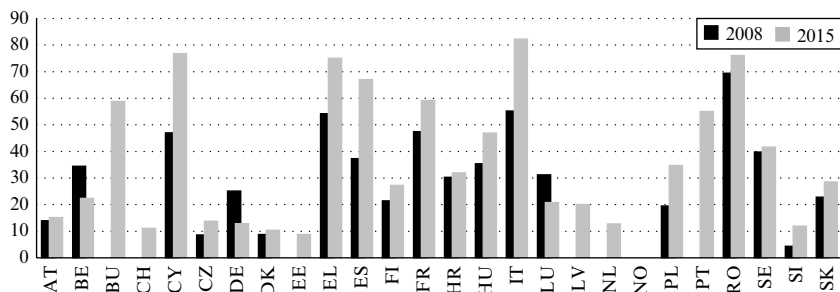


Figure 2A.7 Incidence of involuntary part-time employment, EU-LFS data, 2008 and 2015, ages 15–29

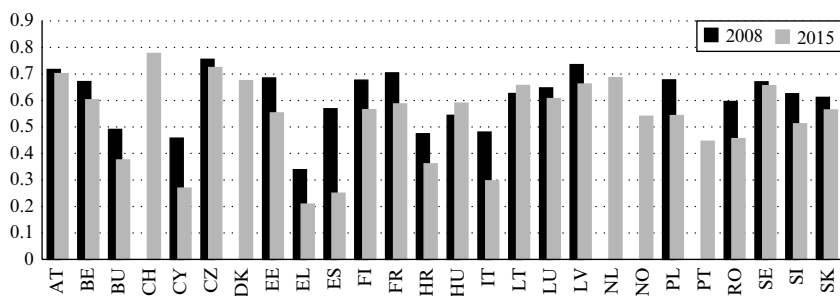


Figure 2A.8 School-to-employment probabilities, EU-LFS data, 2008 and 2015

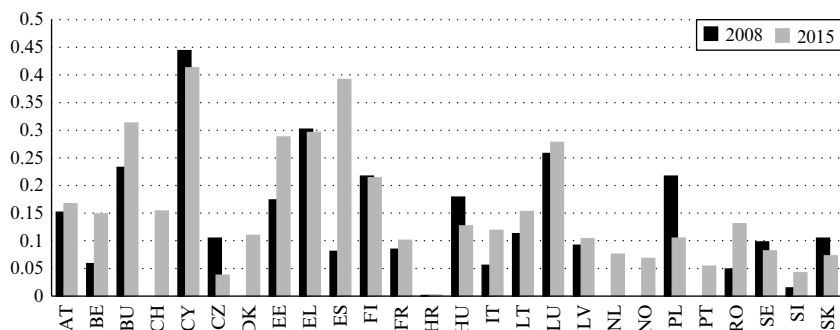


Figure 2A.9 School-to-inactivity probabilities, EU-LFS data, 2008 and 2015

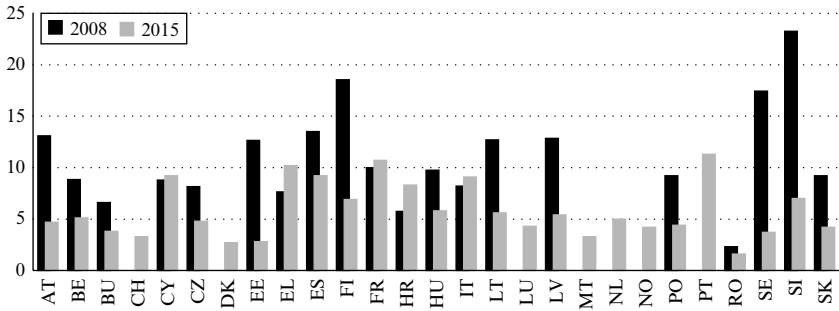


Figure 2A.10 Job separation rates, EU-LFS data, 2008 and 2015

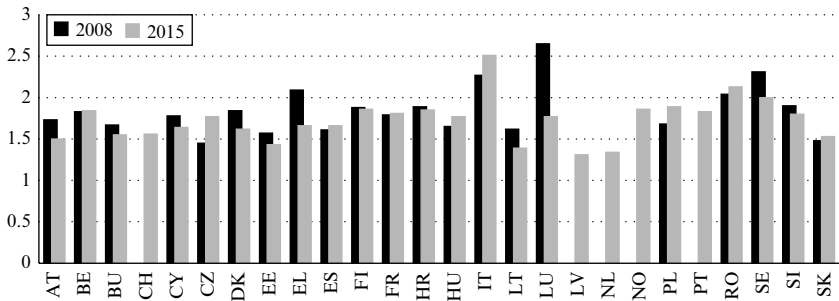


Figure 2A.11 Youth-to-adult unemployment ratio, EU-LFS data, 2008 and 2015



### 3. Factors explaining youth unemployment and early job insecurity in Europe

**Maria Karamessini, Maria Symeonaki,  
Glykeria Stamatopoulou and Dimitris  
Parsanoglou**

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#### 1 INTRODUCTION

Unemployment and difficulties integrating young people into the labour market are widely recognized to represent major challenges for the European Union, which is currently facing multiple tasks in this area. Despite ample consideration and suggested convergence policies between EU member states, youth unemployment and early job insecurity remain extensive in many European countries, irrespective of the impact of the financial crisis on their economies.

Much action has been taken to decrease youth unemployment, but evidence shows persistently high levels in many European countries, especially since the outbreak of the crisis (Karamessini et al., 2016b). According to Eurostat,<sup>1</sup> youth unemployment rates in the EU-28 exceeded 15 per cent in 21 countries in 2015. In the same year there was extremely wide variation in youth unemployment rates across Europe, ranging from 7.2 per cent in Germany and 8.8 per cent in Iceland to 48.3 per cent in Spain and 49.8 per cent in Greece. The problem is evidently far more acute and persistent in some countries than in others. Spain, Greece, Croatia, Italy, Portugal and Cyprus are the countries most affected by the economic crisis, particularly in terms of youth unemployment.

Looking at gender differentiations, women exhibited a distinctly higher unemployment rate up until 2007, but after 2008 – as the crisis substantially affected the ‘male’ occupations – male and female unemployment

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<sup>1</sup> [http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Youth\\_unemployment\\_figures,\\_2007-2016\\_\(%25\)\\_T1.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Youth_unemployment_figures,_2007-2016_(%25)_T1.png) (accessed 10 May 2018).

rates appeared to converge (Symeonaki and Filopoulou, 2017). In 2015 the unemployment rates of young people (aged 15–24) showed a gender difference of two percentage points (females: 19.5 per cent; males: 21.1 per cent), whereas in 2008 the youth unemployment rates for males and females in the EU-28 were both lower and almost equal (females: 15.8 per cent; males: 16.0 per cent). However, there are many differences at country level, ranging from cases where young males have lower youth unemployment rates (the extreme example is Greece, where the difference amounts to about ten percentage points: females: 55.0 per cent; males: 45.2 per cent) to countries where the opposite is the case (e.g., Ireland: females: 17.6 per cent; males: 23.6 per cent).

In addition to the unemployment rate, the NEET rate (individuals who are not in employment, education or training) is another important indicator of early job insecurity. Between 2008 and 2015 in the EU-28, the NEET rate increased by 1.1 percentage points for individuals aged 15–24 and by 2.4 percentage points for individuals aged 20–34, according to Eurostat.<sup>2</sup> Over the same period a significant decrease of 3.4 percentage points was recorded in the share of young individuals who were employed and had left (formal and non-formal) education and training. This loss was evened out by a rise in the percentage of young people aged between 20 and 34 who were in some kind of education or training, considering both those who spent their time entirely in education and training and those who combined it with employment. This development may reveal a growing need for young individuals to attain higher skills or qualifications because of increased competition in the labour market, but it might likewise suggest a decrease in more traditional full-time employment opportunities during the economic crisis. It is also worth mentioning that a large share of the inactive NEETs in several countries is composed of young females. Young women thus seem to have higher probabilities of being inactive for longer periods than their male counterparts, mostly because of family responsibilities (Plantenga et al., 2013; Sigle-Rushton and Perrons, 2013). Greece and Italy are the two countries that recorded the highest NEET rates in the year 2015. In the same year in ten out of 28 EU member states, the proportion of young female NEETs aged 20–34 was at least ten percentage points higher than the corresponding share for young males.

Several studies have dealt with youth unemployment and the divergences between EU member states (see, amongst others, Chung et al.,

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<sup>2</sup> [http://ec.europa.eu/eurostat/statistics-explained/index.php/Statistics\\_on\\_young\\_people\\_neither\\_in\\_employment\\_nor\\_in\\_education\\_or\\_training#Young\\_people\\_neither\\_in\\_employment\\_nor\\_in\\_education\\_or\\_training](http://ec.europa.eu/eurostat/statistics-explained/index.php/Statistics_on_young_people_neither_in_employment_nor_in_education_or_training#Young_people_neither_in_employment_nor_in_education_or_training) (accessed 10 May 2018).

2012; Eichhorst et al., 2013; Eurofound, 2014). Many attempts have also been made to present patterns and features or factors – individual and/or non-individual – such as Gross Domestic Product (GDP) growth to explain youth unemployment (Brada et al., 2014; Eichhorst et al., 2013; O'Reilly et al., 2015). Countries' labour market characteristics are considered in O'Higgins (2012), where labour market flexibility is said to have played a significant role in the increase in youth unemployment during the economic crisis. On the other hand, Bell and Blanchflower (2011) argue that lack of demand is the key factor driving the rise in youth unemployment. Individual-level factors explaining youth unemployment rates and inactivity are provided for the year 2013 in Karamessini et al. (2016b) using Eurostat Labour Force Survey (EU-LFS) data, whereas in Symeonaki et al. (2017) individual-level factors such as *gender, educational level achieved and labour market state one year before the survey* are examined as factors influencing youth unemployment and inactivity for the year 2014. The impact of the crisis on youth unemployment (Bell and Blanchflower, 2011; Bruno et al., 2014; Chung et al., 2012; OECD, 2010; O'Higgins, 2010, 2012; Van Ours, 2015) and on school-to-labour-market transitions and labour market flows has also been studied (Karamessini et al., 2016a, 2016b; Symeonaki et al., forthcoming a, forthcoming b).

This chapter investigates individual-level factors explaining youth unemployment and inactivity. More specifically, a multinomial logistic regression (MLR) model is applied using existing data sources so as to provide a deeper understanding of youth unemployment and inactivity and their relationship with a number of sociodemographic variables measuring individual characteristics such as gender, educational attainment, nationality, age and the respective region's degree of urbanization for the years 2008 and 2015. Parental education is also examined for those who are still living in the parental household.

## 2 DATA AND METHODOLOGY

In order to identify the individual-level factors that increase the risk of young people being unemployed or inactive, we use raw data drawn from the EU-LFS for the years 2008 (i.e., the beginning of the crisis) and 2015 (i.e., the most recent year for which data were available) and covering the nine European countries participating in the NEGOTIATE project: Bulgaria, the Czech Republic, Germany, Greece, Norway, Poland, Spain, Switzerland and the United Kingdom.

MLR models are commonly used in the literature to examine or analyse in detail the determinants of unemployment (Dănăciță, 2015; Msiywa and

Kipesha, 2013). The MLR method is generally used to model the outcome of a nominal variable, whereby the log odds of the outcomes are modelled as a linear combination of the predicted variables; therefore, it can be used whenever we want to predict categorical outcomes from continuous and categorical predictors. In this chapter we develop a prediction method for identifying high-risk groups for unemployment and inactivity. Predictor variables include gender, educational attainment, nationality, age groups (15–19, 20–24 and 25–29), the respective region's degree of urbanization, and parental education for individuals aged between 15 and 29 who are still living in the parental household. We thus seek to identify which socio-demographic factors influence the labour market outcomes of individuals by country and we create profiles of those people who are most likely to be at high risk of unemployment or inactivity.

We specify the baseline comparison group as being in employment so that all parameters in the model are interpreted in reference to this state. We choose employment as the reference category because it is assumed to be the 'desired' category to which others would normally be compared. In this way the MLR can assess the odds of being unemployed versus being employed and the odds of being inactive versus being employed, taking into account the selected sociodemographic characteristics.

More specifically, we are interested in the three categories of *labour market states of the individual* (employment, unemployment and inactivity). We consider the existence of three unobserved continuous variables, each of which can be thought of as the propensity towards a labour market state, with higher values corresponding to higher probabilities of being in the respective state. We specify the baseline comparison group using the variable corresponding to the *International Labour Organization (ILO) work status* of the individual (ILOSTAT=1, related to employment). The results reveal the Relative Risk Ratios (RRR) of being unemployed (versus employed) and inactive (versus employed) for:

- Low- and medium-educated individuals compared to highly educated individuals,<sup>3</sup>
- Females compared to males,<sup>4</sup>
- Non-native individuals compared to natives,<sup>5</sup>
- Individuals belonging to the age groups 15–19 and 20–24 compared to individuals aged 25–29,<sup>6</sup>

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<sup>3</sup> Variable: HATLEV1D.

<sup>4</sup> Variable: SEX.

<sup>5</sup> Variable: NATIONAL.

<sup>6</sup> Variable: AGE.

- Individuals living in rural areas (thinly populated area) or towns and suburbs (intermediate density area) compared to those living in cities (densely populated area).<sup>7</sup>

Parental education is considered separately as a predicting factor for the individual's unemployment or inactivity because EU-LFS is a household survey and parental education (level of education of father or mother) is only measured if the father or mother lives in the same household as the respondent.

### 3 RESULTS

When one chooses to analyse data using MLR, a share of the process involves testing to make sure that the data actually have the appropriate characteristics for such an analysis. In other words, this kind of analysis is only valid and suitable if the data meet the assumptions that are required for MLR to provide reliable results. Preliminary analysis was thus performed to check the validity of these assumptions. Cross-tabulation, chi-square tests and likelihood ratio tests revealed that gender, educational attainment, nationality, age, the respective region's degree of urbanization and parental education are not independent of the labour market state of the individual in most countries. The results also reveal that the variables do all have a significant predictive role in those countries, therefore all required assumptions are valid and MLR is appropriate.

The analysis was performed for the EU-LFS data sets for the years 2008 and 2015. The variables used were *Level of education* (low: lower secondary; medium: upper secondary; high: third level); *Gender* (male, female); *Labour market state of the individual*;<sup>8</sup> *Nationality*;<sup>9</sup> *Degree of urbanization* (rural, towns and suburbs, cities);<sup>10</sup> *Age categories* (15–19, 20–24, 25–29); *Level of education of father* and *Level of education of mother* (low: lower secondary; medium: upper secondary; high: third level).<sup>11</sup>

Below we present results from the MLR analyses for 2008 and 2015 for

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<sup>7</sup> Variable: DEGURBA.

<sup>8</sup> Variable: ILOSTAT's values are: 1=Employed, 2=Unemployed, 3=Inactive and 4=In compulsory military service. For the purposes of this analysis the third and fourth categories were merged.

<sup>9</sup> NATIONAL is recoded into a new variable with the values 0=national and 1=non-national.

<sup>10</sup> DEGURBA (degree of urbanization) is not available for Norway 2008 or Switzerland 2008.

<sup>11</sup> HATLFATH and HATLMOTH are not available for Norway 2008 and 2015, or for Switzerland 2008 and 2015.

each country. We have classified the examined countries in four groups based on geographical and economic characteristics: post-socialist EU member states from Eastern Europe, represented by Bulgaria, the Czech Republic and Poland; EU member states with relatively strong economies from Western Europe, comprised of Germany and the United Kingdom;<sup>12</sup> EU member states with relatively weak economies from Southern Europe, represented by Greece and Spain; and non-EU member states with relatively strong economies, comprised of Norway and Switzerland.

In Bulgaria (Table 3.1) the analysis revealed that educational attainment was an important factor influencing the propensity of young people towards unemployment both in 2008 and 2015. Lower-educated individuals had an almost ten times higher likelihood of being unemployed than highly educated people, whereas medium-educated individuals were more than twice as likely to be unemployed as opposed to employed compared to highly educated people – for both years we studied. A key factor identified here was the specific age group of the individuals; in fact, the RRR of being unemployed was almost 34 times higher for younger individuals (15–19) than for individuals aged 25–29 both for 2008 and 2015. We must note here that unemployed individuals are by definition those who are not employed, are not in education or training, and are in search of work.<sup>13</sup> This very high RRR denotes, therefore, that the young unemployed are far more likely to belong to the younger age group (15–19) than to the age group 25–29. Another important difference that emerged was the increase in the likelihood of being unemployed when a young person was aged 20–24 compared to those aged 25–29: this RRR was more than 2.5 times higher in 2015 than in 2008. In the year 2015 young men were two times more at risk of being unemployed than young women, whereas in 2008 the RRR of young women being unemployed was almost 2.5 times higher than that of men. Moreover, the situation was evidently reversed in the way the degree of urbanization influenced the unemployment of young individuals. In 2015 living in cities represented an advantage for young people where employment was concerned, as opposed to living in thinly populated areas or areas with an intermediate degree of urbanization. Education played an important role as to whether a young individual would be inactive or employed in 2008, but it played an even more significant role in 2015. The situation had also deteriorated for the younger individuals concerning inactivity, since their likelihood of being inactive was almost two times higher in 2015 both for those aged 15–19 and those aged 20–24. In 2015

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<sup>12</sup> For the reference period.

<sup>13</sup> [http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Youth\\_unemployment](http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Youth_unemployment) (accessed 9 May 2018).

Table 3.1 *Relative risk ratios for individuals aged 15–29 (unemployed vs employed, and inactive vs employed), Bulgaria, Czech Republic, Poland: 2008 and 2015*

	Factors	Categories	Unemployed	Std. errors	Inactive	Std. errors
Bulgaria, 2008	<i>Level of education</i>	Low	9.633***	0.172	3.992***	0.191
		Medium	2.313***	0.156	1.559***	0.166
	<i>Gender</i>	Female	2.472***	0.079	—	—
	<i>Age groups</i>	15–19	34.479***	0.131	2.982***	0.129
		20–24	3.513***	0.090	1.495***	0.156
	<i>Degree of urbanization</i>	Rural areas	0.760***	0.082	—	—
		Towns and suburbs	0.695***	0.157	—	—
Bulgaria, 2015	<i>Level of education</i>	Low	9.900***	0.174	4.255***	0.169
		Medium	2.724***	0.146	2.164***	0.139
	<i>Gender</i>	Female	0.478***	0.089	0.546***	0.137
	<i>Age groups</i>	15–19	34.890***	0.190	6.921***	0.109
		20–24	8.967***	0.191	3.935***	0.108
	<i>Degree of urbanization</i>	Rural areas	1.497***	0.106	2.090***	0.169
		Towns and suburbs	1.282***	0.117	2.071***	0.190
Czech Republic, 2008	<i>Level of education</i>	Low	6.582***	0.060	7.962***	0.215
		Medium	—	—	1.200***	0.110
	<i>Gender</i>	Female	2.801***	0.026	1.464***	0.057
	<i>Nationality</i>	Non-national	0.515***	0.113	0.552*	0.269
	<i>Age groups</i>	15–19	19.671***	0.049	2.115***	0.103
		20–24	3.720***	0.029	2.045***	0.064
	<i>Degree of urbanization</i>	Rural areas	0.772***	0.030	—	—
		Towns and suburbs	0.849***	0.034	—	—
Czech Republic, 2015	<i>Level of education</i>	Low	0.201***	0.139	1.767***	0.115
		Medium	1.209***	0.093	—	—
	<i>Gender</i>	Female	0.345***	0.071	0.589***	0.125
	<i>Nationality</i>	Non-national	1.618***	0.279	—	—
	<i>Age groups</i>	15–19	29.076***	0.145	17.880***	0.112
		20–24	7.013***	0.141	6.882***	0.109
Poland, 2008	<i>Level of education</i>	Low	9.544***	0.057	1.856***	0.094
		Medium	2.680***	0.042	1.243***	0.059
	<i>Gender</i>	Female	2.247***	0.026	1.470***	0.043
	<i>Nationality</i>	Non-national	2.801***	0.495	—	—
	<i>Age groups</i>	15–19	19.484***	0.047	1.830***	0.096
		20–24	3.350***	0.029	2.149***	0.047

Table 3.1 continued

	Factors	Categories	Unemployed	Std. errors	Inactive	Std. errors
	<i>Degree of urbanization</i>	Rural areas	0.696***	0.028	1.253**	0.048
		Towns and suburbs	0.855***	0.041	1.176***	0.070
Poland, 2015	<i>Level of education</i>	Low	0.110***	0.049	0.281***	0.075
		Medium	0.519***	0.034	0.757***	0.052
	<i>Gender</i>	Female	0.352***	0.026	0.416***	0.038
	<i>Nationality</i>	Non-national	0.436***	0.271	—	—
	<i>Age groups</i>	15–19	32.437***	0.050	14.758***	0.078
		20–24	7.660***	0.048	6.703***	0.073
	<i>Degree of urbanization</i>	Rural areas	1.362***	0.029	1.767***	0.045
		Towns and suburbs	1.087***	0.035	1.572***	0.054

Note: \*\*\* $p < 0.0001$ , \*\* $p < 0.001$ , \* $p < 0.01$  (only relative risk ratios corresponding to statistically significant coefficients are included).

Source: EU-LFS data

being male and living in rural areas or towns/suburbs increased the risk of being inactive. Nationality was not included in the model because of the very small percentage of non-nationals in the Bulgarian sample.

In the Czech Republic (Table 3.1) the most important factor influencing unemployment appeared to be age. Younger individuals (15–19) were more likely to be at risk of unemployment than those aged 25–29. This difference became even more evident during the years of the crisis, with younger individuals exhibiting a more than 1.5 times higher propensity towards unemployment in 2015 than in 2008. Low-educated youngsters had a higher propensity towards unemployment in 2008 than their highly educated peers, which was not the case in 2015. Important differences between 2008 and 2015 also emerged in the areas of gender and nationality; in 2008 young women had a 2.8 times higher RRR of being unemployed than men, while in 2015 young men had a 2.9 times higher RRR of being unemployed. On the other hand, natives were more vulnerable to youth unemployment than non-natives in 2008, while in 2015 this tendency was reversed, with non-natives having a 1.6 times higher RRR of being unemployed. In 2008 rural areas and towns/suburbs were in a better situation than cities with respect to youth unemployment, whereas in 2015 the degree of urbanization did not play a predictive role for youth unemployment. Finally, the role of education was significant in 2015 with



respect to youth inactivity, but not as significant as it had been in 2008; the role of gender in inactivity was reversed, and the situation of the youngest age group had weakened substantially by 2015.

In Poland (Table 3.1) education seemed to influence the likelihood both of being unemployed and of being inactive in 2008, although the RRR of being unemployed and not employed was a lot higher than that of being inactive and not employed. This was not the case in 2015, where lower-educated young individuals did not have higher chances of being unemployed or inactive. Young women's chances of being unemployed or inactive were considerably higher than those of men in 2008, which was no longer the case in 2015, where the respective RRR was equal to 0.352. Non-natives' propensity to be unemployed decreased considerably between the two years, whereas the RRR of the youngest age group to be unemployed and not employed or inactive increased substantially. The role of the degree of urbanization was reversed in 2015, with young individuals living in rural areas exhibiting slightly higher risks of unemployment or inactivity than those living in cities.

When it comes to the second group of countries and more specifically to Germany (Table 3.2), all factors had a predictive role in 2008, with the level of education and age seemingly having the highest impact on the propensity of young individuals to be unemployed or inactive. More particularly, in 2008 the RRR of being unemployed was almost 5 times higher for those with low education and almost 3.6 times higher for those who were medium educated compared to the highly educated; similarly, in 2008 the RRR was 1.278 for non-natives compared to natives and 1.344 for females compared to males. Additionally, if a young German belonged to the 15–19 or 20–24 age group, his/her chances of being unemployed were almost 6.7 and 1.7 times higher, respectively, than if he/she was aged 25–29. Moreover, lower degrees of urbanization had a positive effect on youth unemployment in 2008, whereas lower education had a negative effect on youth inactivity in the same year. In 2015 the direction of the effect of each factor except age was reversed with respect to youth unemployment; high education did not lead to higher likelihoods of being employed, young women and non-natives were in a better situation compared to men and natives, respectively, and cities were in a better situation when compared to areas with a lower degree of urbanization. On the other hand, the situation deteriorated for the younger categories, with the first age group (15–19) having a 7.870 higher RRR of being unemployed, and the second group (20–24) having a 3.771 higher RRR than those in the third age group (25–29). The propensity of the youngest age group towards inactivity was much higher, while lower-educated individuals and young men also had a greater RRR of being inactive. RRRs close to 1

*Table 3.2 Relative risk ratios for individuals, 15–29 (unemployed vs employed, and inactive vs employed), Germany and United Kingdom: 2008 and 2015*

	Factors	Categories	Unemployed	Std. Error	Inactive	Std. Error
Germany, 2008	<i>Level of education</i>	Low	4.924***	0.166	4.814***	0.138
		Medium	3.659***	0.155	1.905***	0.124
	<i>Gender</i>	Female	1.344***	0.053	–	–
	<i>Nationality</i>	Non-national	1.278***	0.095	–	–
	<i>Age groups</i>	15–19	6.737***	0.090	0.567***	0.170
		20–24	1.725***	0.069	–	–
	<i>Degree of urbanization</i>	Rural areas	0.574***	0.085	–	–
		Towns and suburbs	0.792***	0.059	–	–
Germany, 2015	<i>Level of education</i>	Low	0.296***	0.038	1.573***	0.077
		Medium	0.562***	0.034	0.764***	0.073
	<i>Gender</i>	Female	0.768***	0.017	0.600***	0.040
	<i>Nationality</i>	Non-national	0.636***	0.028	–	–
	<i>Age groups</i>	15–19	7.870***	0.028	14.917***	0.063
		20–24	3.771***	0.025	27.121***	0.060
	<i>Degree of urbanization</i>	Rural areas	1.797***	0.024	1.119*	0.057
		Towns and suburbs	1.484***	0.020	1.127**	0.043
UK, 2008	<i>Level of education</i>	Low	4.528***	0.050	4.239***	0.078
		Medium	2.036***	0.047	1.504***	0.076
	<i>Gender</i>	Female	1.650***	0.028	0.836***	0.046
	<i>Nationality</i>	Non-national	0.164***	0.045	–	–
	<i>Age groups</i>	15–19	4.693***	0.037	3.269***	0.063
		20–24	1.798***	0.037	2.100***	0.060
	<i>Degree of urbanization</i>	Rural areas	0.739***	0.044	0.579***	0.079
		Towns and suburbs	0.676***	0.041	0.768***	0.065
UK, 2015	<i>Level of education</i>	Low	0.202***	0.076	0.667***	0.124
		Medium	0.489***	0.067	0.544***	0.118
	<i>Gender</i>	Female	0.678***	0.046	0.594***	0.079
	<i>Nationality</i>	Non-national	0.569***	0.073	0.746***	0.109
	<i>Age groups</i>	15–19	7.831***	0.061	1.735***	0.109
		20–24	4.218***	0.025	2.073***	0.093
	<i>Degree of urbanization</i>	Rural areas	1.294***	0.073	–	–
		Towns and suburbs	1.321***	0.053	–	–

*Note:* \*\*\* $p < 0.0001$ , \*\* $p < 0.001$ , \* $p < 0.01$  (only relative risk ratios corresponding to statistically significant coefficients are included).

*Source:* EU-LFS data

(1.119 and 1.127, respectively, for rural areas and towns/suburbs) in 2015 indicate that the degree of urbanization did not affect the propensity of young individuals towards inactivity.

In the United Kingdom in 2008 the expected risk of being unemployed was about 4.5 times higher for the low educated ( $RRR=4.528$ ), while it was more than twice higher for the medium educated. Young females had a higher likelihood of being unemployed than men ( $RRR=1.650$ ) and a lower likelihood of being inactive ( $RRR=1.436$ ). The low and medium educational level of young people also played a significant role in their odds of being left out of the labour market, with the odds being almost 4 times higher for low-educated youth and almost 1.5 times higher for medium-educated youth. Age played a significant role in the case of both unemployment and inactivity in 2008, whereas in the same year cities were in a worse position than areas with a lower degree of urbanization. In 2015 the role of education was reversed, and lower and medium educational attainment of young individuals did not negatively affect their chances of being employed and not unemployed or inactive. Females had lower likelihoods of being unemployed or inactive than males, while age was again an important determinant for unemployment and inactivity. Young individuals living in cities had slightly better chances in 2015 of being employed compared to those living in rural areas or towns/suburbs. Furthermore, non-natives had better possibilities in 2015 than natives of being employed and not unemployed or inactive.

In Greece (Table 3.3) low- and medium-educated young individuals were more likely to be unemployed than employed in 2008 and even more so in 2015. The  $RRR$  of being unemployed and not employed was almost 2.5 times higher for young women than for young men in 2008, and it was almost twice as high in 2015. Being non-native had exactly the same effect on the propensity towards unemployment in 2008 and 2015, with non-natives having better chances of being employed than natives. Areas with a lower degree of urbanization were in a better situation both in 2008 and 2015. The analysis also revealed a significantly worse position for the younger age groups in 2008 and even worse again in 2015 compared to those aged 25–29. When inactivity is considered, lower-educated individuals had higher chances of being inactive than the highly educated in 2015 compared to 2008, while women were still more likely to be inactive than men. The degree of urbanization did not play a predictive role for inactivity: the respective  $RRRs$  were close to 1.

Looking now at Spain (Table 3.3), in 2008 gender and nationality seemed to play a predictive role regarding the risk of being unemployed, with women and natives having higher chances of being unemployed than men and non-natives. When education is examined, individuals who were

*Table 3.3 Relative risk ratios for individuals, 15–29 (unemployed vs employed, and inactive vs employed), Greece and Spain: 2008 and 2015*

	Factors	Categories	Unemployed	Std. errors	Inactive	Std. errors
Greece, 2008	<i>Level of education</i>	Low	3.086***	0.053	0.834**	0.058
		Medium	3.819***	0.046	0.853**	0.046
	<i>Gender</i>	Female	2.487***	0.026	2.127***	0.037
	<i>Nationality</i>	Non-national	0.637***	0.044	0.599***	0.071
	<i>Age groups</i>	15–19	58.706***	0.029	2.571***	0.073
		20–24	4.707***	0.043	1.867***	0.039
	<i>Degree of urbanization</i>	Rural areas	0.452***	0.036	—	—
		Towns and suburbs	0.620***	0.039	—	—
Greece, 2015	<i>Level of education</i>	Low	4.655***	0.071	1.244***	0.060
		Medium	4.056***	0.055	—	—
	<i>Gender</i>	Female	1.964***	0.036	1.560***	0.035
	<i>Nationality</i>	Non-national	0.631***	0.069	—	—
	<i>Age groups</i>	15–19	100.000***	0.076	0.512***	0.091
		20–24	17.540***	0.075	—	—
	<i>Degree of urbanization</i>	Rural areas	0.378***	0.045	1.090*	0.042
		Towns and suburbs	0.703***	0.042	1.079**	0.042
Spain, 2008	<i>Level of education</i>	Low	0.804***	0.055	1.833***	0.069
		Medium	1.515***	0.052	1.131***	0.076
	<i>Gender</i>	Female	1.694***	0.038	1.282***	0.050
	<i>Nationality</i>	Non-national	0.775***	0.071	1.190***	0.082
	<i>Age groups</i>	15–19	29.000***	0.060	3.313***	0.075
		20–24	3.498***	0.046	1.646***	0.057
	<i>Degree of urbanization</i>	Rural areas	0.877***	0.044	0.864***	0.057
		Towns and suburbs	0.880***	0.048	—	—
Spain, 2015	<i>Level of education</i>	Low	0.714***	0.065	1.470***	0.069
		Medium	0.396***	0.060	0.515***	0.068
	<i>Gender</i>	Female	0.725***	0.046	0.780***	0.048
	<i>Nationality</i>	Non-national	1.677***	0.092	1.533***	0.093
	<i>Age groups</i>	15–19	66.719***	0.088	20.919***	0.077
		20–24	12.494***	0.084	7.510***	0.069
	<i>Degree of urbanization</i>	Rural areas	1.176**	0.054	—	—

*Note:* \*\*\* $p < 0.0001$ , \*\* $p < 0.001$ , \* $p < 0.01$  (only relative risk ratios corresponding to statistically significant coefficients are included).

*Source:* EU-LFS data

medium educated showed an increased risk of being unemployed and not employed ( $RRR=1.515$ ). The most important factor for that year was age, with the youngest group being in the vulnerable position of having an almost 30 times higher propensity of being unemployed than those in the age category 25–29. An important change during the years of the crisis was the significant increase in this propensity, with the youngest category exhibiting an almost 66 times greater risk of being unemployed. The situation also deteriorated for the age group 20–24, which had an almost 12.5 times higher chance of being unemployed when compared to those aged 25–29. Young women in 2015 had lower chances of being unemployed, as did young natives compared to young non-natives. Low education played a statistically significant role both in 2008 and 2015 as far as inactivity is concerned. The importance of age increased, with young individuals having an almost 20 times higher propensity towards being inactive if they belonged to the 15–19 age category and a 7.5 times higher propensity towards being inactive if they were aged 20–24. The odds of young individuals being left out of the labour market were higher if they were male in 2015 ( $RRR=1.269$ ), while for 2008 the opposite trend was observed.

Coming to the last group of countries, the two EFTA member states (Table 3.4), the analysis showed that young people in Norway had a higher propensity towards unemployment when they were low educated ( $RRR=1.701$ ) in 2008, whereas in 2015 low- or medium-educated individuals had better chances of being employed than their highly educated peers. The young people in the age groups 15–19 and 20–24 had a higher risk of being unemployed ( $RRR=4.605$  and  $RRR=2.133$ , respectively) in 2008, and a slightly higher risk again in 2015 ( $RRR=5.985$  and  $RRR=2.809$ , respectively) than those aged 25–29. The  $RRR$  of non-native young individuals to be employed was higher when compared to young natives in 2015. Additionally, it seems that educational level, nationality and age influenced the odds of being inactive in 2008, while the main predictive factors for being out of the labour force in 2015 were age and nationality, with the younger age groups and non-natives being more exposed to inactivity.

In Switzerland the most important factors influencing unemployment in 2008 were the level of education of the individual, gender and age. Low-educated young people had an  $RRR$  of being unemployed equal to 1.553 compared to their highly educated peers. Moreover, young women had a propensity to be unemployed that was almost 1.6 times higher than that of young men. It is noteworthy that the effect of age on the odds of being unemployed was almost identical in 2008 and 2015. In 2015 cities were in a slightly more favourable position in the sense that young individuals living in highly urbanized areas had lower chances of being unemployed

*Table 3.4 Relative risk ratios for individuals, 15–29 (unemployed vs employed, and inactive vs employed), Norway and Switzerland: 2008 and 2015*

	Factors	Categories	Unemployed	Std. Error	Inactive	Std. Error
Norway, 2008	<i>Level of education</i>	Low	1.701***	0.138	1.707*	0.175
	<i>Gender</i>	Female	—	—	0.663**	0.166
	<i>Nationality</i>	Non-national	—	—	2.150*	0.108
	<i>Age groups</i>	15–19	4.605***	0.116	2.150***	0.108
		20–24	2.133***	0.104	2.180***	0.128
Norway, 2015	<i>Level of education</i>	Low	0.352***	0.125	—	—
		Medium	0.718***	0.116	—	—
	<i>Nationality</i>	Non-national	0.692**	0.133	1.572*	0.123
	<i>Age groups</i>	15–19	5.985***	0.108	2.476***	0.118
		20–24	2.809***	0.094	1.838***	0.192
Switzerland, 2008	<i>Level of education</i>	Low	1.553***	0.121	1.837***	0.120
		Medium	—	—	1.545*	0.198
	<i>Gender</i>	Female	1.589***	0.057	1.436***	1.107
	<i>Nationality</i>	Non-national	1.137***	0.057	1.919***	0.112
	<i>Age groups</i>	15–19	5.219***	0.088	1.876***	0.160
20–24		1.993***	0.069	1.557***	0.135	
Switzerland, 2015	<i>Level of education</i>	Low	0.665***	0.101	—	—
	<i>Nationality</i>	Non-national	0.909***	0.053	1.692***	0.094
	<i>Age groups</i>	15–19	5.332***	0.088	3.373***	0.106
		20–24	1.920***	0.069	2.038***	0.105
		<i>Degree of urbanization</i>	Rural areas	1.549***	0.065	—
		Towns and suburbs	1.269***	0.050	—	—

Note: \*\*\* $p < 0.0001$ , \*\* $p < 0.001$ , \* $p < 0.01$  (only relative risk ratios corresponding to statistically significant coefficients are included).

Source: EU-LFS data

than those living in rural areas, towns or suburbs. Where inactivity was concerned in 2008, again the level of education of the individual played an important role, in that low- or medium-educated youth had  $RRR=1.837$  and  $RRR=1.545$ , respectively, of being inactive compared to highly educated youth. Women were more exposed to inactivity than men, while age also played an important role ( $RRR=1.876$  and  $RRR=1.557$ , respectively, for the age groups 15–19 and 20–24 compared to the age group 25–29). Regarding inactivity in 2015, gender and education were

not statistically significant. The position of the youngest groups weakened, with the propensity of the 15–19 and 20–24 age groups towards inactivity amounting respectively to almost 3.4 times and 2 times higher compared to the age group 25–29.

## 4 THE ROLE OF PARENTAL EDUCATION

Several studies have suggested that the parental characteristics influencing educational choice do matter (Stamatopoulou et al., 2016), especially during adolescence (Breen and Jonsson, 2005; Erikson and Jonsson, 1996; Jaeger and Holm, 2007), and that parental social status and networks are especially important in early adulthood when young people are entering the labour market (Erola, 2009; Härkönen and Bihagen, 2011).

Here we attempted to examine the effect of parents' education on their offspring's odds of being employed and not unemployed or inactive by performing MLR selecting the young individuals who live with their parent(s), since parental education in the EU-LFS survey is only measured in those cases. Therefore, the analysis concerns individuals who live in the same household as their parent(s). The results of the MLR analysis regarding the effect of parental education on the labour market situation of young people for the years 2008 and 2015 in the examined countries are provided in Tables 3A.1 and 3A.2 (Appendix, this chapter).

In all nine countries the educational achievements of the father/mother did not increase the chances of a young individual being employed and not unemployed in 2008. On the other hand, lower parental education did play a negative role in the chances of a young individual being employed and not inactive in these countries. The opposite situation was observed in 2015, in the sense that parental education seemed to influence – to a lesser or greater extent – the chances of a young individual being at risk of unemployment in all countries except for Greece. More specifically, in all countries excluding Greece, living with a father or mother with low or medium education affected the propensities towards being employed and not unemployed in a negative way. The exact same was the case for the chances of a young person being inactive and not employed. Thus, higher parental education influenced their offspring's odds of being employed and not inactive in a positive manner. The findings, therefore, suggest a growing importance of social background and social capital – with the exception of Greece.

Table 3.5 Key factors explaining youth unemployment (unemployed vs employed) and changes between 2008 and 2015

		2008	2015	Direction of change
<b>Bulgaria</b>				
Education	Low vs High	+	+	↑
	Medium vs High	+	+	↑
Gender	Females vs Males	+	–	↔
Age	15–19 vs 25–29	+	+	≈
	20–24 vs 25–29	+	+	↑
Urbanization	Rural areas vs Cities	–	+	↔
	Towns and suburbs vs Cities	–	+	↔
<b>Czech Republic</b>				
Education	Low vs High	+	–	↔
	Medium vs High		+	
Gender	Females vs Males	+	–	↔
Nationality	Non-nationals vs Nationals	–	+	↔
Age	15–19 vs 25–29	+	+	↑↑
	20–24 vs 25–29	+	+	↑↑
Urbanization	Rural areas vs Cities	–		
	Towns and suburbs vs Cities	–		
<b>Germany</b>				
Education	Low vs High	+	–	↔
	Medium vs High	+	–	↔
Gender	Females vs Males	+	–	↔
Nationality	Non-nationals vs Nationals	+	–	↔
Age	15–19 vs 25–29	+	+	↑
	20–24 vs 25–29	+	+	↑↑
Urbanization	Rural areas vs Cities	–	+	↔
	Towns and suburbs vs Cities	–	+	↔
<b>Greece</b>				
Education	Low vs High	+	+	↑
	Medium vs High	+	+	↑
Gender	Females vs Males	+	+	↓
Nationality	Non-nationals vs Nationals	–	–	≈
Age	15–19 vs 25–29	+	+	↑↑
	20–24 vs 25–29	+	+	↑↑
Urbanization	Rural areas vs Cities	–	–	≈
	Towns and suburbs vs Cities	–	–	≈
<b>Norway</b>				
Education	Low vs High	+	+	↓
	Medium vs High		–	
Nationality	Non-nationals vs Nationals		–	
Age	15–19 vs 25–29	+	+	↑
	20–24 vs 25–29	+	+	↑



Table 3.5 (continued)

		2008	2015	Direction of change
Poland				
Education	Low vs High	+	–	↔
	Medium vs High	+	–	↔
Gender	Females vs Males	+	–	↔
Nationality	Non-nationals vs Nationals	+	–	↔
Age	15–19 vs 25–29	+	+	↑↑
	20–24 vs 25–29	+	+	↑↑
Urbanization	Rural areas vs Cities	–	+	↔
	Towns and suburbs vs Cities	–	+	↔
Spain				
Education	Low vs High	–	–	↓
	Medium vs High	+	–	↔
Gender	Females vs Males	+	–	↔
Nationality	Non-nationals vs Nationals	–	+	↔
Age	15–19 vs 25–29	+	+	↑↑
	20–24 vs 25–29	+	+	↑↑
Urbanization	Rural areas vs Cities	–	+	↔
	Towns and suburbs vs Cities	–		
Switzerland				
Education	Low vs High	+	–	↔
Gender	Females vs Males	+		
Nationality	Non-nationals vs Nationals	+	–	↔
Age	15–19 vs 25–29	+	+	≈
	20–24 vs 25–29	+	+	≈
Urbanization	Rural areas vs Cities		+	
	Towns and suburbs vs Cities		+	
UK				
Education	Low vs High	+	–	↔
	Medium vs High	+	–	↔
Gender	Females vs Males	+	–	↔
Nationality	Non-nationals vs Nationals	–	–	↓
Age	15–19 vs 25–29	+	+	↑↑
	20–24 vs 25–29	+	+	↑↑
Urbanization	Rural areas vs Cities	–	+	↔
	Towns and suburbs vs Cities	–	+	↔

*Notes:* + denotes  $RRR \geq 1$ ; – denotes  $RRR < 1$ ; ↑ denotes an increase in the respective RRR; ↓ denotes a decrease in the respective RRR; ≈ denotes that the RRR remained approximately the same; ↑↑ denotes a sharp increase in the RRR (i.e., the RRR in 2015 was more than 1.5 times the respective RRR in 2008); and ↔ denotes a reversed influence of the factor.

*Source:* EU-LFS data

## 5 CONCLUSIONS

In this chapter we have examined individual-level factors influencing youth unemployment and inactivity in nine European countries. More specifically, gender, educational attainment, nationality, age, the respective region's degree of urbanization and parental education were used as independent variables in an MLR model in order to explain youth unemployment and inactivity.

Overall, the effect of these demographic factors changed in the period from 2008 to 2015 in most countries. The only factor identified as a determinant for both years and in all countries and whose negative effect increases is that of belonging in the younger age groups, that is, 15–19 and 20–24, as opposed to the older group of young people (aged 25–29).

Low educational attainment played an important role for young people in these nine countries in 2008, but not as important as in 2015 in most countries. Countries where low education is crucial in decreasing the chances of a young individual being employed in 2015 are Bulgaria, Greece and Spain. It is worth mentioning that low education was also found to be a key determinant for youth unemployment and inactivity in the respective nine countries in 2013, based on EU-LFS data (Karamessini et al., 2016b).

When gender is examined, it emerges that young women were in a more vulnerable situation than young men in 2008 in most countries, except for Norway and Switzerland. The crisis mainly hit occupations considered to be 'male', so while the EU strategic engagement for gender equality might have had an impact on labour market policies in these countries,<sup>14</sup> the situation was partially reversed in 2015, with young women remaining in a weaker position than young men only in Greece.

As far as the degree of urbanization is concerned, living in a city and not in a rural area or a town/suburb produced higher chances of being unemployed in 2008 in all countries except for Norway and Switzerland. This changed during the years of the crisis, with cities remaining in a worse position than areas with a lower degree of urbanization in 2015 only in Greece. Taking into account all the individual-level factors examined, it is apparent that Greece is a special case in some respects.

Finally, an important finding is the growing importance of social background and social capital for those living in the same household as their mother or father. In 2015 parental education had a positive influence on the labour market situation of young people (living with their parent[s]),

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<sup>14</sup> [http://ec.europa.eu/newsroom/document.cfm?doc\\_id=43416](http://ec.europa.eu/newsroom/document.cfm?doc_id=43416) (assessed 8 May 2018).

whereas the effect was not as strong in 2008. However, the fact that this variable concerns only those who still live in the parental household means that no general assumptions are possible regarding the diachronic effect of social capital on young people's propensity towards unemployment or inactivity.

In general, it seems that apart from the younger age categories, the crisis has not affected the impact of sociodemographic factors on youth unemployment and inactivity unequivocally. Even if in some cases (low) education seems to play a negative role, this has not been proven to be a constantly aggravating tendency in all examined countries. In this sense, policies combatting early job insecurity should consider national (and to some extent even local) specificities regarding both the intensity and the extension of the crisis and its remedies. Evidence-based policymaking calls for increased concern for younger individuals and their integration into the labour market, however in differentiated ways from country to country and insisting on relevant sociodemographic characteristics and structural constraints.

Table 3.5 sums up the conclusions of the analysis and presents the various factors' direction of influence.

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## APPENDIX

Table 3A.1 RRR for individuals 15–29 (unemployed vs employed, and inactive vs employed), 2008

	Unemployed	Std. errors	Inactive	Std. errors
<b>Bulgaria</b>				
<i>Level of education of father</i>				
Low	0.601***	0.121	2.024***	0.118
Medium	0.693***	0.103	—	—
<i>Level of education of mother</i>				
Low	0.660***	0.102	2.469***	0.165
Medium	0.679***	0.086	—	—
<b>Czech Republic</b>				
<i>Level of education of father</i>				
Low	0.319***	0.072	3.575***	0.170
Medium	0.480***	0.041	—	—
<i>Level of education of mother</i>				
Low	0.259***	0.055	3.980***	0.184
Medium	0.469***	0.044	1.475***	0.178
<b>Germany</b>				
<i>Level of education of father</i>				
Low	0.518***	0.127	2.217***	0.109
Medium	0.532***	0.079	—	—
<i>Level of education of mother</i>				
Low	0.497***	0.103	—	—
Medium	0.552***	0.085	0.552***	0.105
<b>Greece</b>				
<i>Level of education of father</i>				
Low	0.314***	0.036	—	—
Medium	0.618***	0.040	—	—
<i>Level of education of mother</i>				
Low	0.197***	0.042	—	—
Medium	0.479***	0.043	—	—
<b>Poland</b>				
<i>Level of education of father</i>				
Low	0.316***	0.059	1.487***	0.148
Medium	0.542***	0.052	1.382***	0.139
<i>Level of education of mother</i>				
Low	0.307***	0.049	—	—
Medium	0.487***	0.043	—	—

Table 3A.1 (continued)

	Unemployed	Std. errors	Inactive	Std. errors
<b>Spain</b>				
<i>Level of education of father</i>				
Low	0.442***	0.047	1.255***	—
Medium	0.756***	0.060	—	—
<i>Level of education of mother</i>				
Low	0.328***	0.049	—	—
Medium	1.699***	0.063	—	—
<b>UK</b>				
<i>Level of education of father</i>				
Low	0.780***	0.052	1.466***	0.106
Medium	0.571***	0.047	1.055***	0.100
<i>Level of education of mother</i>				
Low	0.773***	0.042	1.467***	0.082
Medium	0.775***	0.042	1.154***	0.085

Notes: \*\*\* $p < 0.0001$ , \*\* $p < 0.001$ , \* $p < 0.01$  (only RRR corresponding to statistically significant coefficients are included).

Source: Authors' calculations, EU-LFS data, 2008.

Table 3A.2 *RRR for individuals 15–29 (unemployed vs employed, and inactive vs employed), 2015*

	Unemployed	Std. Error	Inactive	Std. Error
<b>Bulgaria</b>				
<i>Level of education of father</i>				
Low	1.950***	0.163	3.670***	0.305
Medium	2.136***	0.146	2.100***	0.295
<i>Level of education of mother</i>				
Low	1.429***	0.128	3.886***	0.234
Medium	1.710***	0.109	1.864***	0.231
<b>Czech Republic</b>				
<i>Level of education of father</i>				
Low	1.661***	0.239	4.617***	0.447
Medium	2.181***	0.107	2.247***	0.292
<i>Level of education of mother</i>				
Low	1.876***	0.171	3.954***	0.348
Medium	1.847***	0.102	1.965***	0.263
<b>Germany</b>				
<i>Level of education of father</i>				
Low	1.535***	0.038	3.805***	0.108
Medium	1.185***	0.026	2.563***	0.090
<i>Level of education of mother</i>				
Low	2.033***	0.036	4.195***	0.102
Medium	2.161***	0.030	2.036***	0.098
<b>Greece</b>				
<i>Level of education of father</i>				
Low	0.404***	0.048	1.154**	0.062
Medium	0.744***	0.051	—	—
<i>Level of education of mother</i>				
Low	0.255***	0.050	—	—
Medium	0.547***	0.050	—	—
<b>Poland</b>				
<i>Level of education of father</i>				
Low	3.409***	0.057	3.945***	0.109
Medium	2.516***	0.048	2.830***	0.096
<i>Level of education of mother</i>				
Low	2.730***	0.043	3.888***	0.078
Medium	2.185***	0.034	2.418***	0.066
<b>Spain</b>				
<i>Level of education of father</i>				
Low	2.145***	0.056	3.945***	0.109



Table 3A.2 (continued)

	Unemployed	Std. Error	Inactive	Std. Error
Medium	1.503***	0.069	1.545***	0.085
<i>Level of education of mother</i>				
Low	2.520***	0.053	3.202***	0.062
Medium	1.699***	0.063	1.610***	0.076
UK				
<i>Level of education of father</i>				
Low	1.504***	0.079	1.587***	0.167
Medium	1.507***	0.070	1.409***	0.154
<i>Level of education of mother</i>				
Low	1.180***	0.064	1.715***	0.122
Medium	1.384***	0.060	—	—

Notes: \*\*\*p<0.0001, \*\*p<0.001, \*p<0.01 (only RRR corresponding to statistically significant coefficients are included).

Source: Authors' calculations. EU-LFS data, 2015.

# 4. The Great Recession and the youth labour market in European countries: the demographic versus the labour market effect

**Piotr Michón**

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## 1 INTRODUCTION

The goal of this chapter is to provide a simple labour supply explanation for the changes that took place in the youth labour market after the financial crisis. An extensive literature has examined the effects of the education system, of the economic situation and of employment protection legislation on youth labour force participation and its variability across countries and regions. By contrast, only very few studies address demographic changes and their consequences for youth labour markets (Bloom et al., 1987; Bloom and McKenna, 2015; Roth and Moffat, 2014). Until now researchers have not studied the effects of absolute and relative changes in the size of the youth population in the context of the recent economic and financial crisis. Although they have attempted to document the changes in the youth labour market (Bell and Blanchflower, 2011; O'Higgins, 2012), they have not considered the demographic aspects. Indirectly, researchers have assumed that changes in population size occur slowly and gradually. Thus, the assumption is that one needs to account for demographic changes when analysing long-term trends, whereas one may disregard such changes in short-run analyses of the labour market.

This contribution argues that neglecting demographic shifts has important consequences, both practically (for policymakers) and methodologically (for cross-country comparative analysis, in particular). The chapter aims to assess the impact of demographic shifts on the position of young people in the labour markets of European countries following the financial crisis (2008–09). The intention is to contribute to a broadening of social and labour market policy questions by providing evidence of the extent to

which the labour market situation of young people may be worsened or improved by demographic change.

A typical approach to labour market changes involves analysis of (un)employment rates. However, any change in the number of working young people is a result of a combined demographic and labour market effect. Counterintuitively, if jobs for young people become more scarce, it is still possible for the youth employment rate to increase if the youth population decreases at an even faster rate. Vice versa, a growing number of young people in employment might lead to a decreased employment rate if the population of young people grows relatively faster. If a study is limited to employment rates, failing to take demographic changes into account, one may come to the misleading conclusion that an increase/decrease in the employment rate is always a sign of (un)successful policy.

In this chapter I will analyse changes in the relative and absolute size of the youth population in European countries. I will argue that because of decreasing levels of substitutability of young and older workers, it is necessary to focus on the absolute number of employed young people rather than on employment rates. The labour market has undergone significant structural changes in recent decades: nowadays when older workers leave the labour market, they are either replaced by experienced workers or their workplaces disappear, ultimately meaning that these workplaces are not available to young people.

In this context, decreasing substitutability means that young people become increasingly less likely to occupy the jobs left by older workers. When they enter the labour market, they mostly repeat the experience of their counterparts of a few years older. Thus, a decrease in the number of employed young people not only affects those who are already in the labour market, but also those who will enter it in the near future. This situation seems to be particularly significant when it comes to evaluating the consequences of such dramatic changes as the Great Recession (Bell and Blanchflower, 2011).

According to Eurostat Labour Force Survey (EU-LFS) data, the number of employed young people in the European Union decreased by 10 per cent between the first quarter of 2007 and the first quarter of 2017, which translates into nearly 4.2 million jobs. Moreover, we need to look at the changes in the youth labour market in a wider perspective. A shift towards a more positive situation on the (youth) labour market may be the result of emigration by young people and/or lower birth rates or a lower number of young people entering the labour market.

The message of this chapter is that if one observes a short-term improvement on the basis of traditional labour market indicators, it is likely that this improvement will distort policymakers' interpretations and decisions.

What seems to be a recovery of the youth labour market, based on rising youth employment rates in some European countries after the Great Recession, may prevent policymakers from seeing the magnitude of the problems that young people and the whole of society face. A decreasing share of young people in the working-age population results in labour force ageing, lower economic growth and ultimately a need to reform many aspects of welfare state systems.

In this chapter I will argue that when carrying out cross-country evaluations of the youth labour market, one needs to consider changes in the absolute and relative size of youth populations. In order to highlight the youth labour market effect related to demographic changes as well as the effect related to national economies and labour market policies in European countries, the chapter provides an analytical framework that makes it possible to distinguish between these different effects. The disaggregate analysis of the changes in youth employment might shed light on the functioning of labour market institutions.

## 2 THE GREAT RECESSION, THE YOUTH LABOUR MARKET AND THE DEMOGRAPHIC PERSPECTIVE

From the perspective of a wide range of labour market outcomes, the Great Recession represented the deepest downturn in the post-war era. Alongside a rapid rise in unemployment rates, the deterioration of the youth labour market was hugely significant in most European countries. Young people became a kind of ‘buffer’ that absorbed the effects of the recession through wide fluctuations in their employment. The overall youth unemployment rates recorded for 2013 were high, particularly so in the first quarter of the year in Southern European countries such as Spain (53.4 per cent), Greece (57.9 per cent) and Croatia (53.7 per cent), although they also reached high levels in Italy (43.2 per cent; 2014Q1), Cyprus (37.6 per cent; 2014Q1), Portugal (38.8 per cent; 2013Q1) and the Baltic States (Estonia 36.4 per cent, Lithuania 34 per cent and Latvia 38.6 per cent; 2010Q1).

Low or decreasing levels of youth employment are not a new phenomenon. In the developed countries they have been a policy issue for the last few decades (Bell and Blanchflower, 2011; OECD, 2016b; Scarpetta et al., 2010). Employment of young people appears to be amongst the variables that are most sensitive to business-cycle fluctuations. There is strong evidence that when a national economy is strong, both young and adult workers are better off, whereas during recessions young people are more

likely to be affected than older workers (OECD, 2016a). Young people are more vulnerable because their jobs are comparatively less protected by employers' interests, employment protection legislation and unions (e.g., through seniority rules). Because most young people have only recently entered the labour market, employers tend to perceive them as 'outsiders' (Solow, 1985). In a time of skill-biased technological progress and intensifying global competition, young people with low education and without work experience have difficulty finding a decent job. Additionally, in periods of labour market instability, especially, young people can be 'crowded out' by others with more knowledge and better skills who are willing to accept relatively poor jobs in order to remain employed. The challenge of finding a job and keeping it gains in importance when the consequences of failure are taken into consideration; that is, the scarring effect that significantly affects their lifetime earnings and upward mobility (Dolado et al., 2000; Gangl, 2002; Knabe and Rätzl, 2011; Nilsen and Reiso, 2011).

Most of the literature has treated this problem as 'youth related', which implies that when today's young people grow up the problems will disappear (even if they are likely to affect 'new' cohorts of young people, that is, those who are still children today). In other words, being young relates inherently to being at risk in the labour market. Thus, on this view, to improve the labour market position of youth it is necessary to focus on specific youth characteristics that reduce young people's chances of finding jobs in comparison to adult candidates.

However, we can also analyse the same problem from a very different, demographic perspective. As the size of cohorts entering the labour market changes, we might expect this variation to reduce (when the cohort is smaller) or increase (when the cohort is larger) the supply pressure on a labour market. Previous studies, mostly relating to the 'baby boom' generation, have identified the impact of demographic changes on the (un)employment of young people. The larger the cohort size, the higher the unemployment rate, the lower the wages and the lower the employment of young people (Brunello, 2009; Brunello and Lauer, 2004; Freeman and Wise, 1982; Korenman and Neumark, 2000; Roth and Moffat, 2014). Since younger and older workers are imperfect substitutes for each other, there will be an imbalance between them (Wachter and Kim, 1982). Consequently, the smaller the share of young people in the working-age population, the lower the risk of being unemployed when young (Freeman and Wise, 1982; Gómez-Salvador and Leiner-Killinger, 2008). Thus, shrinking youth cohorts could potentially improve the current youth employment situation. However, O'Higgins suggests that a successful strategy for dealing with the problem of youth unemployment would be to

concentrate on aggregate demand rather than on the size of youth cohorts (O'Higgins, 1997).

In sum, the evidence on the demographic effects of changing the relative size of youth to adult cohorts is anything but clear cut (Gangl, 2002; Hannan et al., 1999). Since researchers in this field are generally looking for the effect of the relative (to adults) size of youth cohorts, or because they analyse countries where the changes in youth cohort size appear to be minor, they usually indicate that changes in youth (un)employment risks stem from changing economic conditions rather than from changes in the demographic size of youth cohorts (Gangl, 2002).

There are important reasons for considering demographic shifts when analysing the youth labour market consequences of the Great Recession. While in some countries the size of the birth cohort entering the labour market during and immediately after the recession remained stable, in others it changed dramatically (because of smaller or larger birth cohorts and/or migration). Additionally, in some countries the recession itself acted as a push for migration to other countries. As a result, youth labour market supply pressures have differed significantly across European countries.

### 3 DATA AND METHOD

In this study I have used the EU-LFS data available for the first quarter of each year during the period 2007–17. The age group for young people was defined as 20–29-year-olds and the working-age population was defined as 20–64-year-olds. In order to evaluate the effect of the Great Recession in 2017, I analysed the developments on youth labour markets in 33 European countries, starting from 2007, which was the last year before the financial crisis. The evaluation of young people's situation in the labour market builds mainly on the analysis of the employment ratio: the working youth population as a share of the total youth population.

According to the literature, demographic changes and their consequences for youth employment should be analysed along two dimensions: in relative terms and in absolute terms. In studying the changes in relative terms, I compared the following values: the ratio of the number of working young people to all working people (youth employment ratio) and the ratio of the number of young people to the number of all people of working age (youth population ratio). In analysing the changes in absolute terms, I compared changes in the number of young people (youth population size) and changes in the number of employed young people (youth employed population size).

#### 4 RELATIVE CHANGES: YOUNG PEOPLE AS A PART OF THE WORKING-AGE POPULATION

The literature has usually examined the impact of changes in the population age structure, in other words, the share of young people in the working-age population (e.g., Dixon, 2003; Heylen et al., 1996; Sunter, 2001). One might expect an increase in the proportion of young people to be accompanied by an improvement in their labour market opportunities. Young workers' employment prospects would thus improve as their share in the total labour force increases. This expectation builds on two indirect assumptions.

First, it may seem reasonable to assume a static labour demand in the short run. Thus, if the share of young people in the working-age population increases, so would their chances of finding employment because they would be competing for work with a relatively lower number of prime-age and older individuals. Second, we can assume that adult workers could substitute for young workers, and vice versa. Thus, an adult who withdraws from the labour market in some sense contributes to creating a job vacancy that becomes available for young entrants. As a result, the larger the proportion that young people make up of the working-age population, the better chance they have of being in work. Conversely, the lower the proportion of young people in the working-age population, the fewer chances for young people to find jobs.

Table 4.1 provides details of the changes in youth employment and the youth population. The most significant decline in the youth population ratio was reported in Ireland (-9.6 percentage points), Spain (-6.2 pp), Slovakia (-5.8 pp), Romania (-5.6 pp) and Poland (-5.2 pp). The ratio of young people to the total working-age population increased in 11 countries, with the Scandinavian countries leading the ranking – Denmark (increase of 4.1 pp), Sweden (3.3 pp) and Norway (2.4 pp) – whereas in the European Union (28 countries) the ratio decreased (-1.7 pp).

There is a positive and strong correlation (Pearson = 0.88) between changes in the percentage of young people in the working-age population and changes in the percentage of young people in the employed population. During the decade between 2007 and 2017, the proportion of young people in the total employed population increased only in 7 out of 33 countries (Sweden, Denmark, Iceland, Norway, Luxembourg, the United Kingdom and Switzerland). However, in order to evaluate the changes adequately we also need to consider the demographic factors. In the same period youth increased their share in the total working-age population in all countries (except Switzerland).

If the share of young people in the working population increased relatively less than their share in the working-age population, this would

Table 4.1 *Relative changes in the youth share (aged 20–29) of the working-age population and the employed population*

	Youth employment as a percentage of total employment (2017Q1)	Change of the <i>ratio of youth employment to</i> total employment 2007Q1–2017Q1 (percentage points)	Change of the <i>ratio of the youth population to the</i> total working- age population 2007Q1–2017Q1 (percentage points)	Difference (II–III) between changes in youth employment and the youth population
	I	II	III	IV
European Union (28 countries)	17.3%	–2.62	–1.73	–0.9
Austria	20.3%	–0.20	0.53	–0.7
Belgium	17.8%	–1.92	0.34	–2.3
Bulgaria	14.3%	–3.08	–0.97	–2.1
Croatia	17.5%	–3.73	–2.21	–1.5
Cyprus	20.9%	–2.90	–0.36	–2.5
Czech Republic	15.8%	–4.29	–3.71	–0.6
Denmark	20.1%	<b>1.60</b>	<b>4.12</b>	–2.5
Estonia	19.9%	–0.55	–2.52	<b>2.0</b>
Finland	18.5%	–0.04	0.76	–0.8
France	17.6%	–1.63	–0.94	–0.7
Germany	17.8%	–0.30	0.26	–0.6
Greece	12.6%	–6.86	–4.84	–2.0
Hungary	17.1%	–3.32	–2.93	–0.4
Iceland	22.5%	1.49	0.56	0.9
Ireland	17.0%	– <b>12.36</b>	– <b>9.64</b>	–2.7
Italy	<b>11.7%</b>	–4.09	–1.35	– <b>2.7</b>
Latvia	18.8%	–2.96	–3.75	0.8
Lithuania	18.3%	–1.54	–2.70	<b>1.2</b>
Luxembourg	18.7%	1.04	0.57	0.5
Macedonia	17.6%	–0.86	–2.66	<b>1.8</b>
Malta	<b>25.4%</b>	–4.13	–0.07	– <b>4.1</b>
Netherlands	20.8%	–0.10	1.90	–2.0
Norway	20.4%	<b>1.40</b>	2.40	–1.0
Poland	19.0%	–4.41	–5.15	0.7
Portugal	15.0%	–5.04	–4.14	–0.9
Romania	16.6%	–4.43	–5.56	1.1
Slovakia	17.9%	–5.94	–5.76	–0.2
Slovenia	15.9%	–4.75	–4.64	–0.1
Spain	12.7%	–9.94	–6.17	– <b>3.8</b>
Sweden	20.1%	<b>2.54</b>	3.34	–0.8



Table 4.1 (continued)

	Youth employment as a percentage of total employment (2017Q1)	Change of the <i>ratio of youth employment</i> to total employment 2007Q1–2017Q1 (percentage points)	Change of the <i>ratio of the youth population</i> to the total working- age population 2007Q1–2017Q1 (percentage points)	Difference (II–III) between changes in youth employment and the youth population
	I	II	III	IV
Switzerland*	20.0%	0.25	–0.16	0.4
Turkey	24.1%	–5.70	–5.00	–0.7
United Kingdom	21.9%	0.41	0.82	–0.4

*Notes:* Employment ratio = number of employed/size of population. Employment rate = number of employed/size of active population. The data for Switzerland are for the period 2010–17

*Source:* Author's own calculations based on Eurostat data (<http://ec.europa.eu/eurostat/statistics>).

indicate a deterioration of the youth labour market situation. That was the case in Sweden, Denmark, Norway and the United Kingdom. The developments in these labour markets did not keep pace with the demographic shifts and, consequently, the labour market position of young people worsened.

In Iceland, Luxembourg and Switzerland the share of young people in the total employed population rose more than did the share of young people in the working-age population. Because of these quantitative changes, the situation of young people improved in these countries. They increased their participation in the labour market partly because of demographic changes and partly because they absorbed some of the 'adults' jobs'.

Considering the issue from the perspective of the labour market situation of young people, we find that if young people's share in the working-age population decreased faster than their share in the working population, the effect appeared to be favourable in the short run: It should be easier for young people to get a job. Between 2007 and 2017, that was the case in Estonia, Macedonia, Lithuania, Romania, Latvia and Poland. However, we need to assess these changes in a broader context. First, the observed demographic shift meant that the working-age population became older

in these countries. Second, adults took over some of the jobs previously occupied by young people. This might lead to difficulties in entering the labour market for future generations of youth. Third, while it could be an effect of emigration, we might ask why the proportion of young people in the working-age population dropped. The conclusion that the labour market situation improved because a significant number of young people left the country would be rather ambiguous.

The recession and post-recession period brought particularly negative consequences for young people in the southern European countries (Spain, Italy, Cyprus, Bulgaria, Greece, Croatia, Portugal and Turkey), in Belgium, Ireland, Austria, France and the Czech Republic, and to lesser extent in Hungary, Slovakia and Slovenia. Over the decade, a disproportionately large decline in young people's share of total employment accompanied the decline in their share of the working-age population in these countries. Unlike in the countries analysed in the previous paragraph, the situation of young people in the labour market did not improve, not even in the medium term.

*Limited substitutability.* The existing literature (e.g., Korenman and Neumark, 2000) has tended to focus on the impact of shifts in the share of young people in the working-age population. One might expect that if the proportion of young people increases, their labour market opportunities would improve. As mentioned before, this expectation builds on two indirect assumptions: a static demand for labour and full substitutability. The first assumption implies that if an adult withdraws from the labour market, his or her job will become available for the young (and vice versa). In other words, if young people increase their share of the working-age population, they are likely to improve their labour market situation – if there is a substitutability between the young and the old. However, scholars have questioned the reasoning behind the assumption (e.g., Korenman and Neumark, 2000), arguing that younger and older workers are not perfect substitutes for each other. Thus, changes in the relative size of youth cohorts have only a limited effect on the youth labour market. Most previous studies have confirmed that the size of the old cohorts leaving the labour market does not affect young people, neither in terms of employment or unemployment, nor with respect to occupational allocation (Gangl, 2002).

Moreover, the existing literature suggests that substitutability between younger and older workers declines as skills, education and experience gain in importance (Bell and Blanchflower, 2011). The growing importance of qualifications and high-skilled labour is evident in European economies. Consequently, there will be an increasing demand for highly skilled, well-educated and experienced workers, which are criteria that

many young people are unable to meet. Lower-educated young people suffer more during economic recessions than do the higher skilled (Gangl, 2002). Analyses of the longer-term trends in youth labour markets even indicate more lasting changes that favour adult and more experienced workers over young people (Korenman and Neumark, 2000).

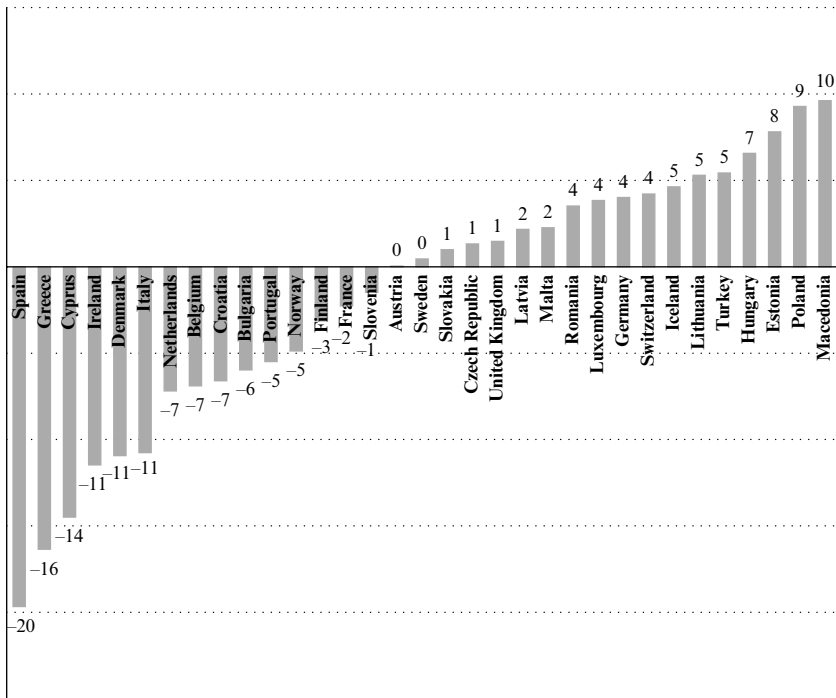
Although the changes in the active population age structure contribute to the changing situation of young people in labour markets in the advanced economies, recent empirical studies provide contradictory results. For example, Bell and Blanchflower (2011) observed that despite a decline in cohort size, the relative labour force performance of young people in the United States and the United Kingdom worsened in the 1980s and 1990s. I would argue that it is at least partly because of the limited substitutability between younger and older workers that the changes in the absolute cohort size gain on importance. A lower number of young people entering the labour market translates into fewer individuals competing, *ceteris paribus*, for the same number of vacancies. Hence, they have easier access to jobs and face a lower risk of unemployment. Vice versa, if a greater number of young people compete for the same number of vacancies, they face more difficulty in finding employment and a higher risk of joblessness.

## 5 ABSOLUTE CHANGES: THE SIZES OF THE YOUTH POPULATION AND THE YOUTH-IN-EMPLOYMENT POPULATION

From the perspective of 2017, many European countries seemed to experience bouts of recovery that were strong enough to drive up youth employment ratios significantly (see Figure 4.1). Indeed, the share of employed youth was relatively higher in the Eastern European countries than in the pre-crisis period. Other countries, such as Spain, Greece, Cyprus, Ireland and Denmark, did not recover their levels of youth employment. When comparing the trends in youth employment, it is easy to suggest that one country was doing badly compared to other countries. However, I find it essential to place such statements in a broader context.

## 6 THE SIZE OF THE YOUTH POPULATION

Many researchers (e.g., Breen, 2005; Lewis and Heyes, 2017) developed analytical models in which they, directly or indirectly, assumed that all age cohorts were of equal size. The assumption might be effective for a short-term analysis, but it fails to provide a realistic picture of the alternation



Source: Author's own calculations based on Eurostat data (<http://ec.europa.eu/eurostat/statistics>).

*Figure 4.1 Change in youth (aged 20–29) employment to youth population ratios in the period 2007Q1 to 2017Q1 (percentage points)*

that results from sudden and major changes in the economic situation (as in the Great Recession) or if one adopts a long-term and cross-national perspective.

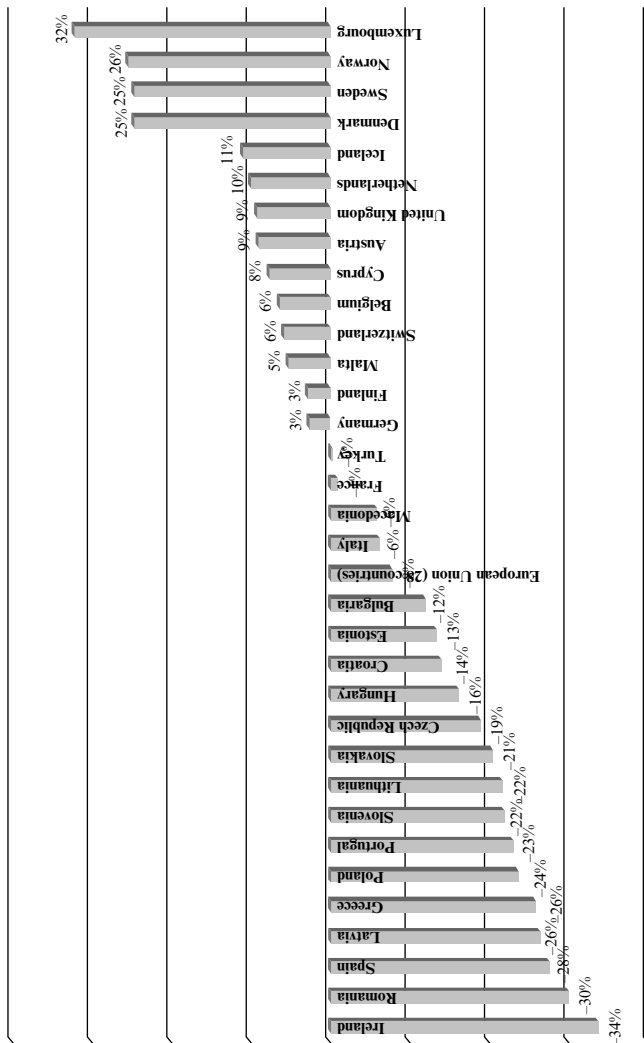
Numerous studies (Bloom and Canning, 2004; Connelly, 1986; Nahum and Dahlberg, 2003; Roth and Moffat, 2014; Wachter and Kim, 1982) have analysed the effect on labour market supply of an increasing number of young people. These publications indicate that when the number of young people increases, it adds to the supply pressure and consequently has a negative effect on the labour market situation of young people. In contrast to the research focused on changes in the share of young people in the working-age population, these studies examined changes in the absolute size of the youth population, that is, the changes in the number

of young people over time. For example, the ILO analysis of the global employment trends for youth showed that the youth population grew quicker than youth labour force participation and employment (ILO, 2015). This led to intensified supply pressure on the labour market, and to lower activity and employment rates. The ILO analysis indicated that the demographic surge might explain the high youth unemployment rate in many countries. However, this seems not to have been the case in the European countries. Contrary to the global trends, the youth population in the European region decreased during the decade 2007–17. At the end of the decade the number of young people (aged 20–29) in 28 European Union countries was slightly less than 59.6 million, which amounts to a decrease of 5.03 million compared to ten years previously (8 per cent). The analysis also revealed the significant differences between the European countries (see Figure 4.2). Whereas in the Scandinavian countries (i.e., Norway, Sweden and Denmark) the population of young people increased by one fourth, in the same period it decreased substantially in Ireland, Romania, Spain and Latvia.

Demographic pressures affect youth labour market outcomes primarily via changes in the relationship between the supply of workers and the number of available vacancies (i.e., labour demand). If more young people compete for the same number of vacancies, this should lead to greater difficulties in finding jobs, *ceteris paribus*, and thus increase the risk of unemployment or inactivity (young people not in employment, education or training: NEETs). Vice versa, the lower the number of individuals competing for the same number of vacancies, the lower the pressure on the labour market, and thus the lower the risk of unemployment. In the short-term perspective, a decreasing number of people entering a national labour market may result in a fall in unemployment, and in a rise of both employment and activity rates. In the long-term perspective, the decreasing labour supply can make it difficult to recruit workers. Thus, in turn, such a shortage in supply can be an obstacle to sustained growth.

With employment growth expected to slow down and emerging labour market shortages, the Czech Republic is a good example of a country where one could expect demographic changes to constrain potential growth in the coming years. Labour supply issues will become a significant concern for many ageing societies. Countries like Poland and Hungary, which have the highest old-age dependency ratio and low shares of the older population currently participating in the labour market, will face the greatest challenges.

The changing population of people in the same age group affects the situation of these people in the labour market. If the number of people in an age group increases over a period, so too will the supply pressure on



*Note:* Switzerland 2010–17.

*Source:* Author's own calculations based on Eurostat data.

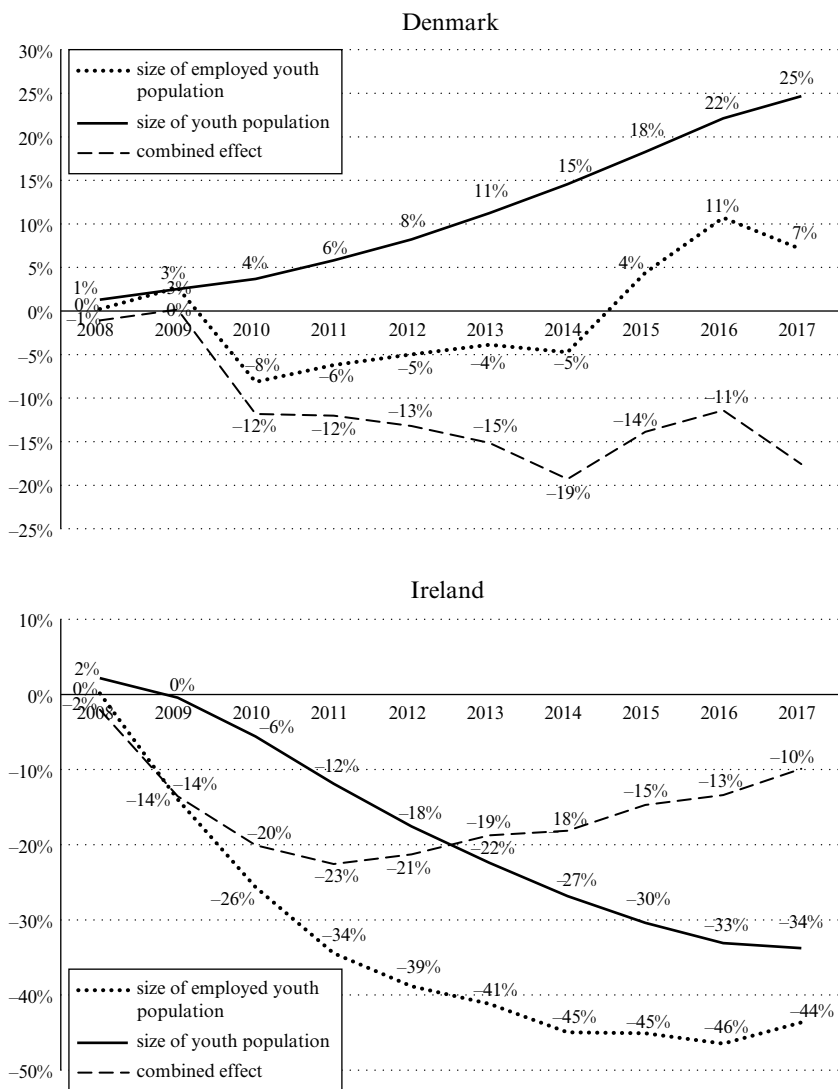
**Figure 4.2** Changes in size of youth population (aged 20–29) in the decade 2007–17

the labour market (generation crowding out). Conversely, if the number decreases, the pressure becomes weaker. Consequently, if the number of individuals in an age group remains stable over a period of time, the labour market pressure remains unchanged. Overall, the demographic effect reflects the balance of emigration and immigration and the changes in the birth cohort size between period  $t$  and period  $t+1$ .

However, a decrease in the number of young people in the labour market does not automatically lead to an increase in the youth employment rate. There are two explanations for this. First, a skill mismatch: if young people do not have the skills that employers require, the young job applicants are less likely to get a job. Second, young people might not be the first-choice option of employers. As demand for experienced workers increases, so too may the traditional labour reservoir, for instance, mothers of young children and older people. Many European countries face a potential shortage of high-skilled workers, and this explains why labour market outcomes become more differentiated by education levels. The employment rates of highly skilled workers are at about EU average, while the employment rates of the low and medium skilled are below the average.

Bearing in mind that during the period under study demographic changes varied across European countries, it is worth assessing their impact on the youth labour market. For this purpose, I have analysed the changes in the size of the youth population, including the changes in the number of young people in employment. In order to show the relative effect of the demographic changes, I have compared four pairs of countries that recorded similar changes in the youth employment to youth population ratio between 2007 and 2017: (1) Denmark and Ireland, (2) Greece and Cyprus, (3) Poland and Iceland, and (4) Lithuania and Germany.

**Denmark and Ireland** experienced a similar drop in the youth employment ratio. In both countries the youth employment ratio (employed youth as a share of the total youth population) dropped by 11 pp (see Figure 4.1) between 2007 and 2017. However, the two countries differ significantly in terms of their demographic shifts. While the population of young Danes increased by 25 per cent in the same period, the population of young Irish people dropped by 34 per cent. Although in Denmark and Ireland the changes in employment ratio between 2007 and 2017 were very similar (see Figure 4.1), the reasons behind the changes and the future consequences were significantly different. In Denmark the employment rates of young people dropped because the increase in the number of jobs held by young people (7 per cent) (see Figure 4.3) was relatively weaker than the increase in population size (25 per cent) (see Figure 4.2). In Ireland, by contrast, the number of employed young people decreased (Figure 4.3) by 34 per cent



Source: Author's own calculations based on Eurostat data.

**Figure 4.3** Changes in size of youth population (aged 20–29) and number of young people (aged 20–29) in employment 2007–17



between 2007 and 2017, but in the same period the population of all young people in Ireland (20–29) decreased even more – by 44 per cent (see Figure 4.3). Due to the combined effect of a lower fertility rate and migration, the population of young Irish people decreased between 2007Q1 and 2017Q1 by 137.7 thousand in the age group 20–24 and by 120.6 thousand in the age group 25–29.

When the aim is to improve the youth labour market in conditions of limited substitutability of young and older workers, an increasing the number of young people in employment is very desirable. However, the difference between the size of growth of the youth population and youth employment in Denmark may be due to a larger performance gap between first-generation immigrants and non-immigrants. Young people born to immigrants are much more likely to be unemployed and inactive compared to young people whose parents were born in Denmark (the same is true for adult workers). The gap is one of the highest in the EU, with migrant women being in a particularly unfavourable situation (European Commission, 2017). Obviously, the situation of migrants does not explain all the changes in the labour market, but it seems to provide an important part of the explanation.

In 2017, in **Lithuania and Germany**, the employment-to-population ratio of young people was relatively higher than in 2007, by 5 pp and 4 pp, respectively. However, the analysis of the absolute number of people in employment reveals a significant difference between the two countries. While in Germany the number of employed young people increased by 9 per cent, in Lithuania it dropped by 14 per cent. We see a similar effect in the changes in employment rates, which were mostly due to substantial differences in demographic shifts. During the decade the population of young Lithuanians fell by more than 21 per cent, while the number of young Germans increased by 2 per cent.

Lithuania, as well as the other Baltic States, experienced a dramatic change in the size of the working-age population. Because of massive redundancies and severe cuts in social security benefits, large groups of people decided to emigrate. Labour emigration from Lithuania and Latvia almost doubled during and after the crisis, with the trend also observed in Estonia, albeit at a lower level (Gonser, 2011). In 2012, Latvia, Estonia (where one in four young people have emigrated) and – remarkably – Lithuania (where the share reached 45 per cent) were amongst the EU countries with the largest proportions of young people leaving their country of residence to settle in another EU member state (European Commission, 2015). The Baltic States were clearly countries from which many young people were moving abroad (European Commission, 2016). Most people emigrating from Estonia have been young and the emigrating

population increased systematically between 2005 and 2013 (Statistics Estonia, 2015). The studies from the Baltic States have shown that unemployment was the main reason for emigration during and after the crisis (Apsīte et al., 2012; Rakauskienė and Ranceva, 2014; Veidemann, 2010).

In the short-term perspective, emigration of young people reduces the pressure on the labour market, but in the long term it leads to very negative consequences: for instance, it accelerates the ageing of a society, decreases the role of young people in the democratic system and puts the future of pension systems at risk.

Between 2007 and 2017, **Greece and Cyprus** faced a similar change of youth employment to youth population ratio: 16.4 pp and 14.5 pp, respectively. However, a closer analysis revealed substantial differences. While the Greek youth population declined substantially (by 26 per cent), the youth population in Cyprus increased by almost 8 per cent. These demographic shifts resulted in a relatively much higher supply pressure on the Cyprian than on the Greek youth labour market.

Looking at its youth employment rate in 2017, **Poland** appeared to be a European leader with a 9 pp increase since 2007. A closer look reveals that the increase was mostly due to demographic shifts. During the decade under study, the number of employed young Poles decreased by 11 per cent, but during the same period the number of Polish young people declined by nearly 24 per cent. In other words, the demographic changes attenuated the impact of negative trends in the labour market and, as a result, gave an impression of improvements. In the same period, **Iceland** experienced an increase in employed young people of nearly 5 pp, but in the same period the population of young Icelanders increased by 11 per cent and the number of jobs held by young people in the country rose even more – by nearly 18 per cent.

It is worth considering which countries have dealt best with the effects of the recession on the youth labour market situation. Table 4.2 presents the changes in both the number of employed young people and the size of the total population of young people in the period between 2007 and 2017.

Macedonia and Turkey were the countries that seem to have dealt best with the effects of the recession. In both countries, the number of employed young people increased notwithstanding a decrease in the same period in the total population of young people. However, it must be noted that at the beginning of the period (2007) the youth employment-to-population ratio was very low in relative terms in both countries – 46 per cent in Turkey and less than 32 per cent in Macedonia.

The eight countries of group 2 (see Table 4.2) not only experienced an increase in the number of young people but also increased the number of jobs occupied by young workers; and the latter rise was relatively stronger.

Table 4.2 *Relative changes in the number of young people and the number of employed young people*

Total population of young people (aged 20–29)				
Countries where the number of <b>employed</b> young people <b>increased</b> between 2007Q1 and 2017Q1	<b>Decreased</b>	<b>Increased relatively LESS</b> than the number of employed young people	<b>Increased relatively MORE</b> than the number of employed young people	
	(1)	(2)	(3)	
	Macedonia, Turkey	Germany, Luxembourg, Malta, Austria, Sweden, United Kingdom, Iceland, Switzerland	Norway, Denmark, Netherlands	
Total population of young people (aged 20–29)				
Countries where the number of <b>employed</b> young people <b>decreased</b> between 2007Q1 and 2017Q1	<b>Increased</b>	<b>Decreased relatively LESS</b> than the number of employed young people	<b>Decreased relatively MORE</b> than the number of employed young people	The number of young people <b>remained unchanged</b> (+/– 1%)
	(4)	(5)	(6)	(7)
	Belgium, Cyprus, Finland	Spain, Bulgaria, Ireland, Greece, Croatia, Italy, Portugal, Slovenia	Poland, Lithuania, Czech Republic, Estonia, Latvia, Hungary, Romania, Slovakia	France

Source: Author's own calculation based on Eurostat data (<http://ec.europa.eu/eurostat/statistics>).

These countries were a real success story: the level of employment to the population ratio rose despite the increased supply pressure (due to the higher number of young people) and the economic recession, which represented the risks for labour demand.

We can describe the countries of group 6 (see Table 4.2) as countries characterized by 'an apparent improvement'. Counterintuitively, between 2007 and 2017, the situation of young people in these countries improved (see Figure 4.1), despite the fact that the number of jobs taken up by young

people decreased. The improvement was mostly due to a sharp decrease in the number of young people; for instance, in the first quarter of 2007 the population of young people (20–29) in Poland amounted to slightly more than 6 million, whereas in the first quarter of 2017 it came to 4.6 million. Previous studies have shown that during and after the crisis the labour emigration of Lithuanians and Latvians almost doubled (Gonser, 2011). In 2012 the Baltic States were amongst the EU countries with the largest proportions of emigrating young people to settle in other EU member states (European Commission, 2015). The significant demographic changes in the countries of group 6 were the result of a combined effect of a substantial decrease in fertility rates in the late 1980s and the early 1990s, and emigration, which intensified after joining the European Union.

Emigration of young people might itself represent evidence of difficulties in the labour market that have remained unresolved. The combined consequences of the labour market situation and demographic changes are likely to be experienced in the future. Because the number of jobs taken up by young people has fallen, this may result in difficulties with finding enough employment once the number of young people begins to increase because of growing cohort sizes, immigration and/or return migration.

In the eight countries of group 5, both the number of jobs for youth and the number of young people decreased, but the former decreased relatively more than the latter. Despite the lower number of young people in these countries (in 2017 relative to 2007), their situation in the labour market deteriorated. In other words, the decline in population size only partially mitigated the effects of negative changes in the labour market in the Southern European countries and Ireland.

## 7 CONCLUSION

In this chapter I have analysed demographic changes and their consequences for the labour market situation of young people in Europe between 2007 and 2017. The analysis has shown that both relative (youth as a share of the working-age population) and absolute (youth population size over time) changes in the youth population significantly affect youth employment ratios.

In their paper on the consequences of the Great Recession for youth unemployment, Bell and Blanchflower argued that the conventional wisdom of youth employment policy had turned out to be largely irrelevant during the recession and they suggested that: ‘the solution to the youth unemployment problem is simply put – more jobs for young people’ (Bell and Blanchflower, 2011: 241). Under conditions of limited

substitutability between young and old workers, the number of jobs held by the young population represents a major factor in assessing labour market trends. The limited substitutability between younger and older workers means that the changes in the size of cohorts of younger workers do not affect the employment and unemployment rates of older cohorts in the short run. Hence, in the short run a large youth cohort size has an adverse effect on youth employment. Similarly, we may predict that the labour market entry of small cohorts will increase the employment-to-population ratio and wages of young people. Being a member of a cohort that 'follows' a large cohort may have a positive effect on one's labour market performance.

The youth labour market statistics of many countries are likely to present a misleading picture. If the decrease in the youth unemployment rate or the increase in the employment rate is mostly due to a decline in the size of the youth cohort, then one has to be careful when interpreting the rates. The decline in the number of young people entering the labour market weakens the supply pressure in the short-term perspective and it explains why in many, mostly Eastern European countries, the youth labour market situation measured with (un)employment rates seems to have improved more than in other countries. One must bear in mind that during the ten years analysed here, the population of young people in countries like Latvia, Poland, Slovenia, Lithuania and Slovakia decreased substantially, as did the population of working-age adults. The demographic deficits generated by long-standing low fertility rates and migration to other countries tended to provide temporary benefits to young people in the years immediately after the recession. In the short-term perspective, the pressure on the labour market diminished, and so did the pressure to create new jobs for young people and to undertake necessary reforms. However, in the medium and the long run the decrease in the size of the working-age population will result in a reduction of the human resource base for development and in additional strains on welfare states.

From the policy point of view, the findings concerning employment rates are very suggestive; however, they ignore some vital aspects. The danger of using traditional measurements of youth unemployment is that the apparent improvement of the youth labour market situation will distract governments from efforts to promote youth employment when this is exactly the time for action. If policymakers do not urgently address the situation, not only today's generation but also future generations will suffer the consequences. Additionally, the demographic changes that in the short run result in an improved labour market situation for young people may in the long run lead to many negative consequences. The demographic changes are likely to have negative implications for the following:

1. Long-term fiscal sustainability as population ageing results in increasing expenditure on healthcare and pensions as a share of GDP;
2. Labour supply: the shortage of workers is likely to generate wage pressures;
3. Productivity: the decline in the working-age population means that growth will be increasingly dependent on labour productivity;
4. Welfare state: in the light of the decreasing share of young people in the working-age population and employed population, many aspects of welfare state systems will need to be reformed.

According to World Bank projections, Europe is the fastest ageing continent (Bussolo et al., 2015). Due to the declining share of the population of working age (20–64) in most European countries, old-age dependency ratios are rising. The growth of the dependency ratio has a direct impact on income per capita: it influences the need for increasing labour productivity and implies that every employed person will have to support a larger number of people and consequently will need a higher income to escape from poverty. It is possible, to some extent, to alleviate the negative symptoms of the age-based dependency ratio (i.e., the number of people every working-age person must support) by increasing labour force participation. Thus, as the number of people of working age falls, the number of working individuals may remain unchanged (or even rise). In some countries it is possible to offset labour shortages by mobilizing groups like mothers with young children, low-educated or disabled individuals, and older people, who usually are under-represented on the labour market. However, this means that activation costs are likely to increase, while the effectiveness of activation policy for these groups remains questionable.

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## 5. Scars of early job insecurity across Europe: insights from a multi-country employer study

**Christian Imdorf, Lulu P. Shi, Stefan Sacchi,  
Robin Samuel, Christer Hyggen,  
Rumiana Stoilova, Gabriela Yordanova,  
Pepka Boyadjieva, Petya Ilieva-Trichkova,  
Dimitris Parsanoglou and Aggeliki Yfanti**

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### 1 INTRODUCTION

Early unemployment is associated with lower income, poor work quality and diminished chances of future employment. These issues have gained new relevance since the Great Recession (Dietrich, 2012; Scarpetta et al., 2010), which affected young jobseekers across Europe. The persisting consequences of employment instability and unemployment are studied and are known in the literature as scarring effects, but researchers have paid little attention to date as to how the scarring effects of early unemployment on hiring prospects differ across countries. In this chapter we study how unemployment spells and other signals of job insecurity in young jobseekers' curriculum vitae (CVs) affect their hiring chances with recruiters in Bulgaria, Greece, Norway and Switzerland.

The chapter contributes to recruitment research in three ways. First, the multi-national research design enables comparative analysis between countries, using the national dimensions of the youth unemployment rate, employment protection legislation (EPL) and type of education system to interpret country differences. Second, the incorporation of a factorial survey experiment in the design allows us to differentiate between two forms of labour market risk – unemployment and work experience in 'bad' (deskilling) jobs. We demonstrate that an exclusive focus on unemployment, as is often adopted in labour market research, is not sufficient for understanding detrimental labour market outcomes. Third, since the sample consists of real recruiters who were hiring for

current jobs at the time of the study, we obtained a unique international data set with high external validity. The findings indicate that the scarring effects of early unemployment and deskilling jobs vary across countries and education levels and also that frequent job changes (job-hopping) additionally damage future employment chances. Our study has important implications for active labour market policies. The findings suggest that measures seeking to quickly reintegrate young unemployed into the labour market without considering job quality may not be an optimal solution, given that work experience in a bad job can negatively affect recruiters' evaluations.

## 2 UNDERSTANDING UNEMPLOYMENT SCARRING

According to human capital theory unemployment can be understood as missed chances to obtain work-relevant skills and knowledge (Pissarides, 1992). In addition, previously acquired human capital might depreciate during a period of inactivity (Mooi-Reci and Ganzeboom, 2015). There is little consensus as to whether high- or low-skilled workers are better protected against the negative effects of early unemployment. Whereas some scholars argue that high-skilled workers can overcome unemployment easier because they have demonstrated potential productivity (Eriksson and Rooth, 2014), others maintain that unemployment affects low-skilled workers less because they have less human capital that may deteriorate during inactive spells (Bonoli, 2014). Overall, from a human capital perspective we expect employers to prefer applicants without gaps in their careers to applicants with such gaps, all else being equal.

A challenge employers face when hiring is that they cannot directly assess the previous human capital deterioration of job candidates. Moreover, given limited time and resources in the hiring process, it is difficult for them to predict an applicant's productivity. According to signalling theory, recruiters draw on visible cues – signals – such as education, school grades or employment experience to predict an applicant's productivity and suitability for a job (Spence, 1973), thus reducing uncertainty in the hiring process. For young people with little or no job experience, this kind of inferencing is more difficult because there are fewer cues to signal how productive they might be (Bills, 2003; Gangl, 2003b). Gaps in applicants' CVs can also serve as signals and influence their chances of finding a job. Previous studies have found that employers tend to associate unemployment with unobservable negative qualities such as low productivity, weak motivation, lack of commitment, problematic character qualities or other

negative traits (Atkinson et al., 1996; Devins and Hogarth, 2005) and that they tend to be careful and reluctant to hire applicants who have previously experienced unemployment. Consequently, some employers may even prefer not to fill a position so as to avoid the risk of disrupting the workplace (Devins and Hogarth, 2005).

We must stress that signals are context dependent and that the way in which employers interpret unemployment depends on various factors. At the micro level, such factors may be characteristics of the job and/or features of the applicants. For example, people may choose to stay voluntarily unemployed if the available jobs do not match their level of qualification or do not satisfy their reservation wage, that is, the proposed pay is below the lowest wage they would be willing to accept (Brown and Taylor, 2009; Ma and Weiss, 1993). In these cases recruiters may not regard having been unemployed as a problematic trait, and employers might perceive unemployment less sceptically in cases of high-skilled applicants because the latter may have higher reservation wages (Pissarides, 2000). At the macro level, factors such as a country's education system or unemployment rate may play important roles. For example, in countries with a high unemployment rate and poor overall labour market conditions, employers may consider unemployment to be a common trait. In such contexts unemployment would be a noisy signal and not very useful for inferring the suitability of applicants (e.g., Lupi and Ordine, 2002). To sum up, from the point of view of signalling theory, employers may use unemployment as a signal to predict an applicant's qualities; and the signalling value of unemployment will depend on contextual factors.

### 3 THE ROLE OF NATIONAL CONTEXTS IN UNDERSTANDING UNEMPLOYMENT SCARRING

The role of national contexts for individuals' employment opportunities and job insecurity risks has been widely discussed. Unemployment rates, labour market regulations – such as EPL (Van der Velden and Wolbers, 2001) – and education systems (Allmendinger and Leibfried, 2003) are important factors influencing individuals' labour market outcomes. However, there is a lack of studies analysing how these macro contexts might determine reintegration into the labour market following experiences of job insecurity. In the following we describe these contextual factors, which are key to understanding how unemployment scarring varies across countries.

### **3.1 Magnitude of Youth Unemployment**

If the overall youth unemployment rate is high, one may assume that an individual's unemployment will have a less negative impact on future job searches. In this situation unemployment is associated to a lesser extent with individual failure (Biewen and Steffes, 2010; Imbens and Lynch, 2006). The recent economic crisis severely hit two of the four countries we studied (Bulgaria and Greece), resulting in high youth unemployment rates especially in Greece. In 2015, 50 per cent of 15–24-year-olds were unemployed in Greece, while 22 per cent of this age group were unemployed in Bulgaria (Eurostat, 2015). Norway and Switzerland, by contrast, exhibited relatively low youth unemployment rates of 10 per cent each during the same period (Eurostat, 2015; Karamessini et al., 2016). Because spells of unemployment are common amongst young people in Greece and Bulgaria, this kind of information may not strongly affect employers' assessments of job candidates in these two countries. In contrast, the same information is likely to attract the attention of employers in Norway and Switzerland because youth unemployment is less common in their national contexts. From the perspective of signalling theory we therefore expect previous unemployment to be a stronger signal in Norway and Switzerland than in Bulgaria and Greece.

### **3.2 Employment Protection Legislation (EPL)**

Strict EPL may protect workers against dismissal, but it may also make recruiters more cautious, given that once workers have been hired employers cannot easily fire those who prove to be unsuitable or less productive (Breen, 2005). Such adverse effects are particularly likely for young people with little labour market experience, current or previous unemployment, or low levels of human capital. The reason is that employers will tend to associate more risk with such kinds of job candidate and thus refrain from hiring them.

Many observers have associated strict EPL with higher youth unemployment rates (Breen, 2005; Van der Velden and Wolbers, 2001), but research about the impact of employment protection on unemployment scarring is rare. Recruiters in countries with strict EPL might be more careful about hiring applicants with any sort of early unemployment so as to avoid hiring unsuitable job candidates who would then be difficult to fire. According to the EPL index of the International Labour Organization, Switzerland and Bulgaria had rather weak protection against individual dismissal in 2011 (CH: 0.32; BG: 0.38). In contrast, EPL was stricter in Norway (0.45) and Greece (0.46 and 0.51 for blue- and white-collar jobs, respectively; see ILO, 2015). The Labour Freedom Index of the Heritage Foundation (2017) con-

firms these differences. According to its 2016 data, there was relatively high labour freedom in Switzerland and Bulgaria (72 points for both countries) compared to Greece and Norway, both of which had lower labour freedom scores (50 and 49 points, respectively). Given the stricter EPL in Norway and Greece, we would expect more pronounced unemployment scarring in these two countries compared to Switzerland and Bulgaria.

### 3.3 Education System

The link between a country's education system and the labour market can influence school-to-work transitions and youth employment (Gangl, 2003a; Van der Velden and Wolbers, 2003; Walther, 2006). Countries with strong initial vocational education training (IVET) systems, which provide occupation-specific skills, have comparably smooth transitions (Walther, 2006). Dual-track IVET, where education and training take place in parallel at the workplace and in vocational schools, fosters smooth school-to-work transitions (Allmendinger, 1989; Van der Velden and Wolbers, 2003). The strong involvement of labour market actors in dual-track IVET systems strengthens the alignment of vocational programmes with labour market needs. The resulting vocational certificates serve recruiters as highly informative signals of occupation-specific skills, resulting in a lower share of IVET graduates who are unable to find jobs (Breen, 2005; Sacchi et al., 2016).

With respect to our country cases, the IVET participation rate is lowest in Greece (31.5 per cent). Norway (50.7 per cent) and Bulgaria (53.7 per cent) have IVET rates at intermediate levels, whereas we find the highest IVET rate in Switzerland (65.6 per cent; see Eurostat, 2014; Hora et al., 2016; SERI, 2015). Moreover, dual-track IVET is most prevalent in Switzerland (Buchmann and Sacchi, 1998; Hora et al., 2016) and somewhat less so in Norway (Bäckman et al., 2011; Bjerkeng, 2015). Vocational education and training in Bulgaria and Greece is mainly school based (Cedefop, 2014; Georgiadis, 2014). We envisage unemployment scarring to be strongest in contexts where employers expect smooth school-to-work transitions. This is most likely the case for holders of IVET certificates, especially if those certificates signal an occupation-specific apprenticeship training. We therefore expect to find the strongest unemployment scarring difference between applicants with different types of education – to the disadvantage of IVET certificate holders – in Switzerland and to a lesser extent in Norway. In Greece and Bulgaria, in contrast, we do not expect unemployment scarring to vary across different types of education.

Table 5.1 summarizes the assumed relationships between macro contexts and unemployment scarring for each country. Given that there are just four countries in our study, our attempts to identify relevant

*Table 5.1 Assumed relationships between country contexts and unemployment scarring*

	Bulgaria	Greece	Norway	Switzerland
<b>Economic context: youth unemployment rate</b>	Moderate	High	Low	Low
Assumed unemployment scarring	–	–	+	+
<b>Employment protection legislation</b>	Weak	Tight	Tight	Weak
Assumed unemployment scarring	–	+	+	–
<b>Education system</b>	Moderate IVET share, school-based IVET	Low IVET share, school-based IVET	Moderate IVET share, mix of school- and company-based IVET	High IVET share, dual-track IVET
Assumed unemployment scarring	–	–	+	++

*Source:* Authors' own representation.

factors behind the international differences in unemployment scarring are inevitably tentative. Rather than testing hypotheses in the strict sense through a quantitative comparative country analysis, this chapter presents a theory-driven and explorative multiple case study that is open to further specification in future research.

## 4 DATA AND METHODS

### 4.1 Research Design and Sampling

We carried out a multi-national web survey in which we had embedded a factorial survey experiment, targeting the survey at recruiters who were responsible for filling an advertised job. In contrast to other forms of field

experiments applied in recruiter studies (e.g., conjoint or audit studies), our factorial survey experiment facilitated the simultaneous variation of multiple applicant features. Based on a pool of hypothetical candidates – so-called vignettes – with different combinations of individual characteristics (such as education level and unemployment experience), this method made it possible to measure both the single and joint effects of such signals on how recruiters evaluated the fictional CVs.

We sampled real vacancies in Bulgaria, Greece, Norway and German-speaking Switzerland. We use the term real vacancies to refer to open job positions advertised in the four countries from May 2016 to June 2016. We restricted the sampled job advertisements to the five occupational fields of mechanics, finance (banking and insurance), catering (service personnel), nursing and information technology (ICT). This provided us, first, with a sample of low-, middle- and high-skilled jobs; second, with both gender-mixed and gender-typed jobs; third, with occupations that are more or less dependent on and linked to technological innovations; and, finally, with jobs with higher and lower turnover rates (for further details, see Hyggen et al., 2016).

To ensure a sufficient match between the requirements of the selected vacancies and the characteristics of the hypothetical job candidates in the vignettes, we applied internationally comparable sampling criteria for each occupational field. By restricting the sampling of job advertisements to a narrow selection of detailed ISCO codes (International Standard Classification of Occupations), we ensured a reasonable fit between the real job profiles and the standardized vignettes designed for each occupational field. Hyggen et al. (2016) have described our detailed sampling strategies, including the choice of job-advertising communication channels, the exact procedures whereby recruiters were contacted and national-specific adaptations of the standardized sampling strategy.

The global response rate was 16 per cent (completed survey). The response rate was highest in Switzerland at 27 per cent and lowest in Greece at 10 per cent (Bulgaria: 17 per cent; Norway: 14 per cent). All cases with complete data on the research variables were included in the analytical sample for this chapter. This resulted in a final sample of 2885 recruiters and 27 612 CVs.

## 4.2 Variables

The experimental variables include:

1. Combinations of occupational specificity of education and level of education and work experience (nine categories);

2. Different combinations of duration and timing of unemployment (seven categories);
3. Gender (two categories); and
4. A national variable that makes it possible to capture country-specific recruitment issues (two categories).

These criteria resulted in a universe of 252 vignettes, that is possible combinations of signals (see the description of the experimental variables in Table 5A.1, Appendix, this chapter). Based on pretest response rates, we decided to field optimized subsets of 164 vignettes in Norway and Switzerland and subsets of 92 vignettes in Bulgaria and Greece (for further details of the experimental design, see Hyggen et al., 2016).

The variable *occupational specificity of education and work experience* reflects whether the applicant had participated in training and had worked in the occupational field of the advertised job or in an unrelated occupational field. This variable has three categories:

1. Occupation-specific education and work experience;
2. Non-occupation-specific education and work experience; and
3. Occupation-specific education but work experience in deskilling jobs.

*Deskilling jobs* refers to work experience in jobs for which the employee is overqualified and where previously acquired qualifications are no longer used and further trained; a typical deskilling job is *call-centre agent*. The CVs of the respective hypothetical candidates would thus show up to five years of work experience in a call centre. Given three different *levels of education and work experience* (*low, middle, high*), this resulted in nine possible combinations of education and work experience.

Our research design allowed for disentangling duration and timing of unemployment. In this chapter, however, we dichotomize this variable (unemployment vs no unemployment) for ease of presentation and interpretation. We further include applicants' gender in the analysis. Both nationality and the total time span of five years of labour market experience (employed or unemployed) since leaving formal education are held constant.

We asked employers to rate ten fictitious CVs with regard to the position for which they were recruiting at the time of sampling (in Greece, each recruiter assessed eight vignettes). The statement read: 'What are the chances that a candidate with the CV shown above would be considered for the advertised job?' Employers responded using a rating scale ranging from 0 'practically zero' to 10 'excellent'.



### 4.3 Analytical Strategy

Given that each recruiter rated multiple vignettes, we cannot treat their assessments as independent measures. Unobserved characteristics (such as current mood) may have affected a recruiter's ratings. We therefore employed random-effects multi-level linear regression models (see Auspurg and Hinz, 2015) to examine the effects of unemployment spells on the ratings. To enable interpretation of the ratings, we calculated the marginal effects (and their confidence intervals) of our research variables *unemployment* and *having worked in deskilling jobs*. To test our hypothesis on the scarring effects of the two variables, we estimated country-specific regression models (for detailed model specifications, please refer to Imdorf et al., 2017).

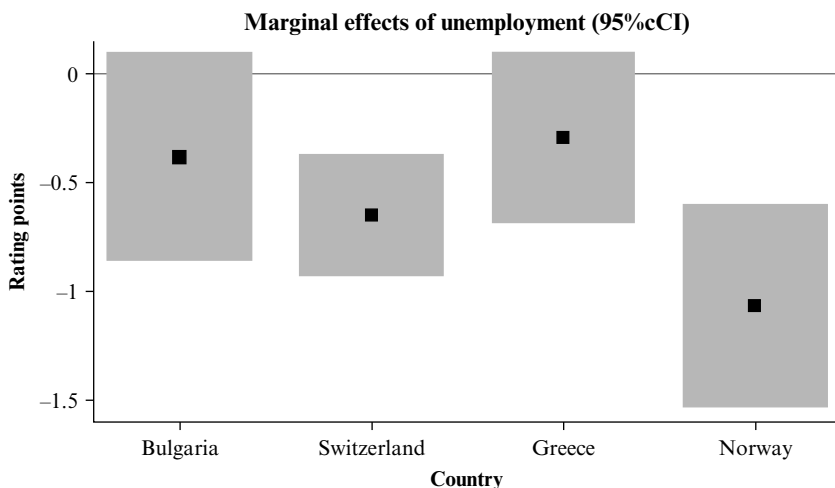
To interpret the following graphs, we also relied on several post-estimation significance tests of the differences between countries and education levels. The reported marginal effects refer to hypothetical job candidates who fulfil all the requirements of the advertised job regarding educational qualifications (level as well as occupational field of study) and job experience. We calculated the marginal effects by holding constant the match between the candidate and the job as regards the required education level and the occupational specificity, while averaging the other variables at their means.

## 5 UNEMPLOYMENT SCARRING ACROSS COUNTRIES AND EDUCATION LEVELS

### 5.1 Unemployment Scarring Across Countries

In line with our assumption, Figure 5.1 shows that unemployment scarring was stronger in Switzerland and Norway where youth unemployment rates were lower. The scarring effects of unemployment differed significantly between countries, with the strongest scarring by far being found in Norway (reduced rating of -1.1 points), followed by Switzerland (-0.7 points) (see Table 5A.2 in the Appendix, this chapter). The negative effects of unemployment in Bulgaria and Greece were smaller and not significant. The differences in recruiters' evaluations of unemployment were significant between Norway and all other countries, whereas Switzerland differed from Greece at a significance level only of  $p = 0.10$  and did not differ from Bulgaria. The results for the Bulgarian and Greek respondents did not differ significantly.

At least as far as employer-induced scarring effects are concerned,



Source: Original data from authors.

*Figure 5.1 Scarring effects (incl. 95% confidence intervals) of unemployment on recruiters' ratings across four countries*

our findings suggest that one should be cautious not to overstate unemployment scarring in countries that are especially affected by youth unemployment.

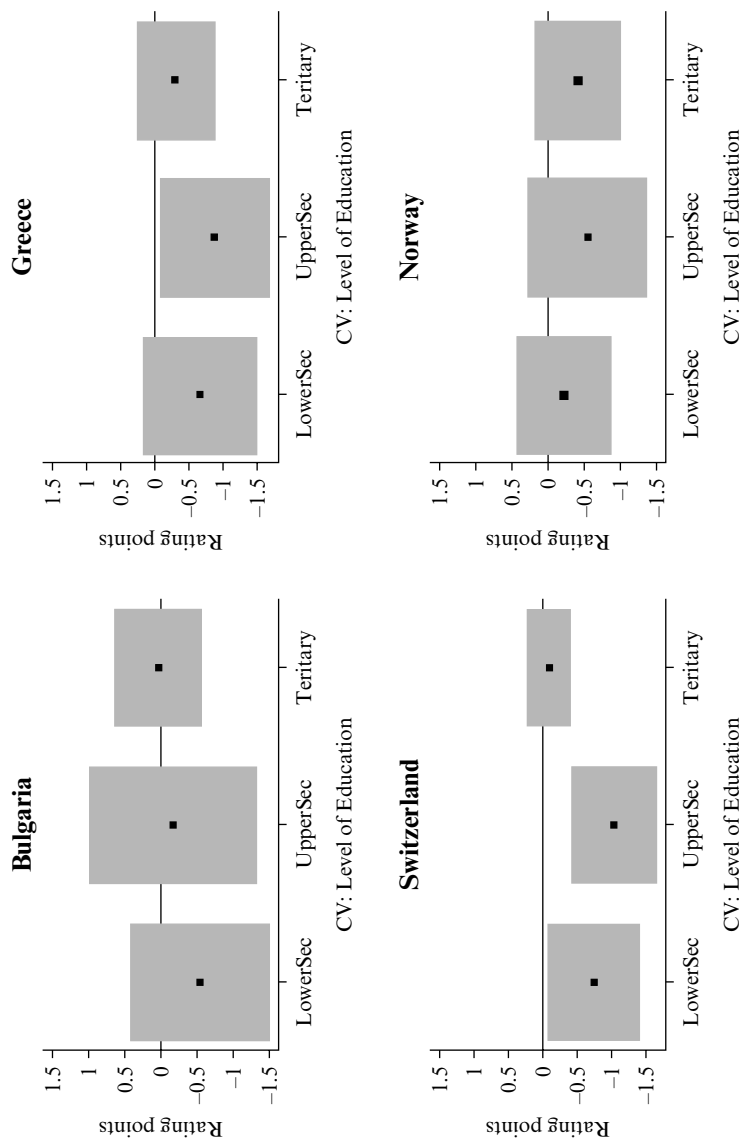
The difference between the two economically well-performing countries – a stronger detrimental effect of unemployment in Norway than in Switzerland – supports our second assumption: the stricter EPL in Norway compared to Switzerland may play a determining role in recruiters' decisions whether to employ applicants who have experienced early job insecurity. However, we could not find a comparable difference between Greece (high protection) and Bulgaria (low protection). An explanation might be that national economic performance has more explanatory power concerning unemployment-induced scarring and that – below a certain level – economic performance overshadows the effect of employment protection. In addition, Greece has recently been subject to profound reforms as part of fiscal-discipline policies imposed by the structural adjustment programmes accompanying the Memoranda of Understanding between this country and its creditors. According to this document, Greek labour market reforms should aim at expanding flexible forms of employment (as against steady and full-time employment) and flexible working hours, at facilitating layoffs and at changing how collective bargaining determines wages (Kouzis, 2014; for additional information, see Karamessini et al., 2016).

## **5.2 Unemployment Scarring for Different Educational Groups**

When testing for education-specific effects on unemployment scarring, we found evidence only for some of the countries in our sample (see Figure 5.2; also see Table 5A.2 in the Appendix, this chapter). In Switzerland, holders of upper-secondary school diplomas with vocational training experienced the strongest (-1.1) unemployment scarring, while holders of tertiary degrees experienced the weakest (insignificant) scarring (for an in-depth analysis of the Swiss case, see Shi et al., 2018). In Greece and Norway we observed a weak and insignificant tendency towards stronger scarring amongst upper-secondary school graduates, whereas in Bulgaria, lower-secondary school graduates seemed to experience the strongest scarring effects. Again, differentiating between different durations and timings of unemployment may lead to results that diverge from the current findings.

The evident unemployment scarring found for holders of vocational diplomas in Switzerland is in line with our assumptions. Di Prete et al. (2017) have argued that vocational graduates in countries with a pronounced dual-track IVET system enjoy high employability because employers trust IVET credentials, enabling, so one would expect, vocational graduates to transition smoothly into the labour market. Unemployment spells are outside the general norm and are therefore penalized by employers. But we did not observe the same kind of negative effect in Norway. As expected in Bulgaria and Greece, which both lack a company-based IVET system, we did not find significant differences between education levels. We thus found only partial support for our assumption that unemployment scarring is particularly strong for holders of vocational diplomas in countries where IVET is an important sector of upper-secondary education and where it is organized in a dual-track system. We might explain the weaker and insignificant effect in Norway compared to Switzerland with the less pronounced focus on dual-track vocational education in favour of a combination of school-based vocational education and company-based learning on the job.

Our results encourage further investigations into the long-term consequences of IVET in countries with strong dual-track IVET systems. We assume that recruiters do not expect to find interrupted career paths for holders of IVET diplomas because their overall job-finding rate is high, so that recruiters might interpret such occurrences as a sign of problematic traits in the job applicant. However, although vocational graduates have traditionally enjoyed smooth transitions from school to work, they increasingly face competition from more experienced job applicants because of the growing complexity in work content and expanding job



Source: Original data from authors.

Figure 5.2 Scarring effects of unemployment on recruiters' ratings for different countries and education levels (marginal effects in original metric, i.e., recruiters' ratings on y-axis in each panel)

requirements, as Salvisberg and Sacchi (2014) have shown for Switzerland. If the recruiter's perception and expectations do not adapt to these structural changes, holders of vocational diplomas with limited or insecure job experience may face increasing employment difficulties. Moreover, one might assume that the occupation-specific or even firm-specific skills gained during IVET could deteriorate faster than the more general skills acquired in tertiary education. Hence, unemployment spells might be particularly detrimental for holders of IVET qualifications.

We also checked for gender-specific differences in unemployment scarring. Our preliminary results showed that male and female applicants were penalized to similar extents for unemployment spells in every country in our sample. However, we suspect that gender-specific scarring may appear if one differentiates between occupational fields and job types that are more or less gender typical.

## 6 BEYOND UNEMPLOYMENT: FURTHER FACETS OF JOB INSECURITY

Job insecurity has different facets and it can also result in detrimental forms of employment in a person's future occupational career. For instance, when it is difficult to find employment, people may take jobs for which they are overqualified just so that they can earn income. Especially in countries with few vacancies and fierce competition between applicants, one can expect to find a larger share of people working in jobs for which they are overqualified. Such work experience can function either as a 'stepping stone' to better jobs in the future or as a 'dead end' (Pedulla, 2016). Furthermore, one can regard certain types of jobs as insecure jobs. For instance, temporary jobs with fixed contracts provide less security than permanent jobs (Scarpetta et al., 2012). In the following we are interested in how employers perceive such previous employment experiences when hiring for qualified vacancies.

### 6.1 Deskilling Jobs

As with unemployment scarring, work experience in jobs for which one is overqualified and where previously acquired qualifications are no longer used and further trained ('bad jobs') is likely to contribute to deteriorating skills. In line with human capital theory, deskilling jobs can negatively influence one's future chances of finding a position that matches one's educational attainment and skill level. Signalling theory suggests that employers may interpret a deskilling job experience in one

of two ways. On the one hand, employers can see it as signalling the applicant's inability to find matching jobs or as indicating low motivation or low productivity (Karren and Sherman, 2012; Nunley et al., 2016). On the other hand, employers might understand deskilling job experiences as evidence of strong commitment to work and high motivation (Athey and Hautaluoma, 1994). Similar to employers' assessment of periods of unemployment, we can expect their view on deskilling job experiences to largely depend on contextual factors.

Our methodological design allowed us to measure recruiters' evaluations of work experience in deskilling jobs, which we represented as working as a call-centre agent for five years. By applying the same analytical strategies used in studying unemployment, we found that the negative effect of deskilling job experience on recruiters' ratings was stronger than the unemployment effect in all four countries. Our findings are thus in line with previous studies that have demonstrated the detrimental effect of deskilling job experience and have given less support to its positive effect on future employment chances. These results favour the explanation that employers interpret long periods of call-centre work as periods where previously acquired skills are no longer used, rather deteriorate, or as evidence of a job candidate's lack of interest in his/her learned occupation. We found no differences between genders in this regard.

We found the strongest penalization in employers' ratings of five-year-long call-centre work in Norway (-3.4 points) and Bulgaria (-3.3 points), whereas the rating reductions in Greece and Switzerland amounted to substantially less (-2.2 points and -2.4 points, respectively; see Table 5A.3 in the Appendix, this chapter). The differences between Norway and Bulgaria as well as those between Greece and Switzerland were not significant. This pattern differs from the unemployment effects, where we observed stronger scarring in Norway and Switzerland. However, without more qualitative information a statistical comparison between countries of scarring effects from deskilling job experiences contributes little added value at this point. Furthermore, working as a call-centre agent may have a different status in each of the four countries. Depending on the job requirements (call centres that provide information services and helplines versus call centres aiming to sell merchandise and services), salary and sector (public versus private), working as a call-centre agent may be considered to be a higher or lower qualified job in different country contexts, and it may thus not necessarily be regarded as a deskilling job. How recruiters perceive call-centre work experience could depend on the overall job market situation, such as the labour market tightness in the specific occupational field and country. Moreover, the duration of having worked for five years in a call centre may be more plausible in some countries than in others. Hence, further

research is needed to consider variations of the ‘call-centre effect’ between occupational fields within and between countries in order to explain the observed country differences.

Likewise, we should take the stronger negative effect of having worked in a call centre compared to having previous or ongoing unemployment – a result found in all four countries – with a grain of salt. Our research design set the maximum length of unemployment spells in the fictitious CVs at 20 months, whereas the work in deskilling jobs lasted five years. Nonetheless (and this is probably the most important lesson from this study), our findings clearly demonstrate that precarious work in deskilling jobs for a longer period of time has a detrimental impact on future chances of finding a job – irrespective of country.

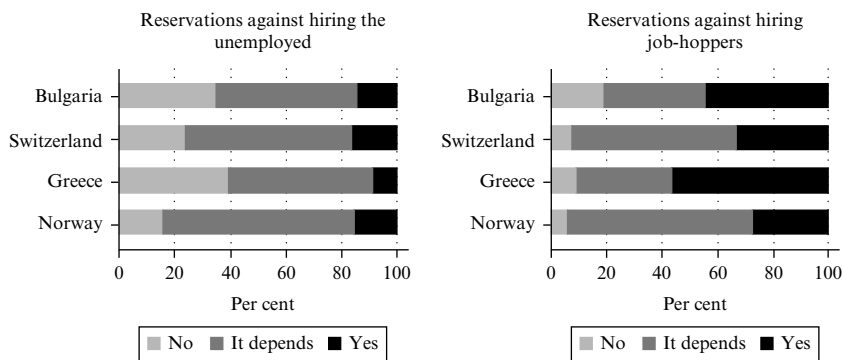
## **6.2 Job-Hopping**

Finally, job insecurity can be related to instability and uncertainty in employment conditions. Flexibility in the labour market often goes hand in hand with temporary employment contracts, which offer less stability than permanent contracts. Short-term contracts can lead to increased numbers of jobs or, in other words, to job-hopping. Frequent job changes may, in turn, affect future employment chances because employers may take job-hopping as a negative signal.

In order to study whether employers object to job-hopping, we included a question in the online survey asking: ‘Would you have reservations about hiring a person who has been changing jobs frequently?’ To be able to compare employers’ perceptions about applicants’ job-hopping and applicants’ unemployment, we included another survey item: ‘Would you have reservations about hiring a person who has been unemployed during the last two years?’

Figure 5.3 shows that employers clearly evaluated job-hopping more negatively than unemployment in all four countries. The share of respondents who had no reservations about hiring jobseekers who had been unemployed for the last two years was larger than the share of respondents who had no reservations about hiring applicants with frequent job changes. Similarly, the proportion of respondents who had reservations about hiring applicants with a history of job-hopping was considerably larger than the proportion of respondents who had reservations about hiring applicants with a history of unemployment. In further interpreting the results, one should keep in mind that social desirability might have driven some of these responses.

The descriptive statistics for the job-hopping item show that the share of employers with reservations about hiring applicants with job-hopping



Source: Original data from authors.

*Figure 5.3 Employers' assessments of unemployment and job-hopping compared*

behaviour was larger in Greece and Bulgaria than in Switzerland and Norway. This is the opposite pattern than for the evaluation of hiring long-term unemployed applicants, where the proportion of employers expressing reservations tended to be larger in Norway and Switzerland than in Bulgaria and, especially, in Greece (also see Section 5.1). It may be that in countries where the signal value of unemployment is generally weaker due to high shares of (youth) unemployment, recruiters pay more attention to other forms of job insecurity, such as job-hopping, which they may consider a more relevant signal in these national contexts. Our findings at least do not support the counterargument that in countries where job stability is low, job-hopping may serve less as a signal for recruiters than in countries with lower labour market volatility. Indeed, Ayllón and Ramos (2017) have found that levels of labour market volatility, which they measured in terms of changes in wages and transitions into and out of employment, are higher in Bulgaria and Greece than in Norway (the Swiss case was not included in their study). It is therefore reasonable to assume that, whereas unemployment can occur through no fault of one's own in contexts with high unemployment (and is therefore of little information value for recruiters), job-hopping is less likely to be interpreted as a consequence of the overall economic situation or as beyond the applicant's control. Employers may rather more often view job-hopping as a negative signal. To sum up, our results showing the detrimental effects of job-hopping on future employment chances suggest that additional attention should be given to diverse forms of job insecurity, as opposed to only unemployment.



## 7 SUMMARY AND CONCLUSION

In this study we analysed three contextual factors that are likely to determine how recruiters evaluate various signals of job insecurity in young job applicants' trajectories: the labour market conditions, measured by the share of young people who are unemployed in a country; the strictness of the country's EPL; and the design of the country's education system. We presented hypothetical CVs with different educational and occupational trajectories to real recruiters. The recruiters were then asked to rate these fictitious candidates on their chances of being considered for an advertised vacancy they were recruiting for at the time.

Our results suggest, first, that country differences in unemployment scarring are associated with different youth unemployment rates. In Norway and Switzerland, where youth unemployment was lowest, we found pronounced scarring effects from having been unemployed in the initial years of one's career, while no such effects were evident in Bulgaria and Greece, where youth unemployment was much more prevalent. Second, stronger employment protection might contribute to more pronounced unemployment scarring when national unemployment rates are taken into account. In addition, we found variations in unemployment scarring for different groups of educational attainment in Switzerland. In this country the system of upper-secondary education is strongly dominated by IVET, and IVET is mainly company based and dual track. Although it is commonly assumed that a dual-track IVET system enhances smooth school-to-work transitions for its graduates and reduces youth unemployment, our study shows that IVET graduates experience the strongest unemployment scarring in Switzerland. Our findings thus contribute to understanding unemployment scarring in relation to country-specific settings. We believe future research should take greater account of local and organizational contexts of scarring, such as the role of geographical location, firm size or the wage for the advertised position.

Another contribution of our study on scarring is that it draws attention to the diversity of job insecurity. An exclusive focus on unemployment is not sufficient for fully understanding how early job insecurity and 'bad jobs' affect labour market outcomes. We have shown that employers negatively evaluate job-hopping and work experience in deskilling jobs when assessing applicants. The detrimental impact of such experiences may be just as relevant as the effect of having a history of unemployment. In other words, there is a need for a more nuanced perception of what factors may have the most negative effects on young people's future labour market outcomes. For instance, having worked in deskilling jobs for a lengthy period may decrease future employment chances in skilled jobs more

strongly than an unemployment spell of up to 20 months. Our analysis shows that in some country contexts employers primarily had reservations about hiring applicants with a history of job-hopping, while they appeared to be less concerned about hiring applicants who had been unemployed.

These insights are relevant for discussions concerning passive and active labour market policies. Seeking to return skilled unemployed young people as quickly as possible to the labour market may compromise their long-term job prospects. In this light, national public employment services should carefully assess the appropriateness of their measures in individual cases. Because both deskilling jobs and job-hopping can have detrimental effects on a young worker's professional career, pushing the unemployed into the labour market at any price may not be a good strategy if it happens at the cost of job quality. Future employers may not see previous work in deskilling jobs as any better than having a history of unemployment, indeed quite the opposite. Likewise, taking up a series of temporary jobs may not be a promising career-building strategy for young workers. Job-hopping may easily have negative consequences for one's future chances of finding a skilled job. But the social and institutional contexts in which such scarring effects evolve are not yet very clear. More thorough research is needed on the effects of job-hopping and deskilling work experience in different economic and institutional contexts.

Finally, further analyses are desirable that take account of interaction effects between the characteristics of jobseekers and work organizations. Future research should investigate whether and how intersections between country- and firm-level contexts, individual characteristics like gender or ethnicity, and individual adjustments such as job-hopping impact on the risk of scarring. The analysis of gender differences in the risk of scarring needs to be sensitive towards gender-segregated occupational fields that are more or less inclusive for women and/or men.

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## APPENDIX

Table 5A.1 Description of experimental variables and their levels

Experimental variables	Levels of the experimental variables
<i>Level and occupational specificity of education and work experience</i>	<ol style="list-style-type: none"> <li>1. Lower-secondary education and occupation-specific low-skill job experience (credentials and job title according to the occupational field)</li> <li>2. Occupation-specific upper-secondary education and occupation-specific middle-skill job experience (credentials and job title according to the occupational field)</li> <li>3. Occupation-specific tertiary education and occupation-specific high-skill job experience (credentials and job title according to the occupational field)</li> <li>4. Lower-secondary education and non-occupation-specific low-skill job experience (credentials and job titles from the retail trade sector)</li> <li>5. Non-occupation-specific upper-secondary education and non-occupation-specific middle-skill job experience (credentials and job titles from the retail trade sector)</li> <li>6. Non-occupation-specific tertiary education and non-occupation-specific high-skill job experience (credentials and job titles from the retail trade sector)</li> <li>7. Lower-secondary education and work experience in deskilling jobs (credentials according to the occupational field and job title 'call-centre agent')</li> <li>8. Occupation-specific upper-secondary education and work experience in deskilling jobs (credentials according to the occupational field and job title 'call-centre agent')</li> <li>9. Occupation-specific tertiary education and work experience in deskilling jobs (credentials according to the occupational field and job title 'call-centre agent')</li> </ol>
<i>Duration and timing of unemployment</i>	<ol style="list-style-type: none"> <li>1. No unemployment</li> <li>2. 10 months of unemployment after graduation</li> <li>3. 20 months of unemployment after graduation</li> <li>4. 10 months of unemployment between jobs</li> <li>5. 20 months of unemployment between jobs</li> <li>6. 10 months of current unemployment</li> <li>7. 20 months of current unemployment</li> </ol>
<i>Gender</i>	<ol style="list-style-type: none"> <li>1. Male</li> <li>2. Female</li> </ol>
<i>National-specific variable</i>	<ol style="list-style-type: none"> <li>1. Bulgaria: job experience abroad (yes/no)</li> <li>2. Greece: participation in ALMP during unemployment (yes/no)</li> <li>3. Norway: participation in ALMP during unemployment (yes/no)</li> <li>4. Switzerland: job-hopping experience (yes/no)</li> </ol>

Table 5A.2 *Marginal effects of unemployment*

	Greece	Bulgaria	Switzerland	Norway
Overall	−0.29 (0.20)	−0.38 (0.24)	−0.65*** (0.14)	−1.07*** (0.24)
By education level				
Lower-secondary	−0.67 (0.43)	−0.56 (0.50)	−0.76* (0.34)	−0.21 (0.34)
Upper-secondary	−0.88* (0.42)	−0.18 (0.59)	−1.05*** (0.32)	−0.54 (0.42)
Tertiary	−0.31 (0.29)	0.01 (0.31)	−0.11 (0.17)	−0.42 (0.30)
By occupational field				
Mechanics	−0.54 (0.34)	−0.35 (0.38)	−0.28 (0.21)	−0.06 (0.32)
Finance	−0.83+ (0.47)	0.61+ (0.34)	−0.30 (0.28)	−0.14 (0.26)
Nursing	−0.60 (0.41)	−1.07* (0.44)	−0.74** (0.26)	−0.25 (0.27)
Catering	−0.82* (0.35)	0.38 (0.79)	−0.80* (0.36)	−0.78 (0.76)
ICT	−0.43 (0.38)	−0.79+ (0.47)	−0.96*** (0.29)	−0.90* (0.41)

Notes: Standard errors in parentheses. Significance levels: + )  $p < 0.10$ ; \*)  $p < 0.05$ ; \*\* )  $p < 0.01$ ; \*\*\*)  $p < 0.001$ .

Source: Original data from authors.

Table 5A.3 *Marginal effects of having worked for several years in a call centre*

	Greece	Bulgaria	Switzerland	Norway
Overall	-2.23*** (0.23)	-3.27*** (0.27)	-2.44*** (0.17)	-3.35*** (0.27)
By education level				
Lower-secondary	-1.33*** (0.22)	-2.17*** (0.25)	-1.32*** (0.15)	-0.87*** (0.15)
Upper-secondary	-1.62*** (0.23)	-3.78*** (0.31)	-3.25*** (0.24)	-1.51*** (0.22)
Tertiary	-2.37*** (0.29)	-2.70*** (0.27)	-1.81*** (0.16)	-2.65*** (0.26)

Notes: Standard errors in parentheses. Significance levels: +)  $p < 0.10$ ; \*)  $p < 0.05$ ; \*\*)  $p < 0.01$ ; \*\*\*)  $p < 0.001$ .

Source: Original data from authors.



## 6. (Un)realized agency in a situation of early job insecurity: patterns of young people's agency regarding employment

**Pepka Boyadjieva and Petya Ilieva-Trichkova**

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### 1 INTRODUCTION

Researchers have been giving greater attention recently to the different factors underlying the problems and challenges young people face in integrating into the labour market (e.g., Chung and Van Oorschot, 2010; Eurofound, 2014). Several studies have explored the institutional determinants of early job insecurity in European countries (Hora et al., 2016) and the risk factors for young people's careers in Europe during the economic crisis (Karamessini et al., 2016). However, existing research has less to say about how young people use their scope for agency within the institutional constraints they experience. This chapter focuses on the ways in which young people convert available resources into desired ways of living and flourishing ('functionings') in key social areas, such as education, employment, family formation, civic participation and cultural activities. Amongst these areas, the sphere of employment is particularly important for individuals' well-being. We address the following research questions:

1. What are the patterns of active agency regarding employment of young people experiencing early job insecurity?
2. Which factors have hindered the agency regarding employment of young people experiencing early job insecurity?
3. Do the patterns of active agency of young people differ by national context and/or employment regimes?

The chapter proceeds as follows. First, we outline the theoretical considerations behind the framework of the analysis. Next, we present the data and our main findings. We then proceed with a discussion of the identified

patterns of active agency with respect to the first stable job in a country-comparative perspective. Our concluding remarks summarize the main contributions of the chapter and suggest directions for further research.

## 2 THEORETICAL CONSIDERATIONS

This chapter draws on the capability approach (Nussbaum, 2011; Sen, 1999, 2009) and its main concepts, as presented by Hvinden et al. (Chapter 1 this volume). Numerous studies have explored (un)employment and employability from the perspective of the capability approach (e.g., Hinchliffe and Jolly, 2011; Hollywood et al., 2012; McQuaid and Lindsay, 2005; Olejniczak, 2012; Otto, 2015). Most of these studies focus on young people or other vulnerable groups on the labour market, rejecting the reduction of human beings to their employability and human capital (e.g., Bonvin and Farvaque, 2006; Otto, 2012; Schneider and Otto, 2009). Notwithstanding this large body of literature on youth employment, few publications have discussed the issue of agency in any detail (see Bonvin and Farvaque, 2006; Egdell and Graham, 2017). We find hardly any systematic consideration of the different forms of agency that people may adopt to overcome early job insecurity.

### 2.1 Agency and Conversion Factors

The capability approach provides useful ideas for conceptualizing the (un) realized agency of disadvantaged groups; for instance, that of young people experiencing early job insecurity. This approach considers all individuals as active agents (Alkire, 2009). The concept of *agency* implies that all people enjoy a certain space of freedom within which they can make choices and act accordingly. Agency takes account of the active role that people may have in shaping their own destinies and the societies in which they live. The agent 'is someone who acts and brings about change, and whose achievements can be judged in terms of her own values and objectives, whether or not we assess them in terms of some external criteria as well' (Sen, 1999: 19). This definition relates to the ability to pursue and realize ways of living or flourishing that one values and has reason to value (Alkire and Deneulin, 2009: 31, 37). We can distinguish between two aspects of agency: *freedom* and *achievement*. Whereas 'agency freedom' is related to the 'freedom to bring about the achievements one values and which one attempts to produce' (Sen, 1992: 57), the 'achievement' of a person's agency 'refers to the realization of goals and values she has reason to pursue, whether or not they are connected with her own well-being' (Sen, 1992: 56).

In paying attention to agency freedom and agency achievements,

the capability approach shifts the focus away from seeing a person as just a vehicle of well-being and towards stressing the importance of the person's own judgements and priorities, with which the agency concerns are linked (Sen, 2009: 288). Such an understanding of agency emphasizes people's active role and their capacity to change and transform reality in accordance with their conception of the good, once this conception has passed reasoned scrutiny. We consider agency as a constitutive element of social resilience, where the latter is related at individual level to the '[o]ppportunity to acquire a feeling of well-being, ability to cope with adverse circumstances and realize valued and meaningful achievements in the short and long term' (see Hvinden et al., Chapter 1 this volume).

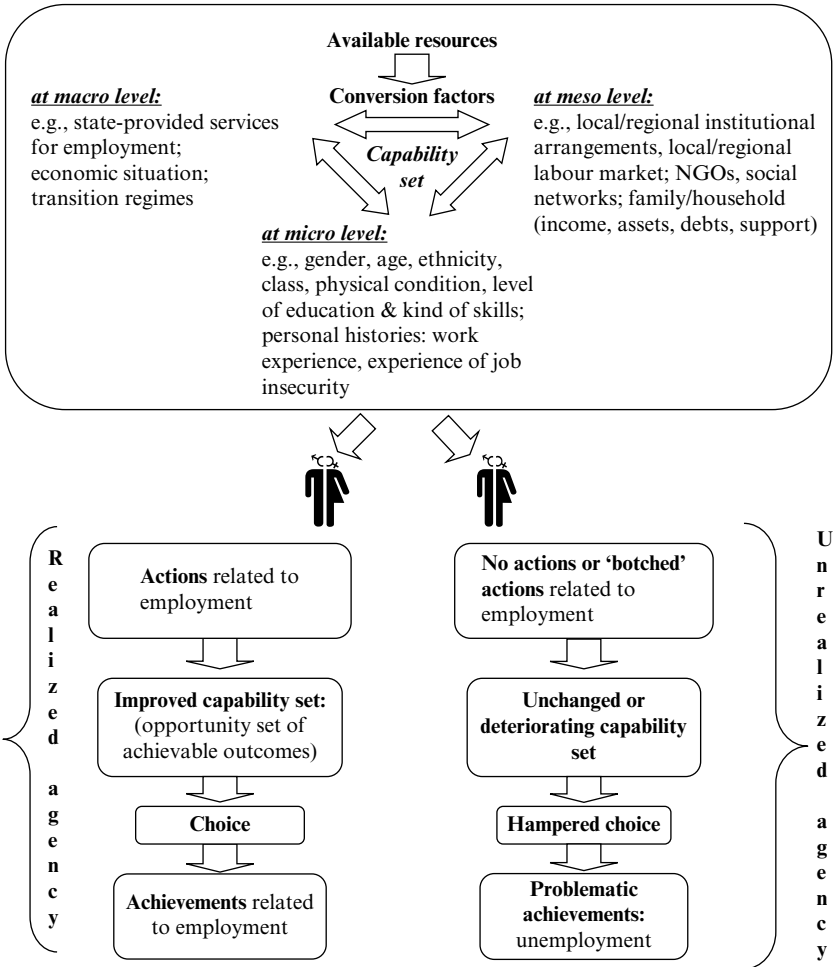
Agency concerns the active role of people in all spheres of life, including work. Thus, a person may act to mitigate early job insecurity and to influence his/her job prospects, in general, or to negotiate working conditions, in particular. However, although the capability approach to agency implies a certain measure of individual responsibility, it does not involve the trap of blaming the victim because it acknowledges human diversity and the wide range of factors that enhance, or constrain, a person's ability to exercise his/her agency in practice/reality. This implies that different people have different capacities to transform their resources into real agency or outcomes.

In order to understand people's agency, we need to know more about the context and structures in which they are embedded (Granovetter, 1985). In this regard we rely on the heuristic potential of the concept of *conversion factors*. These are defined as a range of factors that influence how a person can convert the characteristics of his/her available resources (initial conditions) into freedom or achievement. Different authors propose different classifications of conversion factors (Crocker and Robeyns, 2009; Robeyns, 2005; Sen, 1999: 70–71). Here we classify the relevant conversion factors according to the level at which they operate: *micro*, *meso* or *macro* (see Hvinden and Halvorsen, 2017; Hvinden et al., Chapter 1 this volume). In taking conversion factors into account, the capability approach enables consideration not only of the role of individual-level characteristics in the evaluation of inequalities, but also of how interactions between the individual, intermediate and institutional levels affect these inequalities.

## 2.2 Conceptual Model of a Person's (Un)Realized Agency

Based on this review of analytical concepts, we define *agency* as the mediating processes (interactions with others) whereby young people may convert available resources into new prospects for strengthening their capability for work and for enlarging their scope for real choice with

regard to employment. Each mediating process might broaden or narrow young people’s achieved functionings. In other words, conversion factors can be either constraining or enhancing of people’s effective freedom (Hvinden and Halvorsen, 2017: 6). The actual agency achievements of young people may also reflect differences in their goals and the particular things they value. In all cases, however, for an actor to transform a capability set into agency achievement, an act of choice is necessary.



Source: Own illustration.

Figure 6.1 A static representation of a person’s (un)realized agency

Figure 6.1 presents in a more systematic way our theoretical understanding of (un)realized agency.

### 3 RESEARCH STRATEGY AND EMPIRICAL BASE

Given the importance of conversion factors and their role in mediating the scope of agency of young people experiencing early job insecurity, as well as the varying extents to which young people manage to convert their available resources into agency achievements, we use two main criteria for identifying different patterns of young people's agency:

1. What were the essential interactions with others (institutions and individuals) whereby young people were able to exercise agency in a situation of early job insecurity?
2. Did young people succeed in converting their resources into agency achievements related to employment and, if so, how?

We base the analysis on data from 81 semi-structured life-course interviews with women and men belonging to the birth cohort 1990–95 in seven EU countries: Bulgaria (BG), the Czech Republic (CZ), Germany (GER), Greece (GR), Norway (NO), Poland (PL) and the United Kingdom (UK). All interviewees had experienced unemployment or job insecurity by the time they were 25 years of age. Each national team of researchers first produced a transcript of each interview in their national language and a synopsis with quotations in English and then prepared a national summary. Hvinden et al. (Chapter 1 in Volume 2) and Tolgensbakk et al. (2017) describe the methodology. To respect the anonymity of the interviewees, we refer to them using pseudonyms, indicating their country and gender; for instance, 'Tatiana (BG Female)'.

We carried out a three-step analysis of the interviews. In the first step we each independently read the extended summaries of the life-course interviews with the aim of identifying the mediating processes through which young people had tried to convert available resources into new prospects and scope for choice with regard to employment. We did not consider how common each of the mediating processes was, rather only whether it represented a different type of interaction with institutions and individuals. In the second step we compared the interactions with others (institutions and individuals), as identified by each of us researchers. There was about 90 per cent coincidence in the identified interactions. We then selected and classified common interactions with others, introducing the notion of *patterns of agency* to capture the different mediating processes through which

young people converted available resources into new prospects related to employment. Thus, we identified different patterns within the two broad groupings of agency: *realized agency (patterns of accomplished interactions with institutions and individuals)* and *unrealized agency (patterns of not accomplished interactions with institutions and individuals)*.

In the third step we each independently classified the life-course interviews based on these two patterns of agency. The few cases about which we disagreed we classified as ‘unclear’. Given that young people might have followed different trajectories each time they sought employment, we focused only on the patterns of agency adopted with regard to their first stable job (contracted full-time employment for at least six months). In some cases we relied on the interviewees’ subjective assessment of what constituted a stable job. For cases where the interviewee never had such employment, we focused on the first part-time job or temporary job.

## 4 RESULTS

### 4.1 Patterns of Exercising Agency Regarding Employment

We found several patterns of agency in relation to employment amongst young people who had experienced early job insecurity. More specifically, within the two groups of patterns – of realized and of unrealized agency – we identified the following different sub-patterns:

#### **Realized agency: patterns of implemented interactions with institutions and individuals**

- Self-relying agency;
- Self-improving agency;
- Institutionally enabled agency by: (a) state institutions; (b) non-governmental organizations (NGOs);
- Informally enabled agency by: (a) family and relatives; (b) friends and networks; and
- Agency enabled by social commitment.

#### **Unrealized agency: patterns of not implemented interactions with institutions and individuals**

- Disoriented and unmotivated agency;
- Hampered agency at: (a) micro level by personal characteristics and problems; (b) meso level by inadequate career and employment

services; (c) macro level by national policies and societal problems; and

- Blocked agency.

We see the identified patterns as *ideal* types in the Weberian sense (Engerman, 2000: 258). They are heuristic devices for analysis and *do not represent the most common modes of action of young people in the countries studied*. The patterns focus on the essential social interactions through which agency was realized (or not) in a situation of early job insecurity. We have constructed them based on key elements of the life courses of our interviewees but we did not find these constructions fully in any of our interview cases. It is also important to emphasize that we are studying agency in relation to employment and within a longer time span of young people's life courses.

## 4.2 Description and Empirical Manifestation of the Identified Patterns of (Un)Realized Agency

Below we provide a short description of the identified patterns and use these as analytical instruments to describe and understand the scope of agency of young people in the situation of early job insecurity.

### Patterns of realized agency

*Self-relying agency*: This pattern refers to young people who in a situation of early job insecurity managed to convert their resources by undertaking different actions, relying mainly on themselves and not on support from state institutions or informal networks. They succeeded in broadening their capability set and, as a result, in achieving improved prospects for employment:

After several failed attempts at finding a job, Ania (PL Female) decided to behave more proactively. She says: 'Fortunately, after that time, I decided not to wait for job offers from the District Employment Office. I decided to look for work on my own and I succeeded. I used to send e-mails to lots of companies and public institutions. That's how I managed to get an internship at the Customs Chamber in Lodz.'

*Self-improving agency*: This pattern refers to young people who, after being in a situation of early job insecurity, decided to improve their knowledge and skills mainly through education. By broadening their capability set, they expanded their scope for real choice with regard to employment.

Depression led to psychiatric care and Marit (NO Female) moved to a small village to live in a residential unit for young people (i.e., a care facility for young

people who could not live at home because, e.g., of parental neglect or abuse). The unit placed her in a job against her will. On her own she then managed to finish upper-secondary school and obtain a BA university degree. She is currently enrolled in another programme at a university college. Volunteer work has been very important to the interviewee.

*Institutionally enabled agency:* This pattern refers to young people who managed to transform their situation by undertaking different actions with the decisive support of different institutions, such as state employment agencies and NGOs. They succeeded in negotiating institutional support and in benefitting from it. Thus, they were able to broaden their capability set and, consequently, achieve improved prospects in relation to employment.

(a) *Agency through state institutions:* The state employment agencies and labour offices were the main state institutions that were legally obliged to support young people during unemployment by guaranteeing them different benefits (unemployment benefits, maternity and childcare allowances, health and social insurance, social assistance) and also by providing information and guidance and offering training and jobs. The institutional support coming from the state institutions broadened some young people's scope for agency in two ways: by helping them to cope with financial problems during unemployment and by providing them with various choices for action related to training and employment.

Stavros's (GR Male) parents could not help him find a new job after the closure of the family business. He searched alone through newspaper advertisements and also turned to the Public Employment Agency (OAED). He has a very good opinion of the OAED because he found his present job through them: 'They helped me a lot to find what I was looking for [OAED]. The lady was very helpful. She made a huge effort. She kept looking for new positions for me and offered me many jobs.'

(b) *Agency through NGOs:* In taking part in activities and programmes organized by NGOs, some young people in a situation of early job insecurity managed to broaden their capability set not only by acquiring new knowledge and experience but also by changing their values, goals and life orientations. Through interactions with NGOs some young people became involved in meaningful and socially sensitive activities and built a capacity for agency that is not only *self-regarding* but also *other-regarding*.

Albert (CZ Male) left home without finishing secondary school because of a family and personal crisis. He spent about four years not looking for work, ending up in debt. He did not register at the Employment Office and did not receive any financial or other support. An NGO provided him with a temporary



job and helped him to plan paying off his debts. He identifies highly with this NGO and is committed to the work he is doing (work with mostly Roma children and youngsters and their families). The agency he achieved improved the young man's self-confidence and aspirations – he now plans to go on to upper-secondary education and then to university.

*Informally enabled agency:* In a situation of early job insecurity, interactions with informal contacts – family, relatives, friends and social networks – were very important mechanisms through which some young people sought to overcome difficult situations (both material/financial and psychological) and to convert their available resources into new prospects regarding employment. This pattern built on informal, intimate and highly emotional interactions. Thus, when they had reliable and strong connections with informal circles, some young people could rely on these several times over and in different situations. This broadened these young people's scope for agency and provided a safety net that protected them from the negative consequences of early job insecurity. Conversely, young people who had broken off relations with their families and friends risked 'falling into a vacuum' or giving up when interactions with official institutions turned out to be ineffective or counterproductive.

*(a) Agency enabled by family and relatives:* Some young people's families and relatives were able to broaden their scope for agency in various ways: by ensuring them a livelihood and thus freeing them from the burden of 'surviving without any money' (offering a home free of charge and giving financial support), by providing emotional support and advice, and by seeking and finding job and training offers. Thus, for these youths, the family turned out to be the main safety net and a main source of social resilience. In periods of early job insecurity, or when they lacked financial resources, many young people postponed leaving their family home.

Elena (PL Female) after graduating from high school was looking for a job in her hometown. The encounter with the labour market was hard for her. She realized that she did not have the skills that would make employers want to hire her. . . Her sister helped her to find work: 'At the moment the biggest support is my sister, who had a very similar experience on the job market. . . She was such an inspiration for me, and I followed her example.'

*(b) Agency enabled by social networks and friends:* Young people's social capital – their social networks – was an important factor that could influence their scope of agency positively and in various ways in a situation of early job insecurity, including by motivating them to act, by orienting their actions and by supporting them both financially and emotionally during their efforts. The wider and more diverse the social network of a

young person, the more likely it was that it might enlarge his/her scope for action and opportunities for choice in finding a job (Granovetter, 1973). However, while social networks might lead to socially relevant and personality-developing actions, they might also lead to involvement in unsocial and risky behaviour.

Yianna (GR Female) had found almost all her jobs through contacts: ‘As I told you before, my social network offered me a job without me even saying anything. For example, I found my first job from a family friend. We were discussing that I was looking for a job. He knew someone who was looking for an employee and he thought of me. After that, I found my next job from a newspaper [advertisement]. The third was again through a recommendation by a contact of mine.’

*Agency enabled by social commitment – volunteering:* This pattern refers to young people who enhanced their capability set by engaging as volunteers in causes and activities. As a process of involvement in work and activities without pay (which differentiates it from all other patterns of agency), volunteering might be a transformative and empowering experience. By definition, it is impossible to force people to volunteer – they became volunteers of their own free will and were committed only to activities they viewed as meaningful. Volunteering empowered people by increasing their experience, knowledge, confidence and social capital. However, initially it may have been considered ‘just a place to be’ (Stig, NO Male) or a way ‘to come out of my shell’ (Josh, UK Male).

Jesse (UK Male) lost a job at age 19. He suffered from depression, mood swings and fatigue and was diagnosed and medicated for a chemical imbalance. He was smoking marijuana heavily and was in and out of about 10 casual jobs. None of his jobs lasted for more than three months. A life-changing experience for Jesse was his work as a volunteer in a HIV-testing clinic abroad: ‘I can’t remember a day out there that I didn’t start crying at some point. It was really quite shocking.’ This experience transformed his beliefs and changed him completely.

To sum up, the analysis of the semi-structured life-course interviews showed that each of the patterns of realized agency led to and involved *different actions*. We identified the following actions:

- Getting in contact with the state employment agency;
- Looking for advertisements through different channels;
- Setting up a business of one’s own;
- Approaching employers directly or sending them CVs and applications;

- Filing complaints if an employer did not comply with the law;
- Migrating within the same country or abroad;
- Looking for a job in the shadow economy;
- Engaging in voluntary work;
- Looking for an apprenticeship, etc.

As regards *agency achievements*, examples included the following:

- Accepting a part-time job or accepting a job without a contract;
- Getting a stable job that corresponded to one's level of education or to one's field of education, or accepting a job that did not match one's qualifications; and
- Succeeding in finding a meaningful job.

We emphasize that we did not find a one-to-one link between the actions and agency achievements; that is, each of the actions could lead to any one of the identified agency achievements.

The examples of agency achievements involved an improvement in one's employment situation compared to being in a situation of early job insecurity. In most cases, the person might potentially improve his or her achievements.

### **Patterns of unrealized agency**

These patterns referred to the experience of young people who were not able to convert their resources into improved employment prospects. Their scope of action was very limited either because they did not have clear goals or because of other constraints outside of their control. Thus, their attempts to take action were constrained, and even when they undertook some actions, these appeared to be somehow disoriented, neither contributing to broadening the person's capability set nor improving his/her employment situation.

*Disoriented and unmotivated agency:* The main characteristic of this pattern of agency was that the young person seemed to be unable to formulate clear goals that he or she would like to pursue. This pattern appeared to be prevalent amongst young people who had experienced early job insecurity. For instance, some of the interviewees did not really have any firm idea what they wanted to do after school, or they had unrealistic ideas about their futures, such as becoming an actor or a fashion model. Many young people broke off their vocational training or cancelled their employment contract after completing vocational training because they realized that this was not the right path for them. Many had unclear visions of their future. In many cases they lacked information about the real conditions

in the professions they chose and their attitude towards the prospective job already changed during their studies. Overall, the actions that these young people undertook were few and they lacked clear direction. In these cases the young people mostly suffered from a lack of (career) advice to make their goals clearer or more realistic and to help them envisage new ambitions.

After his graduation (upper-secondary school) Eric (GER Male) moved to another city, with the motivation just of being somewhere else. There he had a marginal involvement in the retail trade, only as an unskilled worker. After one year he moved to Hamburg and tried to find another marginal job. Eric described very extensive professional disorientation. He continued not to know what professional goals he should pursue and what training would be suitable for him.

*Hampered agency:* The main characteristic of this type of agency is that it is limited by different factors:

(a) *Agency hampered by personal characteristics and problems:* In this case, agency was limited because of scarring and discrimination effects associated with young people's characteristics, such as having children, age, or lacking working experience or relevant education. The scarring effect was so strong that it constrained the person's scope for action or the person did not have sufficient capacity to deal with it.

However, agency might also be hampered by personal problems and family troubles. Thus, some of the interviewees did not find a job after school because of early (single) motherhood, use of drugs, truancy, constant conflicts with superiors, juvenile delinquency or involvement in youth gangs and so forth. Although many young people found support and stimulus for action in their families, for some of them families represented a constraint and undermined their scope of agency. Typical cases were that parents were unemployed, there were conflicts between parents and children, parents divorced or parents forced their children into professions that the children disliked.

Claudia (GER Female) left school at age 16 with no qualifications. Until then she had not thought about her future. After a conflict with her mother, Claudia was placed in a youth facility (i.e., a special institution where youth under 18 can live in supervised residential communities). In this youth facility she developed delinquent behaviour. She then had to move to a facility in another town. There she carried out an internship at a bakery. At age 18 she returned to her home town. She lived from day to day without thinking about her future and without making any plans, drawing unemployment benefit II (ALG II). Because of her lack of educational attainment, she regarded any effort to apply for vocational training as unrealistic.

*(b) Agency hampered by inadequate career and employment services:* In several cases, the capacity of state institutions to empower young people to act and to broaden their capability set turned out to be problematic. Many young people assessed the institutional support provided by the employment offices as meagre, unsuitable, not topical or even counterproductive. In particular, they tended to see job counselling and remedial classes as unhelpful and ineffective, and they assessed the jobs offered as not providing sustainability:

In general, it [state] does not help young people. . . because, for instance, they hire them for six months or less. (Galina, BG Female)

Some young people experienced discrimination at the workplace (based on age, motherhood, ethnicity, disability or lack of experience). The difficulty of getting suitable qualifications and jobs from the employment office obliged young people to organize the desired education programmes by themselves or to turn to their family members and social networks for support. Thus, it became clear that young people who experienced the ineffectiveness of one source for converting their available resources into new life prospects might start looking for another source of support.

There was no mention of advice at school and Josh (UK Male) was negative about the support provided by the Job Centre, which mostly consisted in referral to websites. Josh said: 'It is just hard to find someone that will actually help you. . . they told me what to do and then left me to it. It was very hard to find a job after that.' Josh repeated several times that he felt unsupported in trying to improve his employability. His message to government was 'just give a bit more effort in helping people'.

*(c) Agency hampered by national policies and societal problems:* Finally, yet importantly, factors at macro-level related to national labour market and migration policies, restructuring of economic sectors, or economic downturns can hamper agency:

I mean, the financial crisis destroyed us, I mean, I can't find work since 2008 and there are no jobs. Before it was much better. . . each season I worked as a lumberjack. I told you, I could make 1,000, 1,500 leva for the season. And 1,500 leva was good money, enough to make a living, but today I hardly make 700 leva. After 2008 everything was cut short and life has become much more expensive. (Emil, BG Male)

*Blocked agency:* Blocked agency refers to a situation of unemployment that absolutely 'paralysed' and dispirited the young person. The interviewee had fallen into a prolonged period of despair and depression

and was unable to undertake any actions to improve his/her situation. These young people felt helpless and unable to overcome the situation of early job insecurity, and every failure to do so further demotivated them. A hurdle arose at every step of their actions in their efforts to achieve their goal. This pattern often went hand in hand with deteriorated mental well-being or health problems. Thus, most of these people suffered from a lack of psychological/medical support.

After leaving education Bogdan (BG Male) lived in a protected dwelling for children without parents. It was difficult for him to find a job: 'It is simply hard for me, I feel a bit embarrassed when I go to job interviews.' His first job, which lasted only four days, was as a restaurant dishwasher. This inability of the respondent to keep a job is typical for him: 'When I find a job, I don't know, I don't know how to stick to it for long. . .'. He wanted to continue his education, but he had a diploma only for the eighth grade because of what had happened to his tenth-grade diploma: 'I did a naughty thing and I burned it without meaning to.' The reason for this behaviour was that the diploma had not helped him get a job: 'I set my diploma on fire because I got irritated that they would not give me a job anywhere with it.'

In ending this section we would like to emphasize that in many of the cases studied, two or more interactions co-existed and produced combined patterns. Thus, some young people in a situation of early job insecurity benefited from both volunteering (agency enabled by social commitment) and state or family support, while others were hampered by factors at both micro and meso level. It was also possible that in different stages of a single life course, one pattern might succeed another, or young people might have followed shifting trajectories with regard to finding different kinds of employment (e.g., first stable job, current job, first temporary job). In the next step of our analysis, we focus on concrete patterns of agency – those adopted with regard to the young interviewees' first stable job.

### **4.3 The Social Embeddedness of Patterns of Agency: A Cross-National Comparative Perspective**

In this section we seek to clarify some similarities and differences in the patterns of agency of young people regarding their first stable job in the different country-specific institutional environments and employment regimes of the seven EU countries studied.

Three main methodological problems necessitate caution when making comparisons between countries. First, the data were qualitative – between seven (NO) and 16 (CZ) interviews with young people from the birth cohort 1990–95 were conducted in each country. Second, although the

national samples had some common characteristics (e.g., the samples were gender balanced), they differed in relation to ethnic composition, place of residence and health status of the interviewees. Thus, the Bulgarian and Czech samples included some representatives of ethnic minorities (in the Czech sample 4 out of 16 interviewees were Roma; in Bulgaria 3 out of 14 were Roma; in Greece there were no interviewees from ethnic minority groups). In the Norwegian sample there were 3 interviewees with disabilities, whereas the German sample did not include any disabled people. The Norwegian sample included 3 people living in villages and small towns compared to 5 out of 10 in the German sample, while all young people lived in the capital city in the Greek sample. Third, we analysed the extended summaries of the interviews and not the full transcripts.

Table 6.1 presents the patterns of agency concerning the first stable job identified in the seven countries studied. The table shows the following:

- In this small and non-representative sample of cases, examples of successful (i.e., realized) agency dominated (59 out of 81 cases).
- Self-based successful agency accounted for 19 cases, while 40 successful agency cases were other-enabled.
- Amongst the other-enabled agency cases, support from friends was most frequent (18 cases), followed by support from family (12 cases).
- Strikingly few of the other-enabled cases of successful agency seemed to involve support from public agencies or NGOs (5 and 4 cases, respectively).

One would evidently need a larger and more representative sample to clarify the heuristic potential of the identified types and to investigate the possible mediating processes whereby young people experiencing early job insecurity converted their resources into new life prospects.

The table indicates the various types of positive agency spread unevenly across the countries studied, possibly reflecting contrasting institutional traits. As an indicator of such national traits, we use the notion of employment regimes. Such regimes involve different overall regulation of transitions from youth to adult employment. Hora et al. (Chapter 7 this volume) propose a distinction between five employment regimes that differ significantly with regard to four policy fields – education, active labour market policies, employment protection and unemployment protection. The countries under study here exemplify all five of the regimes: the inclusive/universal regime (NO), the employment-centred (dualistic) regime (GER), the liberal regime (UK), the sub-protective regime (GR) and the transitional/post-socialist regime (BG, CZ, PL).

Based on this classification, we make the following tentative observations

Table 6.1 Patterns of agency regarding the first stable job in seven EU countries

Patterns of agency	BG 14 cases	CZ 16 cases	GER 10 cases	GR 10 cases	PL 14 cases	NO 7 cases	UK 10 cases	Sum
Self-relying	2	2			1		1	6
Self-improving	2	1	2	2	3	3		13
Institutionally enabled:								
– state				1	1	1	2	5
– NGOs					1		3	4
Informally enabled:								
– family	3	5		1	2		1	12
– friends	2	5	1	4	5		1	18
Agency enabled by social commitment							1	1
Disoriented and unmotivated			1					1
Hampered								
– micro	2		3	1			1	7
– meso	1	2				2		5
– macro	1		1			1		3
Blocked	1							1
No clear pattern		1	2	1	1			5

Source: Original data.



regarding the patterns of agency adopted by young people in finding their first stable job. Future research might test whether one finds similar patterns using large cross-national representative samples of young people who had experienced early job insecurity before the age of 25:

- Successful agency enabled by family, relatives, social networks and friends seemed to have a more pronounced role in countries associated with sub-protective and transitional/post-socialist regimes than in the country associated with the liberal regime.
- Institutionally enabled agency appeared to have a less pronounced role in countries associated with transitional/post-socialist, sub-protective and employment-centred regimes than in the country associated with the liberal regime.
- Self-enabled agency seemed to have approximately the same significance across the different regimes.

However, it should be emphasized that factors hindering young people's agency operate in country-specific ways. Thus, it is obvious that when unemployment hit Norwegian and UK youngsters, they put leaving the family home on hold for longer than originally planned; being adult in Norway and the United Kingdom was closely linked to forming a separate household, and moving away from home was a priority even when finances were tight. Moreover, the Norwegian interviewees generally did not speak of young children or other care responsibilities as a hindrance to their participation in the labour market.

## 5 CONCLUSIONS

This chapter contributes to the literature on agency and employment by adopting the capability approach in a number of ways. First, it demonstrates the heuristic potential of this approach for conceptualizing and understanding agency with regard to a situation of early job insecurity. Second, it identifies patterns not only of realized but also of unrealized agency. Third, although it is generally believed that it is possible to define agency only in relation to specific goals (e.g., Alkire, 2009), the chapter shows that one may also define agency in relation to the mediating processes through which young people seek to realize their goals. Fourth, it identifies agency achievements for people who have experienced early job insecurity. Fifth, the chapter further broadens the scope of applying the capability approach to the study of employment by using it as an analytical framework for clarifying the possibilities for agency and, through this,

the potential for empowering a vulnerable group in Europe – young people experiencing early job insecurity.

Moreover, this chapter is in line with Hvinden and Halvorsen's recent study (2017), where the main argument is that the capability approach can enrich sociology's capacity to link human agency and structure in dynamic analyses of social inequality and marginality. Relying on the concepts of conversion processes and factors, the authors outline a model of agency–structure dynamics and the mechanisms through which the linkages between agency and structure are likely to emerge, reproduce or change. The model proposed in this chapter is a non-dynamic one and, as such, it is more in line with Robeyns's vision of the capability approach (2005). In contrast to the latter, however, our main emphasis is on agency in the specific case of young people who have experienced early job insecurity.

The analysis of the life-course interviews indicated that the patterns of (un)realized agency of young people in a situation of early job insecurity were *embedded in national and institutional contexts* and differed across countries with universal, employment-centred, liberal, sub-protective and transitional/post-socialist employment regimes. We agree with Bohle and Greskovits (2012) that the transitional countries are rather heterogeneous and experience different types of capitalism. In further research it would be worthwhile identifying additional types of employment regimes in order to capture the specificity of each of the post-communist countries.

Our analysis has also pointed to the unsettledness of young people, as well as to the various strategies they pursued to overcome early job insecurity. Early job insecurity turned out to be a serious predicament – and even an obstruction – to the scope of agency of some young people. Although our focus has been on agency achievements, in many cases these were not sufficient to improve people's overall life situation and, more importantly, to enable them to acquire a feeling of well-being and realize valued and meaningful achievements in relation to employment. The analysis of the patterns of (un)realized agency has demonstrated that young people struggle to get out of such vicious circles on their own.

If young people improve their employment situation by finding a job, it may not be the job they have reason to value. From this perspective, if young people do not see good reasons to remain in a particular job, they may quit and continue to search for a more satisfactory one. Leßmann and Bonvin (2011: 97) highlight that the capability approach 'advocates participation and democratic procedures for arriving at a life one values'. Given this, an important aim for future research is to not only further examine the extent to which one finds the patterns of agency in different countries and cohorts but also to explore the conditions under which

people are able to improve their working conditions and obtain the kind of job they have reason to value.

Finally, our study has identified an important policy challenge: How is it possible to empower people to interact and negotiate with different institutions in such a way that they can have greater success in converting available resources into new prospects and scope for real choice regarding employment? Our analysis has pointed to the need for adopting policies – both at local and national level – that directly or indirectly enhance the capability sets of young people with respect to this very important dimension: *being able to work*, that is, being able to choose a personally valued professional life and to secure access to the labour market. In this way, young people would be empowered to function as active and fully participating citizens who are able to make autonomous decisions about their lives and to deal with the challenges they must face in the transition to adulthood.

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## PART II

### Policies for dealing with early job insecurity

## 7. Diversity of youth policy regimes and early job insecurity – towards an integrated approach

**Ondřej Hora, Markéta Horáková and  
Tomáš Sirovátka**

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### 1 INTRODUCTION

Young people have been disproportionately affected by job insecurity, as indicated by the prevalence of youth unemployment, inactivity, job precariousness and fragmented careers during the economic crisis of 2008 and beyond. The governments of many European countries have acknowledged this problem and have addressed it in their education, employment and social policies. Similarly, since 2010, the EU has stepped up its efforts to reduce youth unemployment and increase youth employment in member states. The most important EU initiatives have been:

- Youth on the Move, a package of education and employment measures (2010), including the Youth Opportunities Initiative (2011; aimed at cutting youth unemployment) and Your First EURES Job (to enhance youth mobility within Europe);
- Youth Employment Package (2012), including the Youth Guarantee (2013; see Dingeldey et al., Chapter 9 this volume), the Quality Framework for Traineeships (2014) and the European Alliance for Apprenticeships;
- Youth Employment Initiative (2013), focused on supporting young people who are not in employment, education or training;
- European Solidarity Corps (2016), allowing youth to volunteer or work in projects to the benefit of disadvantaged communities or groups around Europe;
- Finally, from 2013, new regulations for the European Structural Funds have reinforced the priority of supporting the employability and employment of young people (see Bussi et al., Chapter 10 this volume).

However, few studies have sought to assess the results of these reforms and initiatives. There is limited knowledge about how policies at national level have shaped specific ‘youth policy regimes’ (Wallace and Bendit, 2009), ‘youth (un)employment regimes’ (e.g., Cinalli and Giugni, 2013; Gallie and Paugam, 2000a, 2000b) or the extent to which European policies have influenced such regimes. In current comparative research, however, emerging typologies of youth employment regimes have proved to be useful heuristic tools. Such typologies enable us to capture the complex interactions between the key social institutions – the market, the family and the welfare state – and relate them to outcomes such as social inequality and poverty amongst young people. Avdagic (2015) has argued that the effect of one particular measure can depend on the overall institutional set-up and on the interaction between the labour market, social policy, skill regimes and product markets.

In this chapter we discuss what might be the distinctive features of ‘youth employment/school-to-work transition regimes’. Our specific contribution to the debate is an examination of the interactions between four public policy fields: education, active employment policies, employment protection legislation (EPL) and unemployment income protection. We address two questions: (1) What do existing studies of policies for young people tell us about the patterns of policy packages that include measures in the above-mentioned policy fields? and (2) How well do these different policy packages protect young people against the risks of early job insecurity? We assume that institutional regulations and labour market interventions represent crucial *conversion factors* that shape opportunity structures for young people as well as their scope for active agency in the labour market.

## 2 THE GENERAL CONTEXT: VARIETIES OF CAPITALISM AND PRODUCTION REGIMES

The production regime theory/varieties of capitalism approach (Hall and Soskice, 2001) stresses the role of system coordination and institutional complementarities. The approach distinguishes between two production regimes: the *coordinated market economy (CME)*, which is dependent on non-market relations, collaboration, credible commitments and deliberative calculation on the part of firms, and the *liberal market economy (LME)*, which is shaped by competitive relations, competition and formal contracting, as well as a direct link between supply and demand in line with price signalling. In the CME regime, the institutions of collective bargaining play an important role in shaping economic and labour market performance, as indicated by high union density and coverage, as well as

by the bargaining power of trade unions, often supported by legislative and/or institutional arrangements.

The CME regime builds on ‘specific or co-specific assets’, whose value depends on the active cooperation of others, whereas LMEs build on the centrality of ‘switchable assets’, which can be realized if they are diverted to multiple purposes (Hall and Soskice, 2001). This means that the distinction between coordinated and liberal market economies implies a contrast between specific- and general-skill systems. Whereas coordinated market regimes foster higher and more specialized skills as a result of stronger vocational training (both prior to and after full entry into the labour market), liberal market regimes depend on general skills acquired through the school system (Gallie, 2011).

Furthermore, in LMEs the skills of the workforce are highly polarized, and the workforce is under unilateral managerial control. The protection of the workforce is generally weak given the marginalized position of trade unions, as well as weak EPL and unemployment income protection. In contrast, CMEs are based on a highly skilled workforce who are relatively autonomous in performing their tasks and are well protected; there is also strong EPL and unemployment income protection, resulting in higher security for the workers, who are valued for their skills (Gallie, 2007a).

At the same time, other research has identified four policy fields as being most relevant for shaping young people’s chances on the labour market: education, employment protection, unemployment income protection and ALMP (Chung and Van Oorschot, 2011; Cinalli and Giugni, 2013; Clark and Postel-Vinay, 2009; Walther, 2006). In this chapter we discuss these four policy areas and their potential synergies.

The chapter aims to develop a perspective that takes *policy packages* into account and can help us to understand the extent to which different ‘transition regimes’ related to school-to-work transitions and employment are able to support young people dealing with early job insecurity.

### 3 FOUR POLICY FIELDS INVOLVED IN YOUTH TRANSITION REGIMES

#### 3.1 Education and Training

Labour market theories, specifically the concept of labour market segmentation and signalling theory, emphasize the type and level of education as a crucial factor affecting young people’s transitions into employment. Gangl (2001) describes decisive differences between occupationalized and non-occupationalized systems. Occupationalized systems (occupational labour



markets) are those organized around occupations, which are clearly defined by standardized qualification and entry requirements, whereas non-occupationalized systems (internal labour markets) are organized around less clearly defined enterprises and occupational boundaries (Raffe, 2011). In other words, education in occupationalized systems is highly standardized and completed with certificates that are familiar to all the actors; by contrast, education in non-occupationalized systems tends to be less standardized and more flexible and fragmented. Young people's entry into the labour market in occupationalized systems is generally faster and easier (based on skill specificity); conversely, in non-occupationalized systems, entry may take longer (based on the level of education) but be more flexible as young people move up the occupational ladder and between types of education (Raffe, 2011).

Looking at patterns of school-to-work transitions, Raffe (2011) has contrasted two types of transition system. In the first type transitions into employment tend to be smoother and more predictable, with a stronger correlation between education and labour market destinations, as well as a lower risk of unemployment. In this transition pattern, stratified and standardized education systems offer progressive specialization into occupationally specific streams with only little opportunity to change direction/specialization. In the second type of transition system there is clearly greater flexibility in entering the labour market and more opportunity for occupational or career mobility. This transition pattern is characterized by a less standardized, less stratified and more flexible education system, although there are rather weak links between education and the labour market.

Pohl and Walther (2007) have developed the most comprehensive theory of youth transition regimes, exploring how cross-country differences in school-to-work transitions are systematically related to the way in which education systems are organized. They argue that smooth transitions of young people from education to the labour market are achieved through synergic functioning of some key institutional and policy domains: the structure of education and training systems, features of employment regulation regimes and social security systems, and provisions of labour market activation. Education and training are regarded as the key institution affecting young people's transitions. Nevertheless, their significance differs depending on the kind of education and training that is emphasized (vocational specificity), the universality or selectivity of educational measures, and the degree of flexibility of the education systems (Lundahl, 2011).

The *universal youth transition model* is characterized by a comprehensive and inclusive education system, with many diversified post-compulsory routes into general and vocational education. Smooth transitions of young

people into employment are strengthened by the relatively close involvement of employers in the process of specifying and delivering training, as well as by the provision of early activation underpinned by strong human capital investment and a personalized approach (Hadjivassiliou et al., 2016).

The *employment-centred transition regime* is typical for highly selective and standardized education and training systems with well-developed apprenticeships and national certifications (Hadjivassiliou et al., 2016). The dual system of education builds on alternating between workplace training and education in public institutions. The system is closely connected to occupational labour markets where occupations are clearly defined through standardized qualifications and entry requirements. As a result, the employment-centred model tends to foster structured and relatively rapid and smooth transitions from education to employment. On the other hand, although young people achieve adult working patterns relatively quickly, their pace of upward mobility is slower compared to other transition regimes (Raffe, 2011).

In the *liberal youth transition regime* the system of education is quite comprehensive, with high degrees of flexibility and fragmentation in post-compulsory education (Hadjivassiliou et al., 2016). Education is focused on general skills obtained mainly through academic channels and provided by state-run as well as private education institutions. Vocational education plays only a minor role: participation in vocational education is low and the proportion of early school-leavers is high (West and Nikolai, 2013). The delivery models of vocational education are not standardized and employer involvement in the provision of vocational education is rather weak. This model is often linked to internal labour markets where entry into employment is based on levels of attainment rather than specific skills, with young people remaining at the back of the queue for jobs (Raffe, 2011). Accordingly, youth transitions from education to the labour market are likely to be complicated, insecure and ‘fractured’.

Countries associated with the *sub-protective (Mediterranean) transition regime* have stratified, centrally standardized, non-selective and comprehensively structured compulsory education systems, with a weak role for vocational education and training, which is rather underdeveloped and of low quality (Hadjivassiliou et al., 2016). As a result, educational outcomes as well as transition patterns are more likely to be polarized, including high rates of early school-leaving. Transitions (at least those for low and medium-level qualifications) are complicated and slow because of the weak linkage between education and the labour market (West and Nikolai, 2013).

In countries characterized by the *transitional/post-socialist transition regime*, there may be comprehensive compulsory education systems where post-compulsory general education is more popular than vocational educa-

tion. This is partly a consequence of the historically poor reputation of vocational education and its excessive rigidity (Hadjivassiliou et al., 2016), also because of the poor quality of vocational programmes and their weak linkage to the needs of employers. The set-up of vocational education varies amongst the post-socialist countries, with the school-based programmes generally being favoured. Consequently, there is a considerable skills mismatch, resulting in difficult and insecure transitions for youth into employment.

Some authors (e.g., Lundahl, 2011) have emphasized that, in reality, contemporary education systems may contain elements of two contrasting paradigms at the same time. First, there is the universalistic paradigm, according to which education systems are complex, standardized and open to each individual (the inclusiveness and acceptance of individual differences being the crucial values of such systems). Second, there is the liberal paradigm, which tends to stress the link between education and the market (emphasizing the roles of competition and individual success on the labour market).

Schofer and Meyer (2005) and Bathmaker (2003) have discussed the expansion of (higher) education in recent decades as one of the main structural characteristics of the social context in which youth transitions are realized. They conclude that, despite the general trend towards the expansion of education (arising, amongst other factors, from the development of lifelong learning principles), individual countries differ in the speed and extent of such expansion. In systems where the share of more highly qualified people is growing fastest, signs of qualification inflation are becoming increasingly apparent. In these countries, access to the labour market becomes ever more difficult for a broader group of (qualified) young people (Brown et al., 2011).

Finally, an indicator of education policy efforts might also be investments into education systems and institutions by the state and other relevant actors. As Iversen and Stephens (2008) have shown, in some countries education is well funded, with a strong emphasis on the principles of public redistribution, broad access and the quality of the programmes provided (especially countries in the universal and employment-centred regimes). Conversely, in other countries there may be underfunding of education systems, as well as less effective mechanisms for allocating public funds (i.e., countries in the transitional/post-socialist and sub-protective clusters).

To sum up, despite some trends towards convergence, education systems still differ across Europe along at least three key dimensions. The first is the *degree of vocational specificity*, or the extent to which education provides students with vocational skills and occupational identities, as well as the scale of higher education (Bol and Van de Werfhorst, 2013; Raffe, 2011). Another important aspect here is the form and intensity of

vocational training related to specific occupations (Eichhorst et al., 2015). Education-to-employment transitions are considered to be smoother in employment-centred than in other regimes. This is because of the high degree of occupational specificity of educational qualifications, the existence of an apprenticeship system, employer involvement in the design of curricula and/or the leaving conditions at vocational schools (Gangl, 2001).

The second dimension is the *stratification of educational opportunity*, or the form and extent of inter-programme tracking with an impact on the grouping of students based on ability (Bol and Van de Werfhorst, 2013). In stratified education systems (i.e., systems in employment-centred regimes, where students are separated early into vocational and academic tracks upon entering secondary schools and have only little opportunity to move between tracks) there is a closer link between education and a differentiated occupational structure (Raffe, 2011). For these reasons, youth transitions are expected to be easier.

The *standardization of education provision* (i.e., the extent to which there is nationwide uniformity in school quality standards with respect to curricula and school-leaving qualifications) is the third and final dimension for classifying education systems. Transitions into the labour market are considered to be smoother and faster in standardized systems (typical for the employment-centred model) because employers can rely on the information in standardized certificates and new entrants can be matched with suitable jobs without repeated job changes (Raffe, 2011).

### 3.2 Active Labour Market Policies and Activation

Gallie (2007a, 2007b, 2013) has adopted two different perspectives when distinguishing between different employment regimes. The first concentrates on the relative power resources of employers and employees, and the emergent systems of employment regulation. The analytical categories capture, first, to what extent the market is regulated by the social partners (employers and the state). This points to the broad distinction between *inclusive* systems of employment regulation, where policies are designed to protect vulnerable sectors of the workforce; *dualist* systems, where there is a relatively sharp distinction between core and peripheral workers; and *liberal* systems, where work conditions depend primarily on market forces (Gallie, 2013: 13). Inclusiveness involves two principal dimensions: the scope of collective bargaining (indicated by bargaining coverage) and its depth (indicated by union density). More specifically, '*inclusive employment regimes* are those that aim to extend both employment and common employment rights, and in which organised labour is well institutionalised. *Dualist regimes* are less concerned about overall employment levels, but they guarantee strong

rights to a core workforce of skilled long-term employees, at the expense of poor conditions and low security of the periphery' (Gallie, 2007a: 17).

In this typology the Nordic countries were associated with the inclusive regime; the continental and the Southern European countries with the dualist regime; and the Anglo-Saxon countries with the liberal regime. Gallie (2013: 22–3) saw the Eastern European countries (except Slovenia) as being associated with a less inclusive liberal regime.

From another perspective, when assessing the welfare generosity extended to the unemployed both in passive and active labour market policies, a distinction was made between universalistic, employment-centred, liberal and sub-protective regimes. Originally, Gallie and Paugam (2000a, 2000b) focused on how much effort is invested in income protection and ALMPs in the specific regime, distinguishing between four unemployment regimes:<sup>1</sup> (1) sub-protective, where active employment policy is quasi non-existent; (2) liberal/minimal, where active employment policy is weak; (3) employment-centred, where active employment policy is extensive; and (4) universalistic, where active employment policy is very extensive. The effort invested in ALMP was indicated by expenditure as a percentage of GDP. The highest level of effort is apparent in the Nordic/universalistic regime; there is a somewhat lower level in the continental (dualist) regime; this is followed by the liberal and southern/sub-protective regimes, although the differences are not as remarkable as they were in the past (see Gallie and Paugam, 2000a, 2000b). The transitional/post-socialist countries score much lower (Gallie, 2013: 24), which is probably why they were classified as an extreme version of the sub-protective regime.

The literature dealing with the active labour market and activation policies has distinguished between two stylized 'model approaches' to activation, expressed in the following ways: a *workfare approach* versus an *insertion approach* (Lødemel and Trickey, 2001) or a *workfare approach* versus '*Nordic*' *productivism* (Esping-Andersen, 1999); and *demanding* versus *enabling approaches* (Eichhorst et al., 2008) or a *work-first* approach versus an *enabling approach* (Dingeldey, 2007). The work-first approach, which seeks to quickly insert the unemployed into jobs, emphasizes their duty to accept any job or work programme, irrespective of its quality or suitability. Nominal and wage labour flexibility (Standing 2000) is a key adjustment mechanism in a deregulated labour market. The enabling/human capital-development approach aims to support the unemployed in finding and keeping a suitable, meaningful job, underpinned with skills and capabilities that imply a social investment strategy by employers and/

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<sup>1</sup> The features of income protection in the (un)employment regimes are distinguished in the section on unemployment protection.

or the state. The skills/work competences and capabilities of employees are enhanced, and organizational adjustments are made.

For the work-first approach, incentive reinforcement (positive and negative incentives to work) and employment assistance (facilitating [re] entry into the labour market) are the most important instruments used to quickly place people in any jobs available (Bonoli, 2010). Upskilling is most important for the enabling/human-capital development approach, although employment assistance (individual counselling and casework) also plays a role as a positive incentive. Occupation/job creation may be used in both approaches, however, depending on what the job offers are. While in the work-first approach activation/workfare schemes or work on trial or short-term placements combined with back-to-work benefits are the typical instruments, in the enabling/human-capital development approach, job subsidies enable placement in permanent-contract (quality) jobs and/or opportunities to gain the work experience and skills needed for job tenure. In reality, ALMPs and activation strategies usually include elements of both approaches ('contingent convergence'), where demanding and enabling measures are mixed (Eichhorst et al., 2008).

Policy integration takes place through coordination between local, regional, national and supranational policymaking levels (vertical coordination), whereas horizontal coordination involves various policy sectors and actors, such as public, private and non-profit stakeholders. The complexity of the policies and the need for coordination increase, with emphasis being put on an enabling approach that aspires to responding to the heterogeneous and complex needs of the vulnerable groups of unemployed. These enabling approaches include individualized, holistic and needs-oriented policies that presume closer cooperation between stakeholders and better coordination.

To conclude, the overview of the existing literature on employment regimes suggests that these regimes differ in their overall policy effort in terms of the instruments used and the modes of governance. Table 7.1 presents a stylized typology that builds on Gallie (2013) and Bonoli (2010).

### **3.3 Employment Protection Legislation**

EPL is usually defined as a set of legally obligatory norms for the behaviour of actors in the labour market involved in the hiring and firing of workers. These may include trial periods, notice periods, severance payments and other similar procedures. Many researchers relate EPL to firms' actual hiring and firing practices, affecting firms' productivity, workers' commitment, turnover and firm-specific/general employment levels (Barbieri and Cutuli, 2015; Clark and Postel-Vinay, 2009; Harcourt et al., 2007; Noelke, 2016). Changes in EPL may affect both the micro

Table 7.1 *Employment regimes and profiles of ALMP instruments*

Type	Inclusive/Universal	Employment-centred/ Dualistic	Liberal	Sub-protective	Transitional/ Post-socialist
Incentive reinforcement	Weak but strong work ethic enhanced by obligatory activities and control	Medium (strong for the marginal workforce)	Strong in general	Strong (marginal workforce, implicit due to gaps in provisions) Weak	Medium (core workforce). Strong (marginal workforce – gaps in provisions) Weak
Job-search assistance	Strong	Medium	Strong	Strong	Medium (protection of existing jobs for core workforce)
Occupation	Medium (incl. marginal workforce)	Strong (job protection for core workforce)	Weak	Strong–Medium (core workforce)	Weak
Upskilling	Strong: universal access (incl. marginal workforce), general and specific human-capital investments	Strong (core workforce), firm- and industry-specific	Weak (labour market demand oriented)	Weak	Weak

Source: Authors' interpretation.

and macro levels (Barbieri and Cutuli, 2015). The precise definition of the employment protection concept is crucial. Many studies use general constructs, such as the OECD composite EPL index, which may hamper understanding of the concrete aspects that are relevant for workers (see Gebel and Giesecke, 2016; Noelke, 2016; Scarpetta, 2014).

On the individual level, EPL is expected to be advantageous for employees because '[l]egislated employment protection obviously helps to provide workers with some assurance that their jobs are reasonably secure and will not be taken away from them in the absence of due process, compensation, and some advance warning' (Harcourt et al., 2007: 968). Strict EPL carries potential risks for employers, including prolonged employment of non-productive or misbehaving employees – known as the 'lethargy effect' (Harcourt et al., 2007). Changes in EPL can be attributed to changes in power structures regarding employers in society in the last quarter of the twentieth century (Harcourt et al., 2007).

Institutions do not necessarily protect all workers equally (Chung, 2016). Some authors highlight the relative perspective: the disadvantaged position of young people when compared to other groups or standards in a country or compared to previous eras. In most continental countries there has been a strategy since the late 1980s of weakening EPL for workers on the secondary labour market (reducing protection for those with temporary contracts), while maintaining high EPL for core workers. This has created labour market segmentation and may have given rise to new forms of economic and social inequality (Barbieri and Cutuli, 2015; Berloff et al., 2016; Chung, 2016; Gebel and Giesecke, 2016; Noelke, 2016). There is a general assumption and also evidence that this has led to the substitution of permanent jobs with temporary jobs, as well as reduced mobility from temporary to permanent employment (see Barbieri and Cutuli, 2015; Chung, 2016; Gebel and Giesecke, 2016; Noelke, 2016).

The discussed effects of EPL primarily concern the level and structure of employment and unemployment. While countries with higher levels of EPL (usually CME countries) seem to have longer job durations (Harcourt et al., 2007), the relationship between EPL and the level of unemployment seems to be ambiguous at the theoretical and empirical levels. On the one hand, EPL may reduce unemployment by making it difficult for employers to fire workers (Breen, 2005). On the other, high EPL raises the potential costs of job loss (Clark and Postel-Vinay, 2009). In other words, it is expected that low or reduced EPL will increase employment chances, especially for people who are less connected to the labour market (such as young graduates) and may change the composition of unemployment (Barbieri and Cutuli, 2015; Breen, 2005). Many young workers and those with intermittent careers risk becoming trapped



in temporary contracts, finding it considerably difficult to move to more stable contracts (Scarpetta, 2014).

While previous studies have shown negative effects of EPL on unemployment (see Berloff et al., 2016), more recent studies have usually found no or only slightly negative effects (Avdagic, 2015; Breen, 2005; Noelke, 2016; Scarpetta, 2014). One assumption is that the influence of EPL is more apparent in the *composition* of unemployment than in the *level* of unemployment (Barbieri and Cutuli, 2015). According to another line of reasoning, the youth unemployment rate is ambiguously affected by EPL because there may be other effects working in the opposite direction (Avdagic, 2015; Gebel and Giesecke, 2016; Noelke, 2016). Building on empirical findings, Gebel and Giesecke (2016) and Noelke (2016) have disputed the idea that high levels of EPL had led to high levels of youth unemployment and that recent reforms had helped to lower levels of youth unemployment. Others have argued that there are factors such as the functioning of the education system (Avdagic, 2015; Breen, 2005), the general economic situation, collective bargaining (Avdagic, 2015) or the implementation of ALMP (Gebel and Giesecke, 2016) that contribute equally or even more substantially to the general level of youth unemployment.

The central question for many researchers (e.g., Barbieri and Cutuli, 2015) has been whether jobs in the secondary labour market are stepping stones to more stable and secure employment, or whether they lead to repeated spells of short-term employment and prolonged 'scarring effects'. The results of empirical studies differ according to the research design and groups compared (descriptive without comparison, comparison with permanent contracts, comparison with unemployed), and to the (clusters of) analysed countries (Gebel, 2013). Gebel (2010) showed that in some countries, when compared to permanent contracts, there are (diminishing) negative effects of temporary contracts on future wages and the level of unemployment. Barbieri and Cutuli (2015) found both a scarring effect of unemployment and a (weaker) scarring effect of temporary employment on the future chances of permanent employment. Thus, it would be better to take a temporary job than to remain unemployed (Gebel, 2013). These effects are of different magnitudes in the different clusters of countries. People living in countries in Southern Europe have much worse labour market chances than people in Central and Northern Europe (Barbieri and Cutuli, 2015). Other research has shown that changing temporary contracts can lock young people into the segmentation trap (see Barbieri and Cutuli, 2015; Berloff et al., 2016).

Clark and Postel-Vinay (2009), Chung and Van Oorschot (2011) and Chung (2016) have discussed the relationship between EPL and the employment security of workers. Their conclusion is that people in countries with more stringent EPL feel less secure in private jobs than

in countries with less stringent EPL. This is probably because high EPL in countries like Spain and Greece has been associated within the same setting with bad economic situations, low benefit generosity and a low investment in ALMP (Chung, 2016; Clark and Postel-Vinay, 2009). According to Chung (2016), people in countries with higher union density and institutional dualization feel more secure in permanent jobs; people on temporary contracts are relatively more exposed to insecurity, but not more than people in other countries. The difference is in the position of the insiders, not that of the outsiders.

Two arguments explain the differences in the use of EPL. First, according to Gallie (2007a, 2007b), in the countries where specific skills are important, employers are reluctant to casually hire and fire employees because of training costs and the need to maintain good relations with the workforce. However, employers in liberal countries need to take advantage of the short notice of new skills on the labour market, which requires a regulative system that allows employers to hire and fire employers at low cost. The second argument is related to the need for employers to use non-standard contracts as a screening device to assess the skills of new employees.

Although inclusive employment regimes are universalistic and provide support for labour market integration, such countries may have various levels of EPL when compared to each other, but similar levels within a given country. Polarization tendencies are usually strongly contained. In the employment-centred regime, strong rights are guaranteed to the core workforce, although the periphery is not protected from vulnerability or low employment security. In the liberal market regime, employment conditions are regarded as a concern of individual employers. This regime emphasizes minimal employment regulation for all workers and differences between contracts are usually small. In sub-protective regimes, we expect very strong protection of the core workforce, and especially strong protection at the end of the individual contract or in the case of collective dismissals. This creates a 'closed system', while young people often work in temporary or informal jobs (Walther, 2006). In the transitional/post-socialist regimes, the level of employment protection was significantly reduced in the 1990s and is probably below the EU average for all types of contracts (Cazes and Nesporova, 2004). For transitional/post-socialist countries, the level of law enforcement is even more important than the legislated level of employment protection (Cazes and Nesporova, 2004).

### **3.4 Unemployment Income Protection**

The main role of unemployment protection is seen in income protection against poverty and material deprivation during transitions between

various economic statuses (education, employment, etc.) and in periods of economic downturn. Unemployment protection is thus an important source of income security (Standing, 2000). In most countries there are at least two quite distinct schemes of protection – unemployment insurance and social (unemployment) assistance, with their own qualification and disqualification eligibility criteria, which may affect young people (Leschke and Finn, 2016; Standing, 2000). Receipt of benefits is connected with various obligations, including registration, cooperation with authorities, accepting job offers and participation in activation measures.

Generous and reasonably long unemployment protection allows people to be out of work without suffering a grave reduction of their income. This can help them to find a better job, but it may prolong their unemployment spell (see Caliendo et al., 2009; Van Ours and Vodopivec, 2006). Entitlement to unemployment insurance is often conditional on previous employment and/or contribution records, which may exclude young people (Chung, 2016; Leschke and Finn, 2016). People working on specific types of contracts can be excluded from claiming unemployment insurance (Leschke and Finn, 2016). There may be an age or family test leading to different conditions for older or younger workers (Leschke and Finn, 2016; Standing, 2000). For example, regarding job departure, there may be a reduction or denial of benefits for people who leave their jobs voluntarily (Standing, 2000).

It is also relevant how unemployment protection is connected to income security, as captured by objective as well as subjective indicators. Income security can depend on entitlement, (dis)qualifying conditions and the level of benefits in the event of eligibility (Standing, 2000). There is a trend in some countries to leave responsibility for the income security of young people to their families (Cinalli and Giugni, 2013). We have not found a study that has measured the impact of unemployment protection for young people (controlling for other factors). However, we do know that the general level of poverty and subjective material deprivation increased amongst young people in many EU countries between 2007 and 2011 (see Aassve et al., 2013). More generous unemployment protection is linked with a higher level of subjective perception of job security (Anderson and Pontusson, 2007; Clark and Postel-Vinay, 2009), with this relationship being stronger for temporary workers (Clark and Postel-Vinay, 2009). Workers who feel they are in insecure employment are more in favour of higher unemployment benefits than workers who feel more secure (Paskov and Koster, 2014).

Unemployment protection systems are expected to provide effective protection against the risks of income poverty and material deprivation for young people entering the labour market or changing jobs. Better unemployment protection is also associated with a stronger emphasis on

an enabling/human-capital development approach to ALMPs than on the work-first approach (see Gallie and Paugam, 2000a, 2000b).

Gallie and Paugam (2000a, 2000b) have suggested a typology of unemployment policy regimes in relation to young people where they reflect on the role of unemployment protection. They distinguished between four different types of unemployment policy regime: universalistic, employment-centred, liberal/minimal and sub-protective. The universalistic regime provides comprehensive coverage and high unemployment compensation. Protection is substantial for all, including women and young people. The employment-centred regime provides a much higher level of compensation, but it is based on selective principles of eligibility for compensation. It can be expected that women and young people will be particularly disadvantaged. The liberal regime provides better protection due to higher coverage, but the benefit level is low and is means tested. In the sub-protective regime, few of the unemployed receive benefits and, when they do, the amount is low (Gallie and Paugam, 2000a, 2000b).

## 4 CONCLUSIONS

Our discussion of the four policy fields has shown how they are relevant for the transitions of young people into the labour market. In education the following aspects are crucial: the types of skills that are provided, the quality of education, whether the education system is flexible or path defined, and its ability to provide a secure education trajectory. ALMPs are characterized by the scope and profile of the measures (especially upskilling leading to meaningful jobs is important) and their targeting of young people. As regards employment protection, the degree of labour market dualism is important: whether or not young people start their careers in jobs with a low level of protection. Similarly, unemployment protection is important for securing a livelihood during job-search periods. The interactions and synergy of the policy fields and their cross-sectional coordination seem to be important for the effective labour market inclusion of young people. It was shown that it is fruitful to approach the interaction of the policy fields from the perspective of the employment regime when different policy fields and instruments are interconnected by common policy objectives and principles. The stylized typology of the emerging policy packages can be characterized as follows (Table 7.2).

In the inclusive regime, human-capital development dominates. A well-developed education system oriented towards general skills is effectively complemented with ALMP measures with a strong emphasis on upskilling and vocational training. The measures are supportive for those who are

Table 7.2 *Employment regimes in four policy fields – synthetic view*

Type	Inclusive/Universal	Employment-centred/ Dualistic	Liberal	Sub-protective	Transitional/ Post-socialist
Education	Strong emphasis, universal skills and universal access, specific VET routes available as a choice Inclusive for disadvantaged groups	Strong emphasis, specific skills, firm-related + VET routes determined, corrective measures exist for dropouts	Non-specific skills, transferable Some disadvantage in access, elitism	General education is accessible, differentiated access and paths, quality problems exist	General education accessible, differentiated access, quality problems
Active labour market policies/ activation	Strong, human-capital approach universal (also young), work ethic is also strong	Strong, human-capital approach (core labour force), less focus on young people	Weak, but job-search support, incentives for job search (work-first), focus on young	Weak and dualistic policies, less focus on young	Weak, some dualism, young less in focus but incentivized
Employment protection	Protection of marginal workforce (young included) is high	Strong protection of core workforce, collective dismissals, less protection of young	Low level of protection in general; young are even less protected	Medium, dualism is strong, flexibilization of youth	Weak–Medium protection, some dualism; young less protected
Unemployment protection	High level of coverage and generosity for all but some disadvantage for youth	Differentiated support (weak for marginal workforce and youth)	Weak protection for all, youth are disadvantaged	Rudimentary and selective, role of the family, youth are not protected	Weak protection, some dualism, youth are disadvantaged

Source: Authors' interpretation.

disadvantaged in access to education and the labour market. Employment protection is not very differentiated across labour force categories, nor is it too rigid; instead, labour force mobility is supported. Unemployment protection is generous in order to prevent human capital losses, and the work ethic is also kept at a high level through activation measures. The principles of functional flexicurity are consistently and universally applied in this regime, enabling the effective integration of young people into the labour market.

In the employment-centred regime, the human-capital development approach is also quite developed. Its dualist education system strongly emphasizes vocational specificity and professional paths, while ALMPs aim at the protection of existing jobs and the preservation of human capital in companies. Employment/job protection as well as the unemployment protection of the core labour force are both strong; however, young people/entrants are disadvantaged. There is a smooth school-to-work transition through vocationally distinct paths, but fewer options in the event that certain jobs are not available or in times of structural changes.

Similar to the inclusive regime, the education system in the liberal regime is generally oriented towards transferable skills, although it may be rather elitist regarding its access to and quality of education. Work-first incentivizing activation measures prevail over human-capital development, combined with workfare measures and job-search assistance. Employment and unemployment protection are generally weak. In the primary labour market, interventions are deliberately minimized to a level that is needed for boosting labour supply to adjust to labour demand. Young people are disadvantaged by their lower competitiveness and are pushed to accept precarious, marginal jobs.

In the sub-protective regime the education system is less developed, of lower quality, less specific and centralized. ALMPs are less developed either in human-capital development measures or in work-first/activation measures. In times of recession, job creation is prioritized over human-capital development. While the core labour force is well protected, the marginal labour force, such as young people/entrants, is flexibilized. Unemployment protection is less generous and dualistic, to the disadvantage of young people, resulting in their dependence on their families.

The transitional/post-socialist employment regime appears to be a hybrid of the employment-centred and liberal regimes, representing a poorer version of both. The education system provides some vocational specificity, as well as broadly accessible general education at least at the secondary level, but the quality is problematic, as is the link to the labour market. Because ALMPs are less developed, the work-first approach clearly prevails. Employment protection as well as unemployment protection are provided

at a modest level and bear some features of dualism. Young people are disadvantaged in relation to both jobs and unemployment protection.

In general, it seems that a stronger emphasis on the enabling/human-capital development approach requires more complex but individualized policies and hence more cooperation and horizontal, sectoral and vertical policy coordination. This trend is stronger when more attention is paid to the needs of the clients.

In Hora et al. (Chapter 8 this volume) and other chapters, the inclusive regime is represented by Norway; the employment-centred regime by Germany and Switzerland; the liberal regime by the United Kingdom; the sub-protective regime by Greece and Spain; and, finally, the transitional/post-socialist regime by Bulgaria, the Czech Republic and Poland.

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## 8. Policy adaptation to address early job insecurity in Europe

**Ondřej Hora, Markéta Horáková and  
Tomáš Sirovátka**

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### 1 INTRODUCTION

This chapter, based on the theoretical background provided in Hora et al. (Chapter 7 this volume), identifies *general patterns* in four policy areas, as well as *trends* during the crisis and post-crisis period (2007–13). The question in focus is how different countries responded to the challenges of early job insecurity. We examine whether the policy responses represented stronger or weaker reactions: first-order policy change (innovations in the use of existing measures); second-order policy change (new measures implemented); or third-order policy change (new policy paradigm), as distinguished by Hall (1993). Finally, we assess the extent to which the responses were appropriate to the problems facing the countries at the time. We adopt an employment-regime approach to explain the logic of different policy packages and the differences in policy coordination in the countries under study, which are representatives of the five different employment regimes described in Hora et al. (Chapter 7 this volume): Norway (inclusive regime), Germany and Switzerland (employment-centred regime), United Kingdom (liberal regime), Greece and Spain (sub-protective regime), and Bulgaria, the Czech Republic and Poland (transitional/post-socialist regime).

The chapter is based on quantitative and qualitative information: various databases (Eurostat, OECD, Eurofound and national statistics) have been employed, as well as the national reports drawn up under the NEGOTIATE project, diverse national sources from ministries, and journal articles on policy development in the above nine European countries.

## 2 POLICY ADAPTATIONS IN FOUR POLICY FIELDS

### 2.1 Education and Training

In this section we analyse the basic aspects of education policies influencing the profile and scope of education, as well as policy efforts regarding school-to-work transitions. Following the theoretical discussion in Hora et al. (Chapter 7 this volume), we use the dimension of vocational specificity as the key criterion by which education systems differ. We analyse this dimension in these terms:

1. Share of students in upper-secondary education (indicator of the vocational education enrolment rate at the ISCED 3 level);
2. 'Intensity of vocationality' in vocational education – the form/type/place of vocational education and training programmes preferred; see Eichhorst et al. (2015) and Dingeldey et al. (2017);
3. Link between education and the labour market (expressed not only in the form of training but also in employer involvement in defining education quality standards regarding curricula and/or school-leaving qualifications).

The latter indicator is closely related to the dimension of standardization of educational provisions, emphasizing the quality of such provisions, amongst other factors. The quality of educational measures also depends to a certain degree on the financial capacities of education systems (Hora et al., 2016). Both of these questions (quality of educational provision and funding) are also marginally discussed. We try to assess how different regimes of education policy address transitions from education to the labour market with the aim of preventing early job insecurity. We also analyse changes in the key provisions of education policies in times of economic recession.

Norway, as the only representative of the *inclusive/universal regime*, considers education, research and innovation to be top priorities. Accordingly, the quality of education and its funding are widely discussed and publicly supported. The education system is characterized by non-differentiated schooling until the age of 16, with an emphasis on a relatively balanced structure of post-secondary education programmes and widely accessible higher (tertiary) education. Some scholars tend to describe the current education system in Norway as fairly dual (Bol and Van de Werfhorst, 2013; Quintini et al., 2007). The role of vocational streams in post-secondary education has been systematically strengthened since the beginning of the

1990s; Reform 94 expanded the opportunities for young people to enter high-quality vocational education and training (Schøyen and Vedeler, 2016). Throughout this framework, the role of employers in the process of specifying and delivering training is expanding, and school-to-work transitions are rapid and smooth. Formally, Norway highly values the concept of free choice between educational paths, as do other representatives of the universal regime. However, in reality the dual system forces young people to consider and carefully choose the 'right' path. Subsequent changes are possible but sometimes not easy, given the poor throughput of students from upper-secondary education (Schøyen and Vedeler, 2016). Moreover, the key challenge faced by the Norwegian education system is a high and steadily growing rate of dropout or failure in upper-secondary vocational education, which seems to be caused by a lack of basic skills in students completing primary education. As this problem intensified during the economic recession, in the period 2010–13 Norway introduced a 'follow-up service' addressing young dropouts (16–21 years old); the aim was to motivate them to gain educational or vocational training, or alternatively to get a job (Schøyen and Vedeler, 2016).

The *employment-centred* countries (Germany and Switzerland) are characterized by moderate total expenditure on education (close to 5 per cent of GDP) and a strong emphasis on vocational education. In Switzerland the percentage of students who participated in vocational programmes at the upper-secondary level exceeded 60 per cent in the last seven years, while in Germany the proportion of students in vocational education compared to general education is more balanced. In both countries the traditional dual vocational training system really exists, with a high degree of formalization and strong involvement of the social partners. The training provided leads to a centrally accredited occupational qualification. Training institutions cooperate closely with advisory board representatives on developing and maintaining curricula (Eichhorst et al., 2015). The level of standardization of educational provision (educational output) is high in Germany and relatively lower in Switzerland (Bol and Van de Werfhorst, 2013). Because of the rather small impact of the economic recession on the situation of young people in these countries, the measures that were adopted continued to focus on how to simplify entry into the labour market for young people. In Switzerland there was provision of career counselling and guidance (vocational education case management), as well as the introduction of pre-vocational years (the expansion of 'interim solutions', Imdorf et al., 2016). In Germany the decreasing number of training companies led to reduced access to apprenticeship positions for young people (especially those at risk). This caused a revision of the 'transition system' so as to make it possible to intervene during

secondary education (e.g., through a programme of ‘education chains’ or the intensification of career counselling for young people; Dingeldey and Steinberg, 2016). In both countries the freedom to choose between educational paths, especially between tertiary and vocational education, has been a topic of recent debates and has generated an increase in upward and downward inter-programme mobility, leading to better labour market matches (Eichhorst et al., 2015).

The *liberal regime* of youth transition is represented by the United Kingdom, where the emphasis on education is also relatively high, with expenditure reaching the level common in countries with an *inclusive/universal* model. The school system in the United Kingdom is broadly comprehensive until the age of 16, with a clear academic track but a less clear-cut vocational track after the age of 16 (West and Nikolai, 2013). General (transferable) skills are emphasized not only in the academic but also in the vocational education pathway, with only weak links to the needs of employers (Bussi and O’Reilly, 2016), which makes school-to-work transitions more complicated, protracted and insecure. On the other hand, the more flexible education structure enables greater mobility of students between education tracks. In addition, mobility in education programmes as well as in occupations has been supported through the more general/transferable nature of knowledge, which is important especially in times of economic recession. In order to strengthen the link between education and the labour market, the Apprenticeship Trailblazers programme and the Apprenticeship Grant for Employers were launched in 2012, with the subsequent introduction of the Apprenticeship Levy to encourage employers to open up more training positions for young people (Bussi and O’Reilly, 2016); however, recent evidence suggests that there has been a very poor take-up of this policy (CIPD, 2018). During the crisis, the British government also emphasized measures to decrease the proportion of dropouts as well as the share of 18-year-olds not in employment, education or training (NEETs). Important reforms have gradually raised the school-leaving age to 18 years, imposed a legal obligation for schools to provide students with access to independent career services/counselling and expanded the establishment of ‘Academies’ to replace poor-performance schools (Bussi and O’Reilly, 2016).

In countries in the *sub-protective regime* (Spain and Greece), education is not seen as a priority of public policy. This is reflected in the relatively low public spending on education and the inadequate quality of opportunities for training and lifelong learning (Hadjivassiliou et al., 2016). In these countries a school-based vocational education system clearly dominates. In reality, dual tracks do not exist and work-based or firm-specific training play only a minor to marginal role (Dingeldey et al.,

2017). Education systems are rather stratified and centrally standardized, especially at the level of educational inputs such as curricula (see Bol and Van de Werfhorst, 2013; Eichhorst et al., 2015). The freedom to choose educational pathways is formally declared. In Spain, for instance, this is strengthened by broad access to tertiary education, which simultaneously escalates the problem of overqualification (Ayllón and Ferreira-Batista, 2016). Due to these aspects, school-to-work transitions are protracted and difficult (even for qualified youth). Moreover, both countries have been having difficulty achieving higher-quality education for a long time. During the period of economic recession, this challenge resulted in a set of measures increasing the quality of both tertiary and vocational education. On the tertiary level, this includes the implementation of credit units and the restructuring of the university administration system in Greece (Karamessini et al., 2016). Both countries have also promoted vocational streams in upper-secondary education. Spain proposed the creation of some optional vocational pathways and a new vocational education and training diploma for mid-level training, as well as financial incentives for greater involvement of enterprises in the process of vocational education (Ayllón and Ferreira-Batista, 2016). Greece replaced vocational training schools with a more comprehensive system providing vocational apprenticeships in cooperation with the Greek public employment service (PES; Karamessini et al., 2016).

The education systems in countries characterized by the *transitional/post-socialist regime* (Poland, the Czech Republic and Bulgaria) are considered to be rather underfunded; however, the situation is slowly improving in some respects. Compulsory education systems are comprehensive and relatively highly standardized (Hadjivassiliou et al., 2016). Although the structure of post-secondary education programmes varies according to the specificities of each country, one feature is still common to all of them: only very few places follow a real dual track, although vocational education programmes that include work-based or firm-specific training are quite frequent (involving 10 per cent to 50 per cent of all students in vocational education; Dingeldey et al., 2017). In all three countries the question of the quality of vocational education – as well as the high degree of stratification of educational opportunity – is widely discussed. Particularly in the Czech Republic the principle of early tracking (at 11 years) forecloses more academic paths of education for many young people at an early stage (Atzmüller, 2012). As a result, freedom of choice is in reality often restricted in these countries, and transitions from education to the labour market tend to be more difficult and insecure. Another complicated situation for youth is linked to the long-standing weaknesses of the education systems, such as the low quality of (vocational) education, underfunding,

less effective allocation of public funds and weak linkage of education to the needs of employers, thus resulting in low employability of graduates.

Some partial changes in the education systems were made during the recession to address these problems. Poland focused more intensively on the quality of vocational education (see Michoń and Buttler, 2016), while Bulgaria and the Czech Republic concentrated on how to increase the economic efficiency of funding in education, with an emphasis on performance indicators rather than simple inputs (Stoilova et al., 2016). In all three countries there has been an evident effort to strengthen the role of employers in defining standards of education as well as requirements regarding the final competences of graduates.

## 2.2 Active Labour Market Policies and Activation

Below we assess developments in active labour market policy (ALMP) measures with a focus on young people during the crisis. Policy effort is primarily indicated by total ALMP expenditure standardized per 1 per cent of general unemployment. Total ALMP expenditure includes: PES and administration (including placement and related services), training, employment incentives, supported employment and rehabilitation, direct job creation and start-up incentives (as identified in the OECD database on labour market policy). We also provide data on training as a complementary measure because this category is especially indicative of the human-capital development/enabling approach (HCD/EA). Data on ALMP expenditure for the young are not available. Similarly, although the Eurostat database provides data on ALMP measures for participants in the age category under 25 years, there are large gaps in the data, which is why we do not use them here. We do not establish any clear cut-off points for the expenditure figures; instead, we refer to the differences across the countries and policy regimes. Furthermore, qualitative information on changes in policies in the individual countries is provided, based on the national reports of the NEGOTIATE project.

Norway represents the *inclusive labour market regime*. Unemployment of young people is quite low there and not much affected by the crisis, and ALMPs are well developed. The level of ALMP expenditure per 1 per cent of unemployment is relatively high in Norway (0.147 per cent of GDP in 2013). Similarly, expenditure on labour market training per 1 per cent of unemployment stock is high (0.082 per cent of GDP in 2013), representing a considerable share of ALMP expenditure (see Table 8.1). These figures suggest that Norway follows a *HCD approach* (see Hora et al., Chapter 7 this volume).

Significant reforms of labour market policies were undertaken in

*Table 8.1 Expenditure on ALMP measures as a percentage of GDP and expenditure on labour market training – all standardized per 1 per cent of the unemployment rate (unemployment rates by labour force survey in parentheses)*

	2007	2010	2013
Norway	0.216 (2.5) <i>0.144</i>	0.177 (3.5) <i>0.109</i>	0.147 (3.4) <i>0.082</i>
Germany	0.096 (8.7) <i>0.037</i>	0.141 (7.1) <i>0.042</i>	0.129 (5.2) <i>0.051</i>
Switzerland	..	0.133 (4.5) <i>0.091</i>	0.127 (4.4) <i>0.089</i>
United Kingdom	0.06 (5.3) <i>0.004</i>	0.05 (7.8) <i>0.005</i>	0.03 (8.0) – 2011 <i>0.001</i>
Spain	0.09 (8.2) <i>0.025</i>	0.05 (19.9) <i>0.014</i>	0.025 (24.8) – 2012 <i>0.001</i>
Greece	0.02 (8.4) <i>0.006</i>	0.02 (12.7) <i>0.002</i>	.. (27.5)
Poland	0.05 (9.6) <i>0.029</i>	0.07 (9.6) <i>0.026</i>	0.04 (10.1) <i>0.025</i>
Czech Republic	0.05 (5.3) <i>0.013</i>	0.04 (7.3) <i>0.016</i>	0.05 (7.0) <i>0.016</i>
Bulgaria	0.03 (6.9) <i>0.002</i>	0.02 (10.3) <i>0.001</i>	0.015 (13.0) <i>0.001</i>

*Notes:* Total ALMP expenditure (including PES and administration) on the first line; expenditure on labour market training on the second line in italics.

*Source:* OECD labour market database, authors' computations.

Norway prior to the crisis. The Youth Guarantee had been implemented since 1979 for the 16–19 age group and since 1995 for youth aged below 25. In 2005 public-sector reforms merged employment services, social insurance administration and municipal social services into 'one-stop shops'. Some local welfare and employment offices also have their own youth teams (Schoyen and Vedeler 2016). During the crisis there was an effort to fine-tune the instruments of governance of policies for young people: the Job Strategy of 2012 brought measures for the group aged under 30 with disabilities; in 2014, the Inclusive Working Life Agreement, covering more than half of all employees, was renewed by the social partners (Schoyen and Vedeler, 2016).

In the countries of the *employment-centred regime* (Germany and Switzerland), a HCD approach is also indicated by the level of ALMP



expenditure per 1 per cent of unemployment stock. Recently it has been high – about 0.13 per cent of GDP. Similarly, expenditure on labour market training per 1 per cent of unemployment stock was considerable: 0.089 per cent of GDP in Switzerland and 0.051 per cent of GDP in Germany in 2013. Nevertheless, during the crisis, work-first measures were expanded in both countries. The introduction of more severe sanctions reduced access to benefits for young people and led to a stronger emphasis on moral obligations and individual responsibility. In Germany even before the crisis, the Hartz reforms in 2000–05 changed the profile of ALMP towards more support for job search (casework) and introduced stricter sanctions for people aged under 25 in cases where obligations of the Individual Action Plan were not met. The year 2011 saw the passing of the Act to Improve Chances for Integration, which accentuated improved job-matching. The implementation plan of the Youth Guarantee of 2014 emphasized a more needs-based approach, training youth at risk in particular; it also aimed at measures focusing on the integration of services in the form of a Job Agency for Youth (municipality and employment services merger) (Dingeldey and Steinberg, 2016). In Switzerland internship positions were doubled in 2010 in order to counteract the reduced job opportunities in the labour market during the economic crisis. On the other hand, the reforms of unemployment insurance brought a shorter maximum benefit duration for some groups of unemployed: persons who had made no previous contributions received four months of benefits instead of 12, and a waiting period of 120 days was enacted for youth who had quit school (see Imdorf et al., 2016).

In the United Kingdom, representing the *liberal employment regime*, ALMP expenditure per 1 per cent of unemployment amounted to 0.06 per cent in 2007 and dropped to 0.03 per cent of GDP in 2011 (data for 2013 are not available); expenditure on labour market training per 1 per cent of unemployment was 0.004 per cent of GDP in 2007 but had dropped significantly to 0.001 per cent of GDP by 2011. The United Kingdom is unique in its emphasis on supporting job search (job mediation and counselling). Data show that between 0.2 per cent and 0.3 per cent of GDP (during the 2009–10 crisis years) was provided for PES administration, including placement and related services. The new measures implemented during the crisis consistently went in the *work-first* direction: from 2010–11 the Young Person's Guarantee of a job offer, training or job experience was applied after six months. This was supported by the Community Task Force programme, Routes into Work: Pre-employment Training, and Work-Focused Training. In 2012 the broader initiative 'Making Work Pay' welfare reform brought Claimant Commitments (individual action contracts), which were accompanied by stricter sanctions, as well as

Youth Contracts, in particular, which were accompanied by new support programmes. Finally, a 12-month programme for hard-to-place NEETs was established, which included ‘work coaches’ and ad hoc teams for youth, training measures, work experience for two to eight months, and coverage of the costs of travel and childcare for newly employed young people (Bussi and O’Reilly, 2016).

The countries of the *sub-protective employment regime* (Spain and Greece) experienced a harsh economic recession and a considerable increase in general unemployment rates, especially youth unemployment (see Karamessini et al., Chapter 2 this volume). ALMP expenditure per 1 per cent of unemployment fell: in Spain from 0.09 per cent of GDP in 2007 (which was comparable with Germany) to 0.05 per cent of GDP in 2010 and to 0.025 per cent of GDP in 2012. In Greece expenditure on ALMP remained stable at around 0.02 per cent of GDP in 2007 and 2010 (data for 2013 are not available). The crisis and high levels of youth unemployment forced countries to adopt some reforms aimed at activation (‘commitment to activity’), mainly regarding recipients of social assistance. New instruments were used that targeted the most affected groups and the young unemployed, in particular; they seem, however, to be low-cost measures (Ayllón and Ferreira-Batista, 2016). In Greece a new generation of active measures followed from 2010: new employment promotion and work-experience measures covered about 12 per cent of the unemployment stock. Work schemes in public works and training measures have been supported since 2012, and training vouchers were implemented in 2013; these measures were, however, criticized because of poor management, with 75 per cent of subsidies going to training companies instead of the unemployed. This was reversed by the new government, elected in 2014, which decided that 80 per cent of subsidies should flow to the unemployed (Karamessini et al., 2016).

In countries with a *transitional/post-socialist employment regime*, ALMP expenditure per 1 per cent of unemployment is low, although it is somewhat higher in the Czech Republic (0.05 per cent) and Poland (0.04 per cent) than in Bulgaria (0.015 per cent of GDP in 2013). Expenditure on labour market training per 1 per cent of unemployment was again rather low, although somewhat higher in Poland (0.025 per cent of GDP) than in the Czech Republic (0.016 per cent of GDP), and only 0.001 per cent of GDP in Bulgaria.

In Poland the crisis brought more changes in policies (especially for young people) than in the Czech Republic; these changes came in the form of new and more targeted programmes, in spite of their decreasing scope. In 2012 the Youth in the Labour Market programme introduced some new tools; for instance, some special programmes for marginalized youth were

implemented through 600 administrative units (Voluntary Labour Corps) in the country. The 2014 Act on Youth Guarantee continued to enrich the variety of ALMP instruments, including Individual Action Plans for young unemployed people after a two-month period of unemployment. The National Economic Bank introduced a preferential loan scheme for youth entrepreneurship, which was implemented in 2015 (Michoń and Buttler, 2016).

In the Czech Republic the main strategy was the protection of existing jobs through measures financed from the European Social Fund, such as in-work education combined with reduced working time. On the other hand, the government cut the scope of ALMP measures during 2010–12 as well as the numbers of PES staff, while implementing governance reforms (centralization and merging of employment services with social assistance). In 2013 a corrective turn was observed in the increase of the scope of ALMP measures, including apprenticeships for young people (Hora et al., 2016).

In Bulgaria the Amendment of Employment Strategy came rather late (2013). This new instrument was aimed at making the young labour force more flexible: school graduates (including tertiary level) under 25 obtained subsidized temporary job opportunities for a period of 6–12 months, during which they were remunerated at the level of the minimum wage and had support from a tutor. At the same time, flexible contracts consisting of working-time accounts were introduced to the Labour Code. Subsequently, Individual Action Plans for Youth were implemented. Furthermore, the minimum wage was considerably increased (doubled) in 2015 so as to counterbalance the above-mentioned flexibilization measures (Stoilova et al., 2016).

### 2.3 Employment Protection

Systems of employment protection (EPL) are assessed mainly according to the following criteria: (1) total level of employment protection for individuals with (1a) a temporary contract or (1b) permanent contract; or (1c) against collective dismissals; (2) specific criteria: (2a) restrictions on other than standard (unlimited) contracts: general permission/use only for objective reasons, maximum length of temporary contracts and maximum number of allowed renewals, (2b) protection during termination of contracts: notice period and severance pay, (2c) wage protection: minimum wage or specific minimum wage. See Tables 8A.1 and 8A.2 in the Appendix, this chapter.

When assessing the level of EPL indexes, the countries represent the specific employment regime types well – in correspondence with the

assumptions made by Muffels et al. (2014). Some crucial changes in employment protection were made in many countries long before the period in focus; however, recent reforms in Greece, Spain and the Czech Republic are worthy of attention.

The *inclusive regime* (Norway) is characterized by high EPL for temporary workers and low protection against collective dismissal (flexicurity regime). The share of temporary employment amongst young people is not high compared to other countries, although it is much higher when compared to older cohorts. Although temporary contracts were generally allowed in 2015, there are important limitations that effectively reduce their overuse. Wages at sectoral or firm level are set by collective agreements (Schoyen and Vedeler, 2016).

The *employment-centred/dualistic regime* is characterized by high protection against collective dismissals and stronger protection of regular workers (Germany), but weaker protection of temporary workers. The EPL system in Switzerland seems to be generally less protective than the system in Germany. EPL in Germany is based on previous work record, and young workers are often less protected (Dingeldey and Steinberg, 2016). Those with temporary contracts have weak protection (even lower for the previously unemployed), and the share of temporary contracts for young people is very high (flexibilization of the margins). Work of an occasional or limited nature is realized in 'mini-jobs'. There have been some recent efforts to improve conditions for temporary and/or low-intensity workers. The minimum wage was introduced in 2015 (although it is not applicable to people aged under 18 years, apprentices or the long-term unemployed).

Switzerland has a rather low level of employment protection. The length of the trial period is the shortest of all the assessed countries. The notice period for dismissal is shorter for those with temporary contracts. The share of young people working on temporary contracts is very high, although the data for the youngest cohorts could be influenced by the existence of apprenticeship and ALMP programmes (see Imdorf et al., 2016). There are special regulations aimed at preventing the completion of serial short-term employment contracts (Imdorf et al., 2016). Zero-hours contracts are allowed. Minimum wages at sectoral or firm level are set by collective agreements (Imdorf et al., 2016).

The *liberal regime* provides very low levels of protection in all three categories (regular, temporary individual contracts, collective dismissals). In the United Kingdom the trial period is based on an agreement between the employer and employee. The low level of temporary employment is explained by the low EPL for regular contracts. A relatively high share of young people in the United Kingdom have also worked on these contracts voluntarily (Bussi and O'Reilly, 2016). Zero-hours contracts are allowed

and often used by young people. Young people have been excluded from the National Living Wage, introduced in 2016, and their minimum wage is lower than that of older cohorts.

The *sub-protective regime* is characterized by dualism, a relatively high level of protection of temporary contracts and a high level of protection against collective dismissals. Reforms of the negotiating process with the aim of reducing trade union power and relaxing the rules for collective dismissals were an important part of the EPL changes (Ayllón and Ferreira-Batista, 2016; Karamessini et al., 2016). Reforms implemented in Spain (in 2010 and 2012) were targeted at the enhancement of permanent employment. Overall, there is some reduction of protection in permanent employment (prolongation of trial period to 12 months, reduction of severance pay), which is accompanied by a slight increase in protection of temporary contracts. Reforms so far have not been sufficient to deal with the structural duality of the Spanish labour market (Ayllón and Ferreira-Batista, 2016). The situation in Greece was heavily influenced by the Economic Adjustment Programme (EAP). Reforms made the labour market more flexible in 2010 and 2011, allowing the unlimited renewal of temporary employment contracts with objective reason, the reduction of the notice period and severance pay, an automatic trial period of 12 months and easier use of agency work. The right to set minimum wages was removed from employers and trade unions and transferred to the state. There is a specific minimum wage for young people set at a lower level. In accordance with EAP goals, the minimum wage was decreased by 22 per cent (Karamessini et al., 2016).

The *transitional/post-socialist regime* provides a low level of protection against collective dismissals, but better protection of regular than of temporary contracts. While the institutional characteristics of EPL in these countries are quite similar at first glance, the results are sometimes very different. Late reforms in all three countries were aimed at significant increases in minimum wages. Poland is typical for having a very high share of temporary contracts for both older people and young people (three out of four). These contracts entail worse employment conditions but are not as unstable as expected (Michoń and Buttler, 2016). Civil law contracts (i.e., contracts based on the civil code – see Eurofound, 2002) may be over-used (Michoń and Buttler, 2016). Recent reforms have sought to improve conditions for temporary and/or low-intensity workers and to improve wage conditions. There is a national minimum monthly (but not hourly) wage. A special lower minimum wage is set for people working for their first year. In the Czech Republic employment protection for young people was substantially reduced by a reform implemented in 2012. It reduced severance pay for shorter contracts, prolonged the maximum period of

temporary contracts and raised the ceiling of hours in Agreements for a Specific Task. Exceptionally, three successive temporary contracts can be held over a nine-year period. The special minimum wage for the young or apprentices was cancelled in 2013 (Hora et al., 2016).

In Bulgaria the level of employment protection is relatively high for short-term contracts, but lower for longer contracts (there is a long trial period, a one-month notice period and no severance pay). The share of temporary contracts is very low for young people and its recent increase is probably influenced by the participation of young people in subsidized jobs (Stoilova et al., 2016). There are new specific contracts for working on particular days of the month and new agricultural contracts (see Keller and Darby, 2013; Stoilova et al., 2016).

Overall, most of the EPL conditions for young people in the above countries show only minimum individual employment protection. Young people are over-represented in flexible employment and low-paid workplaces. However, one of the key differences across the countries is in the proportion and composition of young people who are subject to weak EPL. In some countries both low-qualified and high-qualified young people are highly affected (Spain, Switzerland), while in other countries (Germany) there is a great difference between the low and the highly educated. At the same time, the situation of university graduates may be different when Spain is compared with Switzerland (see Ayllón and Ferreira-Batista, 2016; Imdorf et al., 2016).

## 2.4 Unemployment Protection

In this section we use the following assessment criteria:

1. Logic of unemployment protection: (1a) existence of a system providing protection to young people, (1b) universalistic/fragmented or decentralized character of the system;
2. Eligibility criteria and their outcomes: (2a) rules for entitlement to unemployment insurance benefits, (2b) benefit coverage – provides information about the share of the unemployed (general and young people) who receive benefits at a given time;
3. Generosity of protection: replacement rates provided by OECD in (3a) initial and (3b) long-term periods.

See Table 8A.3 in the Appendix, this chapter. For this assessment we suppose that people are aged up to 30 years old and that a qualification period of 5 years or more was not acquired.

Norway (*inclusive regime*) provides generous protection for a longer

period of time. Nevertheless, young people may have problems qualifying because of a limited record of past income: people with low incomes obtain half the benefit duration (Schøyen and Vedeler, 2016). On the other hand, work-integration benefits (employment scheme benefit, qualification programme) can be provided to young people. Norway has the lowest unemployment benefit coverage (30.6 per cent) amongst the Northern European countries (Gallie, 2013). Using different data, Lorentzen et al. (2014) show that unemployment benefit coverage in Norway was usually higher than 30 per cent when looking at longer periods. For young people (under 25 years), it was about 30–45 per cent in the period 2005–10. More generally, Gallie (2013) suggests that the unemployment protection systems in Northern Europe might be moving in the direction of the employment-centred regime.

The *employment-centred* (dualistic) regime provides protection for a longer period of time, good coverage (Germany) and a generous amount (Switzerland). However, young people are not equally involved in the unemployment insurance system and their protection is dependent on eligibility within the social assistance system. Entitlement to the system of unemployment insurance in Germany is strongly based on previous contributions. Overall, there is high coverage of unemployment benefits for young people (84.4 per cent). About one-third (32.6 per cent) receive unemployment insurance. The others draw flat-rate, means-tested benefits (55.7 per cent) or are dependent on their parents (Dingeldey and Steinberg, 2016). Unemployment assistance generosity is based on age and family situation criteria (which results in lower benefits for young people). In Switzerland there is special protection within unemployment insurance for people making the transition from education to work, but with a waiting period of an additional 120 days (Imdorf et al., 2016). The 2011 reform linked benefits more closely to the period of contribution. Benefits are at a flat rate (categorically defined) for people who cannot prove their previous earnings. Young people without support obligations are entitled to a shorter duration of benefits. Before these reforms, the coverage of unemployment benefits for young people (up to 25 years) was about 30 per cent (Chabanet and Giugni, 2013).

The *liberal regime* (United Kingdom) provides the least generous protection, even in the initial period; however, the duration and coverage are better (considering social assistance) than in the sub-protective or transitional/post-socialist regimes. Unemployment insurance benefits are provided at a flat rate and the duration of benefits is short. Several benefits have recently been replaced by a new form of social assistance (Universal Credit). Many young people are not entitled to either a Jobseeker's Allowance or the Universal Credit (Bussi and O'Reilly, 2016).

The *sub-protective regime* provides poor benefit coverage, especially for the young, since the family is expected to provide protection. The system is somewhat fragmented: there are many schemes with rather limited duration and residual or non-existent support for young people. In Spain strict conditionality applies to unemployment insurance (including benefit duration). Young people are by their age explicitly excluded from unemployment assistance programmes and have access only to marginal, means-tested programmes. The one-time work-integration benefit (PRODI/PREPARA) has been in effect since 2009. The system in Greece is described as residual, fragmented and with low ability to reduce poverty (Karamessini et al., 2016). Unemployment insurance has rather strict entitlement conditions and the coverage is very low. There is the additional requirement of 80 days of contributions for first-time claimants. The benefit level was substantially reduced with reforms to the minimum wage in 2012. There is a special (new labour market entrant) allowance for long-term unemployed young people; however, it is low and is granted for only five months. Social assistance was introduced as a pilot scheme in 2014.

The *transitional/post-socialist regime* provides poor coverage, especially for young people, as well as a short duration of unemployment benefits and variable generosity (higher in the initial period, but very low in long-term unemployment). Low benefits are provided, despite the rather high benefit replacement rates set by law, due to the low previous work income of the unemployed (Hora et al., 2016; Stoilova et al., 2016).

In Poland social insurance benefits are related to basic income, local economic conditions and family situation. The benefit duration is rather short, but there is a system of social assistance that is conditional on unemployment. Most young people are not entitled to unemployment benefits: when they are, the coverage is extremely low, and the benefits are even lower for people who have worked for less than five years. People with low job intensity or low job incomes are not covered by unemployment benefits (Michoń and Buttler, 2016).

In the Czech Republic unemployment insurance benefits are related to previous earnings with decreasing benefit replacement rates and a flat rate for people who cannot prove their previous earnings (Hora et al., 2016). Access for young people to unemployment insurance and overall coverage is very low (studying is not counted as a period calculated towards entitlement).

In Bulgaria young people exiting the education system are excluded from unemployment benefits, which in any case have a very low level of coverage for young people. People with low job intensity are covered according to the pro-rata (in proportion) principle (Stoilova et al., 2016).



A long waiting period (nine months) reduces the protection provided by social assistance (Stoilova et al., 2016).

To sum up, in one group of countries, we generally document very low unemployment protection for young people: Bulgaria, Poland, Greece, Spain, the Czech Republic and the United Kingdom. Conversely, in Switzerland, Norway and Germany, we can see much better income protection. Young people are often excluded from standard unemployment benefits (also see Maquet et al., 2016). In some countries they are covered by work-integration benefits (benefits for the disabled in specific cases). Sanctions during spells of unemployment are probably a substantial source of benefit exclusion in some countries (namely the United Kingdom and Germany).

The unemployment insurance programmes usually have relatively strict qualifying conditions depending not only on the previous work experience but also on the conditions of the former job contract. Older people (usually aged 50+, with long-term contributions) are more protected, with longer and more generous benefits, while young people are not covered, or only at the basic level of protection. The other source of reduced income protection is explicit risk categorization in the form of age or family testing (for an explanation, see Hora et al., Chapter 7 this volume). These tests can lead to numerous situations: young people are excluded from benefits (in Spain), additional entitlement criteria are added to benefit entitlement formulas (in Switzerland), or the benefit generosity is based on age or family criteria (United Kingdom, Germany, Poland and Norway).

In terms of the generosity of the system measured by the OECD replacement rates in initial and long-term periods, we have divided the countries into groups by levels of protection: high and moderate (Switzerland), high and low (Bulgaria, Spain), moderate and moderate (Norway, Germany, the Czech Republic), moderate and low (Poland), low and moderate (the United Kingdom), and low and zero (Greece) – the new social assistance system was not yet counted there. The benefit coverage (see Table 8.2) can best explain the different levels of protection.

Germany provides benefits to a high proportion of (even the long-term) unemployed. The other countries for which at least some data are available (Bulgaria, Poland, the Czech Republic, the United Kingdom, Norway, Spain and Greece) provide moderate or low protection, usually less than half of the people are covered and there is a great difference between the coverage of the short-term and the long-term unemployed. This low coverage explains why some countries have a higher risk of poverty among the unemployed despite the high benefit replacement rates (Maquet et al., 2016).

Table 8.2 Share of unemployed in receipt of benefits

Country	BG	PL	CZ	ES	EL	UK	DE	NO	CH
total – year 2009 (Gallie, 2013)									
total	n. d.	17.8	20.9	47.3	12.4	49.7	87.7	30.6	n. d.
duration of unemployment – year 2011 (Matsaganis et al., 2014)									
3–5 months	22.9	18.2	54.7	44.6	38.4	n. d.	81.4	n. d.	n. d.
6–11 months	16	13.6	13.9	40.9	31.6	n. d.	78.7	n. d.	n. d.
12+ months	1.5	2.7	2.7	31.3	9.1	n. d.	87.7	n. d.	n. d.
men (age) – year 2011 (Matsaganis et al., 2014)									
15–24 years	4	3.9	17.4	11	8.8	n. d.	60.5	n. d.	n. d.
25–49 years	8.9	15	18.7	49	28.8	n. d.	91.4	n. d.	n. d.
50–59 years	13.5	20.4	39.4	64.4	unr.	n. d.	89.6	n. d.	n. d.
women (age) – year 2011 (Matsaganis et al., 2014)									
15–24 years	5.2	3.8	7.9	8.8	6.4	n. d.	62	n. d.	n. d.
25–49 years	10.9	11.4	22.6	36.8	22.6	n. d.	84.4	n. d.	n. d.
50–59 years	14.1	17.5	26.7	unr.	unr.	n. d.	83.1	n. d.	n. d.
length of unemployment – year 2014 (Maquet et al., 2016)									
short-term U	23.6	14.9	37.9	38.8	27	19	83.7	n. d.	n. d.
long-term U	1.3	1.8	0.4	27.3	4.1	31.1	86.7	n. d.	n. d.

Notes: Short-term U < 12 months, long-term U > 12 months; unr. = unreliable.

Sources: Matsaganis et al. (2014); Gallie (2013); Maquet et al. (2016).

### 3 CONCLUSIONS

In this final discussion we summarize the findings regarding the questions in focus: How do the different countries respond to the challenges of early job insecurity? How appropriate were the responses to the problems the countries faced?

Long-term structural changes, such as changing demands for the hard and soft skills of the labour force, flexibilization and increasing dualism in the labour market, seem to have been important triggers for reforms, rather than the crisis alone. In many cases young people are amongst those making insecure transitions. Both as a consequence of restrictive changes in policies and the crisis itself, the position of youth has deteriorated in most countries.

Although education systems provide more young people with a higher level of education, this is not enough to prevent early employment insecurity. The general trend in nearly all of the countries studied was falling expenditure for ALMP measures. Second, a departure from training was observed in some countries, while in others there has already been a negligible emphasis on labour market/vocational training. Job creation/occupation was more in focus as a prevailing trend, often in the form of protection of existing jobs and with more apprenticeship or internship positions for young people. Third, in most countries some governance reforms in ALMP and activation measures took place, aiming to make the policies more effective by integrating them and better targeting them to young people. Almost all the countries preferred less expensive measures; regarding the young unemployed, these were mainly job-search services, individual contracts, job experience and some training. The Youth Guarantee scheme did not substantially change the profile of the policies, but it did bring some financing opportunities.

Recent reforms in most countries slightly favoured (although differently) the work-first approach regarding the labour market entry of young people, although often through insecure, precarious (temporary) jobs. The data indicate that insecure jobs are hardly the best pathway in the sense of 'stepping stones' to stable jobs of good quality for most young unemployed; however, they might be considered as such for university-educated young people in some countries where unemployment is quite low (e.g., Switzerland). The human-capital development of young people was rather on the decline in ALMP (although it remains a high priority in countries like Norway, Germany and Switzerland); nevertheless, education systems showed some advancements elsewhere. In comparison to before the crisis, today's labour market policies, (un)employment protection and skills formation systems altogether provide less adequate protection from the

risks of social exclusion entailed by job insecurity (and income insecurity) amongst young people.

The crisis served as a stimulus to the prevailing flexibilization trend; this was strongest in the countries of the sub-protective regime (Greece and Spain), leading to weaker job protection for the regular workforce (insiders). Parallel to this development, improvements for labour market entrants were only minor, leaving young people in a disadvantaged position regarding employment protection. Similarly, the reforms in income protection during unemployment brought some improvements for those with sufficient work records, while providing less security for those who lack them, young people included. This causes their increasing dependence on parents, particularly in countries of the sub-protective regime, where there are usually less developed social assistance schemes.

The crisis did not provoke an overhaul of the previous institutional mix. Instead only incremental changes occurred, classified by Hall (1993) mostly as ‘first-order changes’ (adjustments to existing instruments). Some new measures did appear in terms of the substance and governance of policies, and these may be considered ‘second-order changes’ (new instruments).

The distinctive features of the employment regimes as described in Hora et al. (Chapter 7 this volume) have become even more apparent in that the trend towards the work-first approach and flexibilization was stronger in liberal, sub-protective and transitional/post-socialist regime countries than in the inclusive and employment-centred countries. The policies in the specific employment regimes as they emerged during the crisis and beyond are characterized below (see Table 8.3).

The failures of the policy adaptations to address the issue of early job insecurity are most apparent in the countries in the sub-protective regime and also, to some extent, in the transitional/post-socialist regime. However, it is worth noting the magnitude of the problem and the deeply rooted dualism in the labour market in countries with these regimes (Spain, Greece, Bulgaria), all of which have been seriously affected by the crisis. Given the generally less developed policies, lower capacity of institutions and the limitations stemming from fiscal discipline measures, it is not realistic to expect any substantial advancements or effects of the policies because they are not sufficient to deal with the dimension and nature of the problem of early job insecurity.

Table 8.3 *Employment regimes in four policy fields after 2008 – empirical evidence*

Type	Inclusive/Universal	Employment-centred/ Dualistic	Liberal	Sub-protective	Transitional/ Post-socialist
Education	Comprehensive, inclusive system, many diversified post-compulsory routes, high public investment, secondary role of VET	Selective and standardized system, well-developed apprenticeship and VET, high level of employer involvement	Comprehensive system, general skills, high flexibility and fragmentation in post-compulsory education, high private investment, low status and standardization of VET	Stratified, non-selective and comprehensive system, high stratification and central standardization (input), weak role of VET, weak linkage between education and labour market	Comprehensive system, general skills, still low prominence of VET (rather school-based), weak linkage between education and labour market
ALMP/ activation	HCD strong, training, individual support, universal access and targeting, cost-effectiveness	HCD strong (for core labour force) but also growing support for other groups	Work-first approach is strong, job-search support, mediation and incentives to search for work	Work-first approach, Strong flexibilization trend, ALMPs weak, effectiveness problems	Work-first approach, ALMP weak, effectiveness problems, incentives variable
Employment protection	Job protection of marginal workforce is high despite some late reduction in EPL	Stronger protection of core labour force, low protection at the margins, high protection against collective dismissals	Very low level of EPL based on pro-rata principle, low share of temporary contracts	Dualism very strong, temporary work widespread, most EPL reduction	Weak protection in general, some dualism, higher and growing share of temporary work
Unemployment protection	UI benefits are provided for a long time if conditions are met; young people are covered by social assistance or activation benefits	Differentiated support (weak for young people due to explicit risk of recategorization, relying on social assistance)	Low generosity from the start although coverage is moderate	Rudimentary, very selective, explicit risk of recategorization, relying on the family	Very weak protection (short period, very low coverage), some dualism

Source: Authors' interpretation.

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## APPENDIX

*Table 8A.1 Detailed information on employment protection: Rules for job placement and temporary character of job*

	Regular contracts		Temporary contracts	
	Length of trial period	Valid cases for use of fixed-term contracts	Maximum number of successive fixed-term contracts	Maximum cumulated duration of successive fixed-term contracts
Bulgaria	6 months [3]	Generally permitted [0]	2 successive fixed-term contracts allowed [4]	3 years total, 1 year for second contract [1]
Poland	3 months [4]	No restrictions [0]	2 successive fixed-term contracts allowed [4]	No limit [0]
Czech Rep.	3 months (6 months for managerial workers) [4]	Generally permitted [0]	3 contracts [3]	9 years [1]
Spain	6 months (qualified technicians), 2 months rest, 3 months in SE, 1 year under new contract (SME) [4]	Replacement, high workload, specific work, training, for disabled, specific job-sharing [3]	2 (workload), no limit for specific tasks, 6 months (training) [3]	12 months in 18 months (workload), 3 years (specific tasks), 1–3 years (training) [2]
Greece	12 months (same rights as regular workers) [3]	Generally permitted (permanent contracts are expected in normal cases) [4]	3 contracts, unlimited in specific cases [3]	3 years [1]
UK	Agreement between employer and employee [0]	No restrictions [0]	No limit [0]	4 years [1]



Switzerland	1 month, 3 months with written contract [5]	General [0]	No limit (risk of court decision) [5]	No limit [0]
Germany	6 months [3]	Permitted for specified period, permitted without limit for older workers and unemployed [0]	Permitted for objective reasons or 3 times in 2 years [2]	2 years, 4 years when starting business, 60 months (older workers, unemployed) [1]
Norway	6 months [3]	Specific work, ALMP replacement, ALMP participants, specific professions [4], general since 2015	Subject to court decision [5]	4 years (exceptions) [1]

*Notes:* We provide short descriptions of selected indicators and ascribe them OECD values (in square brackets). The values of the indicators are [0] = minimum or fewest restrictions to [6] = maximum or most restrictions.

*Source:* OECD database: Detailed descriptions and tables on EPL (2013).

Table 8A.2 Rules for terminating contracts (individual dismissals)

	Length of notice period		Severance pay	
	9 months' tenure	4 years' tenure	9 months' tenure	4 years' tenure
Bulgaria	1 month [3]	1 month [2]	No statutory severance pay (except in cases of illness and transition to pension) [1]	No statutory severance pay (except in cases of illness and transition to pension) [1]
Poland	1 month [3]	3 months [5]	1 month's pay (only redundancy) [1]	2 months' pay (only redundancy) [2]
Czech Rep.	2 months [6]	2 months [4]	Once average (monthly) earnings [1]	Three times average earnings [3]
Spain	Workers dismissed for 'objective' reasons [2]	Workers dismissed for 'objective' reasons [1]	2/3 of a month's pay per year of service. Special rules for temp. contracts [1]	2/3 of a month's pay per year of service. Special rules for temp. contracts [4]
Greece	None for blue-collar workers, none for white-collar workers [0]	None for blue-collar workers, 1 month for white-collar workers [2]	None for blue-collar workers, none for white-collar workers [0]	15 days for blue-collar workers, 3 months (half in the case of notice period) [2]
UK	1 week [1]	4 weeks [2]	None (only for redundancy cases with 2 years' tenure, based on age) [0]	Two weeks – example case (only for redundancy cases with 2 years' tenure, based on age) [1]
Switzerland	1 month [3]	2 months [4]	No legal entitlement to severance pay [0]	No legal entitlement to severance pay [0]
Germany	4 weeks [3]	1 month [2]	Half a month's pay for each year of tenure, only in redundancy; employer is free to offer severance pay or not [0]	Half a month's pay for each year of tenure, only in redundancy; employer is free to offer severance pay or not [0]
Norway	1 month [3]	1 month [2]	None by law (can be covered by collective agreements) [0]	None by law (can be covered by collective agreements) [0]

Notes: We provide short descriptions of selected indicators and ascribe them OECD values (in square brackets). The values of the indicators are [0] = minimum or least restrictions to [6] = maximum or most restrictions.

Source: OECD database: Detailed descriptions and tables on EPL (2013).

Table 8A.3 Institutional characteristics of unemployment protection in 2016

	Main schemes	Qualifying conditions	Benefit duration
BG	compulsory social insurance	UI: 9 months / 15 months	UI: 4 or 6 months
PL	compulsory social insurance	UI: 365 days / 18 months	UI: 6 months (12 in specific family or economic situations)
CZ	compulsory social insurance	UI: 12 months / 24 months (may include substitute periods)	UI: 5 months
ES	compulsory social insurance, unemployment assistance	UI: 360 days / 6 years	UI: 120 to 540 days.
EL	compulsory social insurance	UA: generally none, in some cases 3, 6 months UI: 125 days / 14 months or 200 days / 24 months (last two months are excluded). 80 days of work per year in 2 years for first-time claimants.	UA: 6 months UI: 5, 6, 8, 10, 12 months 5 months for newcomers Only for 400 days in 4 years.
UK	compulsory social insurance, unemployment assistance	UI: 26 times the minimum weekly contribution in last of tax years and 50 times the minimum weekly contribution in both the appropriate tax years. UA: universal (habitually resident)	UI: 182 days UA: unlimited
CH	compulsory social insurance	12 months / 2 years, longer reference period for some groups, waiting period of 120 days for people after school graduation	UI: 400, 260 or 200 days (for under 25 years without family obligations), 90 days for those exempted from contribution period.
DE	compulsory unemployment insurance, unemployment assistance	UI: 12 months / 24 months	UI: 6, 8, 10, 12 months, UA: unlimited (usually revision in 6 months)
NO	part of national insurance for employed	UI: income at least 1.5 times the Basic Amount / last year or average of the Basic Amount / 3 calendar years (may include substitute income).	UI: 104 weeks, 52 weeks in the case of previous low income.

Note: Data corresponds to 1 January 2016.

Source: MISSOC database.

## 9. Horizontal and vertical coordination of the European Youth Guarantee

**Irene Dingeldey, Lisa Steinberg and Marie-Luise Assmann**

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### 1 INTRODUCTION

The European Union launched the Youth Guarantee (YG) in 2013 to combat the increase in youth unemployment following the financial and economic crisis. The goal of the YG was to ensure that all young people under the age of 25 would receive a high-quality, concrete offer of employment or training within four months of leaving formal education or becoming unemployed. The measures at national level were to combine various activities: early intervention and activation, supportive measures enabling labour market integration, assessment and continuous improvement of the scheme, and its swift implementation. An additional emphasis was to be placed on building up partnership-based approaches and effective coordination across policy fields such as employment, education, youth and social affairs (Council of the European Union, 2013).

To advance these goals, the EU for the first time dedicated a specific budget to youth employment policy, creating the Youth Employment Initiative (YEI), which supplements the financial aid provided under the European Social Fund (ESF). The YEI budget was directed primarily at young people not in employment, education or training (NEETs) who were living in regions where youth unemployment rates were higher than 25 per cent in 2012 (European Commission, 2017c). In addition, the incorporation of the YG into the Country Specific Recommendations of the European Semester indicated that the scheme would be monitored more closely compared with the implementation of other EU social policies. Altogether, decision makers combined high expectations with particular support for the YG at EU level.

The goals confirm that the YG was rooted in the normative paradigms of an *activating labour market policy* (Gilbert and Van Voorhis, 2001; OECD, 1989) and a *social investment welfare state* (Giddens, 1998; Morel

et al., 2012). Comparative research has demonstrated different approaches within these paradigms, namely a *pro-market or work-first approach* in contrast to a *human-capital development/enabling approach* (Bonoli, 2010; Dingeldey, 2009, 2011a). A work-first approach involves the prioritization of immediate labour market integration of young unemployed people, stressing, for example, subventions to employers. By contrast, an ‘enabling’ approach treats improved qualifications or upskilling as the dominant goal of youth employment policies. The EU goals gave no priority to one particular approach. The YG recommended the reduction of labour costs and subsidies to employers, but also suggested improving the quality of employment services and strengthening education and vocational training (Council of the European Union, 2013).

The YG overall acknowledged the diversity of member states regarding youth unemployment and institutional arrangements, financial constraints and the capacity of the various labour market players (Council of the European Union, 2013). In addition, the Commission stressed that in most member states the implementation of the YG would require long-term, in-depth structural reforms of training, job-search and education systems to improve school-to-work transitions (European Commission, 2015b). Commission officials characterized the YG as being a policy approach rather than a programme with fixed money and milestones. Its value was to ‘oblige everybody to think globally about youth employment programmes’ (Interview EC).

Despite its rather ambitious goals, the YG was subject to the Open Method of Coordination. This method has been in use since 2001 in sensitive areas such as European social and employment policies where member states have not been willing to grant the EU political powers. Hence, the ‘Recommendation’ is non-binding, rather it encourages overall intergovernmental coordination, benchmarking and best practice without threats of sanctions (Heidenreich, 2009; Heidenreich and Zeitlin, 2009).

To investigate the implementation of these ambitious goals by means of rather limited, albeit strengthened forms of social policy governance, we focus on the following questions:

- How did instruments of vertical and horizontal coordination linked to the YG work in a multi-level governance system?
- To what extent do the goals and ideas related to the YG translate into changes of national policies and institutions relevant to combatting youth unemployment?

To answer these questions and to be able to mirror the diversity across member states, we chose contrasting cases for an in-depth comparison:

Germany as a country with low youth unemployment rates, and two Southern European countries, Greece and Spain, as cases with high unemployment rates and YEI eligibility. These countries also differ as regards the institutional setting for supporting young people in their school-to-work transitions via the vocational education and training systems and the public employment service (PES).

Our presentation in this chapter proceeds as follows: Drawing on existing research, we outline our theoretical framework and research approach. Next, we describe the institutional preconditions and the national approaches to youth employment policy prior to the YG in the three countries studied. We present findings related to the coordination and implementation of the YG as well as to the procedural change aligned to European policies (Section 4). Finally, we analyse the policy development in search of substantive change in the three member states (Section 5). We end with a brief recommendation for future policies (Section 6).

## 2 THEORETICAL FRAMEWORK AND RESEARCH APPROACH

Research on the European YG is still rather poorly developed. Yet, even this limited research involves a controversy regarding the relevance and impact of the YG. Critics have highlighted issues like underfinancing with respect to the number of young unemployed in the different countries (Cabasés Piqué et al., 2015), as well as the limitations of soft modes of governance seeking to influence member states mainly through voluntarism (De la Porte and Heins, 2015). Such criticism has culminated in claims that YG implementation is dominated by a path-dependency logic and does not lead to convergence of the specific elements addressed by the Council Recommendation (Dhéret and Roden, 2016; Madsen et al., 2013). Other scholars have argued that the link between European funding instruments and the YG points to stricter forms of vertical coordination, generally in combination with the European Semester. It follows that the YG is likely to foster a greater degree of Europeanization, at least in countries eligible for YEI funding (Costamagna, 2013; Dhéret and Roden, 2016).

To provide new knowledge about how the YG has worked and possibly changed national policies and institutions, we drew on historical institutionalism theory (Pierson, 2000; Thelen, 1999) in combination with a multi-level governance approach (Marks and Hooghe, 2004) and the Europeanization literature (Börzel and Risse, 2006). Historical institutionalism points to the importance of institutions in shaping policy

over time. The approach explains how actors tend to adapt to existing institutions. Positive feedback processes restrict institutional change to a path-dependent development (Pierson, 2000; Thelen, 1999). Accordingly, external shocks like crisis, war or critical junctures may lead to path-breaking changes (Pierson, 2000). Others, however, have pointed out that policy learning may be a driver of change. More recent literature also points to gradual institutional shifts that may lead to path-breaking changes in the long run (Streeck and Thelen, 2005). To some extent, a multi-level governance approach and the Europeanization literature have integrated these explanations.

A multi-level governance approach outlines the institutional background of regulations and competences between different levels. Furthermore, the particular mode of governance is relevant. For instance, one would consider the open method of coordination for the YG as a soft form of governance. Zeitlin et al. (2014) have identified five mechanisms for influencing member states' social policies. These mechanisms include: (1) *external pressure* (to meet commitments); (2) *external support* (financial or technical); (3) *socialization and discursive diffusion* (internalization of common cognitive frames via reviewing); (4) *mutual learning* (awareness of policies, practices and performance in other member states); and (5) *creative appropriation* (strategic use by different actors).

The Europeanization literature focuses on European integration as a driver for domestic change. In order to explain different reform trajectories, however, scholars point to domestic institutional settings as relevant influence factors. Such settings may include the political system of a country, the particular forms of vertical governance structures within federal states (Pierson, 1995) and the established institutions of the particular welfare regimes (Weishaupt, 2014: 227). Moreover, this literature also sees weak economic and administrative capacities as influential factors (Weishaupt, 2014) and mostly as obstacles to successful and unitary implementation of EU policies. However, another research strand contests this view, arguing that adaption pressure increases with the misfit between European policy goals and national preconditions (Cowles et al., 2001; Falkner et al., 2005). Beyond these different understandings of the misfit between European goals and national conditions, the Europeanization approach tends to neglect the fact that EU policies are not the only influence on national policies. For instance, we have to consider whether European-level policies really have initiated the adoption of the YG in a member state. We need to carry out an empirical investigation to clarify which of these competing assumptions best captures the situation in different member states.

To characterize the kinds of changes in the member states, we need

precise concepts of change. Building on the work of Weishaupt (2014), we make a distinction between *substantive* and *procedural* changes. Substantive changes are defined as ideational (shifts in positions of actors), agenda-setting (weight that actors place on particular issues) or programmatic (shifts in legislative and administrative rules and practices). Procedural changes are related to changing governance and policymaking arrangements. They include horizontal coordination (between different policy fields/administrations) and involvement of non-state actors, but also enhanced national steering capacity (monitoring evaluation) and improved vertical coordination (i.e., between governance levels). As we focus our analysis on the implementation of the YG, we give less attention to decision-making processes. To explore substantive changes, we limit our analysis of the YG to agenda-setting and programmatic changes. With respect to procedural changes, we focus on two aspects, namely reinforced coordination between different policy fields or administrations and the increased involvement of non-state actors, particularly of the social partners. In contrast to Weishaupt (2014), but in accordance with YG guidelines (European Commission, 2017c), we see these two aspects as being related to horizontal coordination (see Table 9.1).

Drawing on the theoretical outline, the YG combines mechanisms of external support with external pressure. We therefore expected a general willingness of member states to comply with the respective YG goals and started the empirical investigation with the following two hypotheses:

- First, in line with the historical institutionalist approach, we expected a path-dependent implementation of the YG according to the previously established youth employment policies of member states.

*Table 9.1 Forms of change*

Substantive change	Agenda-setting	Salience of topics on political agendas in the EU or member states
	Programmatic	New legislation or regulation
Procedural change	Reinforced horizontal coordination	Integration between independent policy fields via, e.g., inter-ministerial bodies or working groups
	Involvement of non-state actors	Creation and strengthening of consultative and participatory structures of policymaking and implementation

*Source:* Based on Weishaupt (2014).



- Second, in line with the Europeanization literature, we expected to find substantive changes and procedural changes in Spain and Greece rather than in Germany because of greater external support and misfit.

To assess the empirical support for the two hypotheses, we adopted a three-pronged research approach:

First, to set a starting point in how to assess ‘change’, we examined national institutional settings and policies in the field of school-to-work transitions. In line with Bonoli (2010) and Dingeldey’s (2011a) typologies of activating employment policies, we distinguished between a work-first approach and an enabling approach. These approaches can be found in combination with the institutionalization of different school-to-work transitions guided by primarily school-based or dual vocational training systems (Eichhorst et al., 2015; Solga et al., 2014). Gangl (2001) and Hora et al. (Chapter 7 this volume) suggest that overall a dominant (dual) apprenticeship system implies rather smooth transitions from school to work, whereas in school-based systems a large proportion of low-skilled labour market entrants and a lack of in-work experience together lead to high youth unemployment. Additionally, the PES is important in providing unemployment benefits and services like counselling, placement in training measures and jobs. Hence, relevant indicators for the efficient implementation of such policies were the administrative capacity of the respective PES (caseload and financing), the incentives provided for young unemployed people to register and the governance structure of the PES (centralized/decentralized).

Second, building on the Europeanization literature, we assessed the particular European instruments of vertical coordination in relation to the YG: the provision of EU funding and the ‘YG implementation plans’. We treated EU funding through the YEI as a mechanism of external support. We examined whether the EU achieved the goal of providing particular support to countries with the highest problem pressure or if specific regulations might have caused problems. We considered the YG implementation plans both as mechanisms of external support as well as external pressure. On the one hand, the plans provide a framework for country-specific goal-setting, developing indicators and policy assistance by European actors. On the other hand, these plans also put pressure on member state governments, given that the European Semester monitors their implementation. We understand the monitoring as a sort of external pressure in the form of ‘naming, faming and shaming’ (Zeitlin et al., 2014). We investigated whether the YG implementation plans were built on a partnership approach, delivered according to the required rules

(punctuality) and/or whether a country had to reformulate the plans. The investigation provides insights into how the mechanisms of vertical coordination used influenced procedural processes in the member states.

Third, we analysed whether the YG implementation was in line with the previously established approach for youth policies or whether it followed a different path, implying a need for substantive change. This assessment is based on the analysis of national policy discourses, the newly introduced programmes, and reform initiatives in the field of employment and vocational training.

As sources, we used secondary literature and official documents as well as data from seven interviews with EU officials and stakeholders conducted in spring 2017. In addition, we drew on national reports written by NEGOTIATE project partners based on four to five expert interviews conducted in summer 2016 in each country at national and local level.

### 3 CONTRASTING APPROACHES OF YOUTH EMPLOYMENT POLICIES

Member states' active labour market policy varied according to the level of youth unemployment and the institutions of school-to-work transitions in the three countries (see Table 9.2). When youth unemployment was high,

*Table 9.2 Characteristics of youth employment policies in Germany, Spain and Greece*

Characteristics		Countries		
		Germany	Spain	Greece
Youth unemployment		Low	High	High
Youth labour market policy		Enabling	Work-first	Work-first
Institutional conditions for school-to-work transition	Type of vocational education and training system	Dual system	School-based system	School-based system
	Unemployment benefits as registration incentive	Moderate	Very limited	Very limited
	Capacity of PES	High	Weak	Weak
	Governance structure of PES	Centralized	Non-centralized	Centralized

*Source:* Author's interpretation.

member states tended to prioritize quick labour market integration, while member states with lower youth unemployment rates were more likely to provide support for vocational training. Differences in education and vocational training systems reinforced such contrasts. Accordingly, Spain and Greece pursued a work-first approach, where employment policy was aimed at integrating young people quickly into jobs, for instance by providing subsidies for employers (Ayllón and Ferreira-Batista, 2016; Kominou and Parsanoglou, 2016; OAED, 2013). By contrast, Germany had practiced an enabling policy approach, where measures were focused on the attainment of school or vocational training certificates as intermediate steps towards labour market integration (Dingeldey et al., 2017). The historical development of the respective member states' institutions supporting young people in their school-to-work transitions had influenced these contrasts.

Germany has a long-established dual vocational training system. Since the initial vocational education and training system at upper-secondary level became popular, more than 50 per cent of all students have enrolled in it. Although the social service professions have relied on school-based vocational education and training systems, still more than 40 per cent of all students have enrolled in the dual-track employment-based systems (Autorengruppe Bildungsberichterstattung, 2014; OECD, 2014).

By contrast, in Greece and Spain, a school-based vocational education and training system has dominated, while work-based training has played a minor to marginal role (OECD, 2014). Dual tracks either did not exist or the governments provided only a few dual-track places (ReferNet Greece, 2009; ReferNet Spain, 2012; also see Dingeldey et al., 2017).

Despite trends towards municipalization in labour market policy and decentralization in the context of New Public Management, the German PES has remained a centralized national agency. Vertical coordination has been strong, meaning the level of flexibility in delivery at regional or municipal level has been low (Dingeldey, 2011b; Mosley, 2008, 2011). In 2014 the capacity of the PES in Germany was high, with a comparably low annual average caseload of less than 150 clients (of all clients served by staff in the PES). The expenditure on such services (as a percentage of GDP) was above the EU average of 28. The regulation of access to unemployment benefits gives moderate incentives for young people to register with the PES, resulting in coverage rates of the young unemployed of 50 or more per cent in Germany (Matsaganis et al., 2013).

In Greece the structure of the PES and of labour market policy has also remained centralized notwithstanding decentralization trends in recent decades (Kominou and Parsanoglou, 2016; Kyvelou and Marava, 2017). By contrast, the PES in Spain has been decentralized. The level of

flexibility in delivery at the regional or municipal level has been medium and the autonomous communities have even had their own vocational education and training systems (Mosley, 2008, 2011). Both in Greece and Spain there were indications of weak capacity in the PES. The expenditure on PES was under the EU average in both countries, although Spain spent slightly more (0.144 per cent of GDP) on labour market services than Greece (0.012 per cent of GDP; European Commission and ICON Institute, 2016; Eurostat, 2016). Nevertheless, annual average caseload was very high in Spain at 2683 in 2014, while we may regard the annual average caseload of 488 in Greece as ‘medium’ but still too high to provide effective counselling. With coverage rates of unemployment benefits under 15 per cent in Greece and Spain, the incentives to register were very limited (Matsaganis et al., 2013).

These indicators suggest that even before the YG was launched, Germany not only followed an enabling labour market policy approach, but also combined a rather well-established PES and a comparatively high rate of registration with a vocational education and training system. By contrast, young Spaniards and Greeks were more likely to be unsupported in their transition from school to work. School-based vocational training systems were established in combination with a practiced work-first approach and a rather overloaded PES that did not register all unemployed young people.

#### 4 YOUTH GUARANTEE COORDINATION AND IMPLEMENTATION – PROCEDURAL AND SUBSTANTIVE CHANGE

Before addressing the procedural and substantive changes, we briefly outline selected instruments of European vertical coordination, namely funding and the preparation of YG implementation plans. In 2013 the external funding supplied by the EU within the framework of the newly created YEI – the 6.4 billion euros provided initially in 2014–15 – were extended by another 2.4 billion euros for the period 2017–20 to support the member states actively in implementing the YG (Council of the European Union and EMCO, 2016). This money is available to regions that had a youth unemployment rate above 25 per cent in 2013. Thus, the amount of funding provided relates to the level of problem pressure in the different member states. Spain therefore received 881.44 million and Greece 160.24 million euros, while Germany did not receive any money from the YEI (European Commission, 2014a). EU financial support makes up a substantial share of total spending on youth employment policies in the Southern European

countries. Furthermore, the EU recommended using money from the ESF for the YG implementation (see Bussi et al., Chapter 10 this volume). The YEI has been part of the ESF framework and control structure and thus required co-financing from the member states (Council of the European Union, 2013). Accordingly, they developed ‘operational programmes’ that had to be approved by the Commission. Later the member states had to submit implementation reports (European Commission, 2014b; Interview EC; Interview UEAPME).

Particularly the principle of reimbursement, which has meant that member states had to finance projects in advance, caused difficulties to countries with deficit targets and led to delays (European Commission, 2015a). In particular, Spain had problems with the principle of reimbursement, especially as it was also under EU pressure to cut the public deficit (Ayllón and Ferreira-Batista, 2016). Many countries claimed that they did not have the national budget to release advance funding for YEI measures (European Commission, 2015a). In 2015, in reaction to the delays and problems indicated, the Commission increased the ‘pre-financing’ from part of the EU to member states by around one billion euros (European Commission, 2016b). Subsequently, the YEI’s financial resources allocated to selected projects rose between 2015 and 2017 from 36 per cent to 68 per cent. Nevertheless, about one third of the total budget has not yet been allocated (European Commission, 2017b).

In Greece, delays in the withdrawal of funding were connected to the role of the ‘YG National Coordinator’ (Ministry of Labour): ‘Responsible for the distribution of resources is the “National Coordinator” and we do not know why they did not proceed so that funding could be absorbed. The other stakeholders had few and poor proposals, but the “National Coordinator” should put some pressure on them’ (interviewee in the Greek PES, cf. Kominou and Parsanoglou, 2016: 13).

Other reasons for late or no withdrawal might be that the complexity of the application process created uncertainty amongst national decision makers as to whether they would receive reimbursement of the costs of the presented projects. This might have led to so-called ‘gold-plating’, meaning that member states and public administrations might refuse good projects or initiatives if they were not sure whether the projects would meet the EU criteria (Interview UEAPME).

The YG implementation plans have represented country-specific goal-setting supported at EU level. The plans have described the measures and reforms that the countries intended to implement in order to comply with the YG, including the time frame as well as the foreseen funding and responsibilities. As mentioned before, the European Semester has monitored the implementation of the YG. The YG National Coordinator

has been the main point of contact to communicate with the European Commission and has led the establishment and management of the YG (European Commission, 2017a). The preparation of the YG implementation plans has been a crucial element in designing and realizing member states' involvement of non-state actors as well as horizontal coordination across policy fields. Hence, the YG implementation plans might have led to changes with respect to established procedures and systems of coordination.

## 5 PROCEDURAL CHANGE IN HORIZONTAL COORDINATION?

In the countries under study, the ministries of labour acted as National Coordinators to manage and coordinate the design and implementation of the YG, while each respective PES has been the central operative institution. The involvement of different state and non-state actors such as relevant ministries, social partners and other stakeholders has been important for implementing the partnership approach and launching structural reforms. Whereas Greece and Spain created new formal or informal institutions, Germany used previously existing bodies.

For the YG design and implementation, **Germany** made use of several already established forms of cooperation between schools and vocational guidance services, PES and industry organizations (YGIP-Germany, 2014: 21–6). When designing the German YG implementation plan, the Ministry of Labour invited several ministries, social partners, welfare associations, PES and representatives of municipalities to discuss and provide written feedback to a draft version. The participation of social partners in single policies in Germany has varied but it has been intensive in vocational training (Assmann et al., 2016; YGIP-Germany, 2014). In line with established procedures, the role of non-state actors in the consultation process to design and implement the YG has been of a quite participative character. Nevertheless, the national trade union confederation criticized the denial of a proposed apprenticeship guarantee and also the timing of the hearing for giving them little opportunity to prepare remarks (Bussi, 2014: 33).

Furthermore, already existing horizontal coordination forms across policy fields have been further strengthened and refined under the YG scheme. An important innovative reform has been the establishment of one-stop youth career agencies to combine PES, educational measures, social youth services and other relevant institutions to support school-to-work transitions at local level (Assmann et al., 2016: 6, 24–33). The YG,

however, has not been the trigger, rather has had an overall supportive impact in these developments as the respective reforms were begun in 2010.

The centralized PES's governance structure in Germany may have been advantageous for implementing the YG. However, some of the actors involved have criticized centralization because sometimes the local employment agencies had to wait for the consent of the national PES, which has hindered the rapid implementation of some measures at local level.

Although in **Spain** the Labour Ministry has been the formal point of contact for the Commission, it does not have the centralized power to coordinate the YG. Due to decentralized coordination of the YG implementation, we find strong regional differences in the YG design and implementation in combination with a poorly equipped PES. Spain did not set up formal coordination committees for implementing the YG, rather has made use of informal multi-stakeholder bodies, including non-state and state actors, ministries, the Youth Council, youth organizations, autonomous communities, the Spanish Federation of Municipalities and Provinces, and the PES (European Commission, 2016a: 24; YGIP-Spain, 2013: 14–16). When further sources are taken into account (Ayllón and Ferreira-Batista, 2016; BusinessEurope, 2014, 2015, 2016; Bussi, 2014), there seems to be a gap between what is described in the Spanish official documents and statements from regional actors and trade union and employer representatives: On the one hand, the Spanish 'YG implementation plan' indicates that it has received various contributions from interested parties and that it has passed a prior consultation before approval. The reason could be that in some autonomous communities several YG pilot projects were conducted prior to 2013 where stakeholders had been consulted (Ayllón and Ferreira-Batista, 2016). On the other hand, Spanish trade unions, employers and autonomous public employment services have noted that participation in the YG at national level has been poor, notwithstanding their requests for information and involvement. Consultation meetings gave information about the finalized YG implementation plan but did not allow for feedback (Ayllón and Ferreira-Batista, 2016; Bussi, 2014). Hence, the Spanish social partners expressed very strong dissatisfaction with the social dialogue in the YG process (BusinessEurope, 2014, 2015, 2016). Thus, the informative character seemed to dominate when it came to the involvement of non-state actors.

Moreover, it appears that decentralization in Spain has not only led to regional differences but has also counteracted the coordination of different administrations. The competition of power between the autonomous

communities and the national government even led to parallel registration systems for the YG implementation, creating complex bureaucratic procedures. Young Spaniards who had already registered as unemployed at the regular PES system additionally had to register in a particular system for the YG. Furthermore, the inscription modalities were criticized as complicated and not target-group oriented since it was the young people who needed to get actively involved. The general weakness of the governance structure of the PES has created overall obstacles to efficient implementation and coordination of youth employment policies as well as to evaluation and monitoring (Ayllón and Ferreira-Batista, 2016: 11).

In **Greece** informants did not report on major regional differences. However, the EU Employment Committee has addressed the inefficiency of its PES in the implementation of the YG in the Country Specific Recommendations (Council of the European Union, 2013; Council of the European Union and EMCO, 2016). In contrast to the other two countries, the Greek Ministry of Labour as National Coordinator has concentrated on the establishment of a formal institution with a particular focus on the YG. The secretaries of relevant ministries set up a 'Coordination Committee for the implementation of the Youth Employment Initiative, and in particular of the YG programme'. However, deficiencies in the social dialogue, amongst other problems, resulted in a revision of the YG implementation plan (Bussi, 2014: 40; Kominou and Parsanoglou, 2016: 5).

The revised version of the plan demanded non-state actors' involvement and stated that the Committee was to be comprised of social partners, civil society representatives and youth employment experts, ignoring the optional character of their participation. Additionally, the government established a 'Working Group on implementing the Youth Employment Initiative and YG' that also included representatives from relevant ministries as well as the Association of the Regions and the Central Union of Municipalities of Greece. However, the involved stakeholders assessed the participation in these coordination bodies in contrasting ways. First, since the government did not consult certain stakeholders in the process of designing the YG implementation plan, we may see the inclusion of non-state actors as of a mainly informative nature. Nevertheless, for the Greek Ministry of Labour, horizontal coordination was quite a challenge, since it was the first time that they had to work effectively together on a specific basis (Kominou and Parsanoglou, 2016: 9). Thus, the setting up of coordination bodies for the YG encouraged Greece to address youth employment policy from a more holistic perspective by reinforcing horizontal coordination across policy fields.

In summary, we can identify several procedural changes in horizontal coordination in all three member states, although in Germany the YG was



not a trigger for these changes. We cannot identify a clear change in the involvement of non-state actors in Germany since this country used pre-existing bodies. It seems that external support via the YEI, the preparation of the YG implementation plans and external pressure due to monitoring processes have together triggered procedural changes in Greece and Spain. However, it is not clear whether the procedural changes will have a sustainable character in these countries since the creation of coordination bodies related only to the YG and the YEI.

## 6 SUBSTANTIVE CHANGE OF EMPLOYMENT APPROACH AND INSTITUTIONAL SETTINGS?

The YG triggered changes in the discourse and promoted a stronger focus on youth unemployment at national level and, occasionally, in local administrations in Germany, Spain and Greece. Moreover, the term ‘young NEETs’ has received more attention from policymakers since the implementation of the YG in the three countries (Assmann et al., 2016; Ayllón and Ferreira-Batista, 2016; Kominou and Parsanoglou, 2016). Overall, this has contributed to putting topics related to youth employment policies at the top of the political agenda and therefore to substantive change in agenda-setting.

However, in **Germany**, we see no substantive change concerning the policy approach to youth employment, rather a path-dependent implementation of the YG according to the already dominating enabling approach for the young. The majority of educational and labour market measures in the YG remained preventive and aimed at pupils, jobseekers or training seekers, or young unemployed with a focus on the attainment of school or certified vocational training qualifications. Similarly, **Spain** and **Greece** developed the YG through a path-dependent implementation, albeit by pursuing a work-first approach. For instance, labour market policy measures have given financial incentives to companies to hire adolescents in times of uncertainty. The Greek YG has included several voucher programmes combining short training periods with work experience. Spanish policymakers considered an incentive for hiring often in combination with the provision of atypical contracts (Ayllón and Ferreira-Batista, 2016: 21; Kominou and Parsanoglou, 2016: 9, 18).

Beyond path dependency and according to our hypothesis, we were able to identify steps towards substantive programmatic change concerning school-to-work transition systems in both countries. The **Greek** government sought to make the vocational education and training system more attractive. A new legal framework for apprenticeships (Law 4186/2013)

was created in 2013 (Kominou and Parsanoglou, 2016: 6; YGIP-Greece, 2014: 24–5). This framework seeks to connect vocational education and training more strongly to the economy and the labour market. Another innovation in line with these objectives was to introduce a dual system by establishing the ‘apprenticeship class’ (YGIP-Greece, 2014: 25). Vocational training schools offered a fourth optional year of an apprenticeship programme to provide workplace experience that led to a higher qualification for upper-secondary vocational graduates. Furthermore, to strengthen the link between labour demand and supply, vocational training schools set up career offices (Kominou and Parsanoglou, 2016: 6–8; YGIP-Greece, 2014: 25). However, according to national reports, the recession was a limiting factor. Many Greek companies lacked the necessary structures and financial resources for apprenticeship training (Kominou and Parsanoglou, 2016: 12, 28).

Furthermore, institutional reforms in Greece restructured the PES (OAED) according to the ‘Business Model Reengineering Plan’, highlighted as a crucial factor for delivering the YG. The reform aimed at internal changes such as a better alignment between organizational units, but more importantly concerned the way in which the PES approached unemployed people. The objective was to treat them in a more individualized way and to set up Individual Action Plans (IAP; YGIP-Greece, 2014: 17–20; Kominou and Parsanoglou, 2016: 4–8). The reform also included the establishment of an online portal and a call centre for employers and jobseekers. However, these reforms had already started before the implementation of the YG, promoted by international institutions as part of fiscal discipline policies under the Memoranda of Understanding between Greece and its creditors (Kominou and Parsanoglou, 2016: 23).

In **Spain** a foundation was set up in 2012 to ‘establish the basis for the progressive implementation of a dual training system’ (Royal Decree 1529/2012). The aim was to facilitate labour market integration for young people by matching vocational skills with labour market needs (Ayllón and Ferreira-Batista, 2016: 6, 22; YGIP-Spain, 2013: 27–8). The reform offered several modalities of vocational education and training. These offers included the option to provide training combined with employment exclusively within an educational institution or within an enterprise. An alternative was to offer young people training by a training centre in combination with work-based training at an accredited company (ICF GHK, 2012: 6). Again, since these developments started before 2013 we cannot see the YG as the trigger. Overall, financial resources within the YG may have supported the increase in the number of participants from 4292 in 2012/13 to 15 304 in 2015/16. Within that time also the numbers of companies offering work-based learning rose from 513 to 5665 (European

Commission, 2016a: 59). Nonetheless, at the time of writing it was too early to estimate the outcome of a proper vocational education and training system.

If we consider all the changes observed in Germany, we see that they were primarily related to procedural changes and we can characterize them as ‘system refinement’. By contrast, we regard substantive changes in the Southern countries as cases of ‘system-building’ (see Table 9.3). These may represent initial steps of transition towards a different institutional setting and policy approach.

## 7 CONCLUSION AND DISCUSSION

Overall, the findings presented support our expectation that the implementation of the YG would be path dependent, in the sense of largely reproducing and strengthening a pre-existing approach to domestic youth unemployment policies. German YG measures built on a previous enabling orientation, whereas Spain and Greece tended to broaden the scope of an already dominating work-first approach to labour market policy measures for young people. If we adopt a broader perspective including relevant institutions like the PES as well as the system for vocational education and training, we can observe different forms of procedural and substantive changes. Although the YG Recommendation did not necessarily trigger these changes, mechanisms of vertical and horizontal coordination have supported them. Furthermore, there are reasons to assess the changes in the Southern European countries as bigger and more consequential than the changes in Germany. A more noticeable institutional misfit with respect to settings for providing smooth school-to-work transitions in Southern Europe than in Germany may have contributed to this difference. Moreover, both the external pressure and the support from the EU have been stronger in the Southern European countries than in Germany.

However, according to stakeholders in all countries, both bureaucratic rules to claim money and the principles of reimbursement created problems overall in accessing EU funds, especially for member countries with deficit targets. This emerged as an area where there was scope for improving vertical coordination at EU level. Although the EU has already responded to these problems, for example with so-called ‘pre-financing’, further improvements seem to be necessary to ensure support for the member states and the organizations implementing ESF and YEI programmes (also see Bussi et al., Chapter 10 this volume).

Within this context one may also ask whether other forms of external

Table 9.3 Youth Guarantee implementation and impact

Policy Influences in a Multi-level Governance System			Germany	Spain	Greece
Youth Guarantee implementation	Institutional misfit – smooth school to work transition		Low	High	High
	EU funding (external support)		Not fully eligible (weak)	Comprehensive (strong)	Comprehensive (strong)
	Youth Guarantee implementation plan (external support/pressure)		Minor problems due to hierarchical PES structure for local level	Problems due to lack of vertical coordination in PES and approach of National Coordinator	Problems, revision and delays related to inefficiency of PES and approach of National Coordinator
Forms of changes	Procedural	<i>Reinforced horizontal coordination</i>	Support of one-stop shops within PES	Creation of informal multi-stakeholder bodies	Creation of formal multi-stakeholder bodies
	Substantive	<i>Involvement of non-state actors</i>	Participative	Informative	Informative
		<i>Agenda-setting</i>	Focus on youth unemployment and NEETs	Focus on youth unemployment and NEETs	Focus on youth unemployment and NEETs
Overall characteristic of change		<i>Programmatic</i>	–	Support of structural reforms of vocational education and training	Support of structural reforms of vocational education and training
			System refinement	System-building	System-building

Source: Author's interpretation.

pressure not dealt with in the present analysis (such as requirements formulated by the Troika as part of crisis management) might have hampered substantial reforms in the respective countries. For instance, austerity policies may have prevented a necessary increase in the capacity of PES that might have enabled improvement of the staff–client ratio and an increase in the social protection to which young people would have access.

Probably the most positive influence of the YG in all three countries has been a greater awareness of the negative consequences of youth unemployment and job insecurity. At best the YG has encouraged member states to address youth employment policy from a holistic perspective. Improved horizontal coordination between different ministries and administrations, as well as the participative involvement of social partners and other stakeholders, are likely to be crucial for establishing new institutional settings that can provide smooth transitions from school to work. Finally, continuity of the financial commitment to and political interest in the support of youth employment policies through the Commission and other European actors are essential for member states' ability to combat youth unemployment in effective ways.

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## 10. Has the European Social Fund been effective in supporting young people?

**Margherita Bussi, Bjørn Hvinden and  
Mi Ah Schoyen<sup>1</sup>**

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### 1 INTRODUCTION

The European Social Fund (ESF) constitutes a somewhat exceptional and paradoxical part of European Union policy. The division of decision-making powers or jurisdiction between EU-level bodies and the member states has meant that national governments have been reluctant to let the EU increase its powers in the wide area of employment and social policies (Ashiagbor, 2005). For many observers, the EU's primary contribution in the realm of social protection and employment has been one of 'social regulation' rather than 'social redistribution'. Briefly, social regulation is public action to promote social goals by influencing the functioning of markets and the behaviour of non-public actors (Majone, 1993). However, under the headings of EU regional ('cohesion') policy, there were always elements of social redistribution at the European level (Allen, 2005). Nonetheless, policymakers perceived such redistribution of resources not as a goal in itself but mainly as an instrument for achieving macro-level objectives: economic growth, modernization, restructuring, and enhancing the four EU freedoms (free movement of goods, capital, services and labour). Currently, the ESF contributes to the achievement of 'a smart, sustainable and inclusive growth in the EU', as defined in the Europe 2020 strategy (Regulation [EU] 1304/2013). Furthermore, the widely spread 'social investment' rationale makes economic redistribution through the ESF a means to achieve societal objectives that go beyond ensuring or improving the current well-being of citizens. Still, high unemployment

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and increasing poverty risks put the individual social welfare of vulnerable sub-groups in the population under pressure. In particular, young people have been hit hard by the economic crisis, and the ghost of a 'lost generation' is threatening their future employment trajectories (see Karamessini et al., Chapter 2 this volume).

To account for the challenging economic context, the ESF has refocused its priorities in recent years (Regulation [EU] 1304/2013). Young people represented 30.5 per cent or just over 30 million of total *participations* in ESF-funded programmes in the period 2007–13 (European Commission, 2016h). It should be noted that in the below text we refer either to number of 'participants' or number of 'participations'. Participants are single individuals who enter ESF programmes in a given year, whereas participations are the total number of individuals who took part in ESF programmes, whereby the same person can take part in more than one measure. The number of participations is thus equal to or higher than the number of participants.

The ESF either funded or co-funded a large share of the training or employment-related measures available for supporting young people at risk of exclusion in several member states, though to different degrees. The aim of this chapter is to retrace the relevance of youth as a target population of the ESF over time and to show how ESF support for young people has evolved in the EU-28, with a particular focus on Bulgaria, the Czech Republic, Germany, Greece, Poland, Spain and the United Kingdom – the seven member states covered in the NEGOTIATE project. We compare across these countries how ESF support for young people has been designed and distributed.

The chapter first looks at what existing research says about the role of the ESF in dealing with labour market and social integration issues. Our literature review suggests that there is a lack of research examining the targeting of ESF resources towards specific objectives and particular population groups. Motivated by the lack of systematic research on the representation of young people in ESF-funded activities, we offer a brief historical review of the ESF's priorities and focus on young people. In the second part of the chapter we examine available EU documents, existing comparative and time-series data about the role of ESF measures in the past, and ongoing efforts to strengthen the position and employability of young people in the seven EU countries covered by the NEGOTIATE project. We summarize what these data say about the efforts deployed in the 2007–13 and the 2014–20 funding periods. As far as possible, we discuss the relevance of the ESF in the seven NEGOTIATE countries – how strongly young people have been involved in ESF measures, and how this involvement has varied across countries. We also investigate

whether the involvement of young people has been proportional to the share of NEETs in the country. Finally, we try to: (1) draw lessons based on available cross-national data from the previous (2007–13) and the current (2014–20) ESF funding periods at the national level; and (2) identify lessons for further policy developments to improve the impact of ESF measures on the employment situation of young people in Europe.

## 2 THE ESF AND ITS LABOUR MARKET POLICIES AND TARGETS: A MISSING PIECE IN EU POLICY RESEARCH

Even though the impact of EU policies is a much-researched topic, few labour market or social policy researchers have shown an interest in the ESF and how it affects employment and social welfare (but for a brief discussion, see De la Porte, 2017). Given the noted redistributive character of the ESF, the present chapter is founded on the view that the ESF warrants more attention from a welfare policy perspective. The relatively few existing studies mainly focus on the implementation and impact of ESF funds in a single country or in a small number of countries (e.g., Bonnet, 2015; Dănescu and Dogar, 2012; Sanchez Salgado, 2013; Tomé, 2012; Van Gerven et al., 2014; Verschraegen et al., 2011; Zimmermann, 2016).

Amongst these studies, the article by Verschraegen et al. (2011) offers the best-developed analytical framework, focusing on how the ESF may influence member states' policies through domestic actors' strategic 'usage' of funds, for example by transforming ESF resources into tools for pursuing domestic goals, influencing specific policy decisions, increasing actors' own capacity or accessing political processes. Similarly, the analysis by Ashiagbor (2005: 195–8) of the increasingly important role of the ESF in the emerging common EU employment policy highlights how the European-level use of the ESF has altered the balance between intergovernmentalism and supranationalism in the EU.

Comparative evaluations of the ESF have been mostly commissioned by the European Commission and have encountered a series of challenges. The final synthesis report from the 2007–13 funding period stresses the lack of high-quality comparative data on policy outcomes – such as job entry or qualifications obtained – across member states (ESF Expert Evaluation Network, 2014).

To our knowledge, only few evaluations or studies have focused on a single thematic issue and investigated how its relevance has changed over time at the European level (for a gender perspective, see Brine, 1992, 1995). Moreover, little attention has been given to the distribution of funding

towards vulnerable sub-groups of the population across ESF-funded actions (European Commission, 2016i: 40). There seems to be potential for more research, and this chapter represents a first step in this regard. Next, we offer a brief historical review of the extent to which young people have been a target group in the objectives and allocation of ESF resources.

A recent exception to this overall picture is the study by Tosun et al. (2017). They examine what impact member states' absorption of Structural and Investment Funds (including ESF) has on changes in the levels of youth unemployment. They conclude that exhausting funds has a significant effect on youth unemployment.

Data from Eurostat and the World Bank (not shown) illustrate cyclically high levels of youth unemployment in Europe since the late 1980s, ranging – for the different configurations of the European Community – from 15 per cent to 25 per cent. The following historical overview suggests that volatile and high levels of youth unemployment are not the only explanation for the relevance of young people as a policy target. The overall European economic strategy of the moment and changes in the management of the ESF also help explain why young people have been amongst the participants in ESF measures for a long time, without always being a specific priority.

The ESF was established under the Treaty of Rome in 1957. Since then, it has redistributed huge financial resources for the realization of goals that – directly or indirectly – have had a substantial impact on many EU citizens' employment, living conditions and social welfare. It is the oldest of the EU's policy instruments to address labour market challenges and to promote labour market integration (Lindley, 1996: 843). The Treaty of Rome set up the ESF as a tool for implementing social and labour market policy within the newly created European Community. The aim was to improve the geographical and professional mobility of European workers by providing vocational training and financial support for resettlement. Young people were not mentioned as a target group by the recently born Community, which mostly considered supporting the workforce as an instrument towards developing the economy rather than a social objective per se.

With the enlargement in 1973, European regional policy was better defined. A new reform in 1983 (under Council Decision 83/516/EEC) led to a greater concentration of the ESF's targets. In the early 1980s efforts were mainly directed at the fight against rising unemployment amongst youth and other disadvantaged workers. The policies targeted young people struggling in the labour market by providing vocational training or support to complete compulsory education.

The entry of Ireland, Greece, Spain and Portugal played in favour

of increased spending towards poor regions and less towards agriculture. In 1986 the Single European Act streamlined the existing funds (ESF, European Regional Development Fund and European Agricultural Guidance and Guarantee Fund) under the label 'Structural Funds' and defined objectives and geographical areas in which money should be concentrated to support cohesion policies.

An important budgetary reform implemented in 1988, known as the Delors I Package, introduced general regulatory guidelines, strategic decisions and a major cash injection for the upcoming five-year funding period (1989–93; for details, see Lindley, 1996). Several new governance principles were approved to increase the efficacy of the funds: concentration on a series of five objectives; programming over five years drawn up by member states but in line with the priorities of the Community; a partnership approach favouring the development of horizontal and vertical coordination; and adherence to the 'additionality' principle stipulating that EU funding comes in addition to rather than replaces national public expenditure.

Table 10.1 summarizes the changing focus on young people in the objectives of the Structural Funds over the past 30 years. In the period 1989–93 young people were still a priority target for European funds. Objective 4 of the Structural Funds defined the target group of ESF funding as unemployed young people under 25 who have finished compulsory education (Council Regulation [EEC] 2052/88). While this objective clearly focuses specifically on projects targeting young unemployed in transition from compulsory school to work, additional support for young people could be funded under different objectives via apprenticeships and vocational education and training (VET). Support for vocational training is central to the ESF because, ever since the early days of European regional policy, it is considered a premium tool for overcoming skills obsolescence, promoting mobility of workers and combatting unemployment (Council Regulation [EEC] 2052/88). A second ESF regulation approved in December 1988 defined the measures that were eligible for ESF funding under Objective 4. Interestingly, the regulation specifies that measures are meant to support young people under 25 who have completed compulsory education and are looking for employment, irrespective of the length of their job-search period. In times of high unemployment (almost 19 per cent in the EU-12 in 1988, according to World Bank data<sup>2</sup>) the ESF fund was used to broadly target young people and provide early intervention to ease young people's transitions. To some extent, the objective of that time seems to anticipate

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<sup>2</sup> See <http://databank.worldbank.org/data/reports.aspx?source=2&series=SL.UEM.TO.TL.ZS&country=> (accessed: 20 April 2018).

Table 10.1 Inclusion of young people in the objectives of the European Structural Funds, 1989–2020

Funding period	ESF-funded objective targeting young people and/or employment	Description	Legislation
1989–93	Objective 4: Facilitate occupational integration of young people.	Description: Facilitate occupational integration of persons under 25 from age at which compulsory full-time schooling ends, however long or short the job-search period (December 1988).  Funding and structure: 6.67 billion ECU (10% of overall structural funds) to be shared with Objective 3 on combatting long-term unemployment. No geographical concentration. Programmes developed nationally.	<i>Council Regulation (EEC) 2052/88</i>
1994–99	Objective 3: Combat long-term unemployment and facilitate integration into working life of young people and of persons at risk of exclusion from the labour market. Promote equal employment opportunities for men and women.	Funding and structure: 15.2 billion ECU (9.1% of overall structural funds) to be shared with Objective 4 on facilitating adaptation of workers to industrial changes and changes in production systems.	<i>Council Regulation (EEC) 2084/93</i>
2000–06	Objective 3: Support, adaptation and modernization of education, training and employment policies and systems.	Description: General objective tackling human capital. Occupational integration of young people is briefly mentioned among other ESF priorities developing and improving active labour market policies.  Funding and structure: 24.05 billion euro (12.3% of overall structural funds).	<i>Council Regulation (EC) 1260/1999</i> <i>Regulation (EC) 1262/1999</i>

Table 10.1 (continued)

Funding period	ESF-funded objective targeting young people and/or employment	Description	Legislation
2007–13	Objective 3: Regional competitiveness and employment.	Description: No specific targeting of young people. Young unemployed mostly targeted as one of several disadvantaged groups under ‘Access to Employment’ priority. Early leavers are mostly targeted under ‘social inclusion’ priority. Funding: 15.95% of overall structural funds.	<i>Council Regulation (EC) 1083/2006 Regulation EC 1081/2006</i>
2014–20	Youth Employment Initiative as specific allocation for combatting rising number of NEETs.	Description: Youth unemployment recognized as urgent priority. YEI is part of Investment for Growth and Jobs goal. YEI targets young individuals under 25 years (or up to 30 years at discretion of member states). ESF funds can also be used to support young people or structures helping young people.	<i>Regulation (EU) 1303/2013</i>

Sources: Directorate-General for Regional Policy (2008); European Commission (1999); EUR-LEX (nd).



the current Youth Guarantee scheme (see Dingeldey et al., Chapter 9 this volume).

Economic and social cohesion became a formal objective in 1992 under the Treaty of Maastricht. In 1993 the regulations and objectives for the Structural Funds were revised. In the early 1990s youth unemployment was again on the rise, reaching as much as 20 per cent in the EU-12 in 1993 and peaking at 21.7 per cent in 1996 in the enlarged EU-15. Combatting unemployment remained a priority for the ESF. However, Objective 4 was merged into Objective 3, which also included long-term unemployed, persons at risk of exclusion from the labour market and gender equality in employment opportunities. Consequently, although they remained one of several prioritized groups considered vulnerable in the labour market, there was no longer a specific objective devoted to the labour market challenges of young people.

An example of the kind of measures that received support from the ESF in the funding period 1994–99 were the Community Initiatives for Innovative Actions. These initiatives enabled the pilot programme YouthStart, which specifically targeted young people under 20 with no basic qualification or training who were finding it difficult to enter the labour market (European Commission, 1999). Overall during this funding period, most attention was given to industrial decline and the ensuing production and workforce changes. The lion's share of the available Structural Funds always went to Objective 1 regions, targeting their economic structure.

In 1999, with the entry into force of the Treaty of Amsterdam and the introduction of the new and longer funding period (seven instead of six years, from 2000–06), the objectives of the ESF were revised. While Objectives 1 and 2 remained almost unchanged, Objective 3 (vulnerable groups) and Objective 4 (adaptation to industrial changes) were merged into one more general Objective 3 with no specific targeting and referring broadly to education and employment (see Table 10.1). This referred back to the new chapter on employment introduced in the Amsterdam Treaty and the pillars of the new European Employment Strategy (i.e., employability, adaptability, entrepreneurship and equal opportunities; Goetschy, 1999), to which the ESF was expected to contribute. In contrast with the previous funding period, none of the revised objectives now focused explicitly on young people. Initiatives were streamlined, and objectives were more general in terms of the targeted groups. The broader scope of objectives and Community Initiatives were coupled with new funding and governance rules; in addition, closer monitoring and financial management of these funds was implemented (European Commission, 1999; Manzella and Mendez, 2009).

The following funding period (2007–13) was particularly significant.

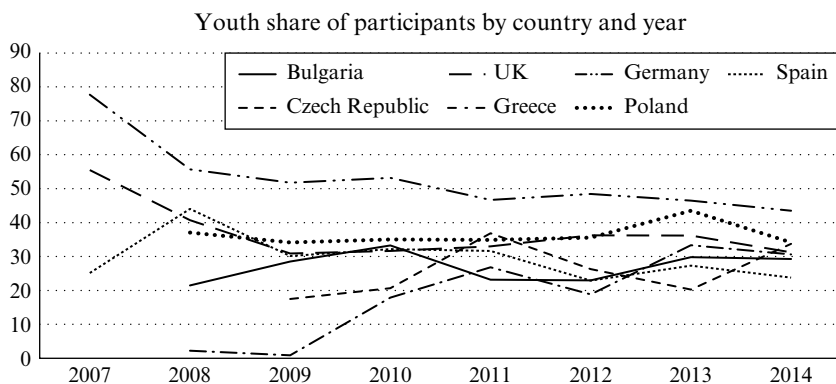
The 2004 enlargement and the entry of Romania and Bulgaria in 2007 changed the composition of the European workforce, and in 2008 the financial crisis spread to the real economy. In 2006, based on the Lisbon Strategy, its mid-term review in 2005 and the underlying Kok report, the Structural and Cohesion funds underwent a major reform. Objectives 1, 2 and 3 of the previous funding period were redefined into three broader objectives: convergence, regional competitiveness and employment, and territorial cooperation (Manzella and Mendez, 2009). The ESF-specific provisions very briefly referred to young unemployed and early school-leavers as disadvantaged groups.

Throughout the first part of the 2007–13 funding period the main priority in most member states was to keep the prime-age workforce in work or some form of activity. Employer subsidies and training or mobility investments sought to prevent the depreciation of their human capital and enhance their long-term employability. Some way into the 2007–13 programme, leaders both at national and European levels realized that young people were amongst those hardest hit by the Great Recession (in 2008 there had been a stark increase in youth unemployment). Based on a mid-term review of the 2007–13 programme, the EU decided to shift its priorities towards preventing long-term exclusion of young people in the last part of the programme period. A subsequent evaluation indicated that the member states followed up this shift in operational goals to a variable extent (European Commission, 2016i: 40).

With a dedicated budget line – the Youth Employment Initiative (YEI) – EU Regulation 1304/2013 for the 2014–20 ESF period gives much stronger and consistent priority to combatting youth unemployment and exclusion than the regulations for earlier periods. Hence, under the current funding period, young unemployed and inactives can benefit from ‘traditional’ ESF support as well as the YEI (also see Dingeldey et al., Chapter 9 this volume). The latter involves substantial financial resources of 3.2 billion euros from the EU channelled through the ESF. Recipient countries are to match ESF funding with an equivalent amount of national co-funding.

### 3 OVERALL SCALE OF ESF FUNDING AND PARTICIPATION

In the period 2007–14, the ESF had almost 100 million participations (European Commission, 2016h). Since one and the same person may have participated in more than one measure, it is not possible to establish the total number of young individuals who took part in ESF-funded activities during the years 2007–14.



Source: ESF Internet database and Eurostat database.

*Figure 10.1 Percentage of young people (aged 15–24) as a share of total ESF participations per year, by country*

Figure 10.1 shows the share of young people among participations in ESF measures between 2007 and 2014. During the whole period, the share of young people in ESF measures in Germany was higher than in any other country. At all times during the funding period, young people accounted for more than 42 per cent of ESF participants. The other countries showed lower percentages, although the shares of young people converged towards the end of the funding period, probably because of the timing of implementation. In each year young people made up between 30 per cent and 40 per cent of participants in both Poland and the United Kingdom. For Greece and the Czech Republic, no participations in the first two or three years might have been caused by a delay in implementation. Although shares varied across countries, it seems that (considering their proportion of the population) young people were a net beneficiary of ESF support compared to other age groups.

The ESF had a rather complex structure of priorities or operational goals in the period we are observing (2007–13). Arguably, its goals were not mutually exclusive, rather partially overlapping. Moreover, member states seem to have had great discretion regarding which of these goals they prioritized. The ESF supported actions in relation to six goals, four of which are relevant in this context (ESF Expert Evaluation Network, 2014: 10–11):

1. Increasing adaptability of workers, enterprises and entrepreneurs to improve the anticipation and positive management of economic change ('Adaptability').

2. Enhancing access to employment and the sustainable labour market inclusion of jobseekers and inactive people; preventing unemployment, especially long-term and youth unemployment; encouraging active ageing and longer working lives; and increasing labour market participation ('Access to Employment').
3. Reinforcing the social inclusion of disadvantaged people with a view to their sustainable integration in employment, and combatting all forms of labour market discrimination ('Social Inclusion').
4. Enhancing human capital/expanding and improving investment in human capital ('Human Capital').

Table 10.2 provides a brief overview of the distribution of young people across these four intervention priorities. Figure 10.1 showed that young people were heavily involved in ESF measures in Germany; here we see that they represented 56 per cent of participations in the Human Capital priority and 34 per cent of Access to Employment. Young people were less involved in Greece in that they accounted for less than a third of the Human Capital priority as well as less than 10 per cent of Access to Employment and Social Inclusion. Similar percentages are found in the Czech Republic. Young people participated massively in Human Capital measures in Spain (73 per cent) and they represented more than half of Human Capital participations in Poland.

Data for 2012 presented in Caliendo and Schmidl (2016) showed that young people represent around 10 per cent of ALMP participants in Germany, around 17 per cent in Spain and less than 5 per cent in Poland. If we compare the share of young people taking part in ALMPs at the national level with the figures from the ESF, it appears that ESF measures

*Table 10.2 Percentages of young people's participations by different ESF priorities, 2007–13*

	Bulgaria	Czech Republic	UK	Greece	Germany	Poland	Spain
Adaptability	missing	3.9	n.a.	4.7	n.a.	11.5	15.7
Human Capital	missing	32.6	24.0	28.1	56.0	53.9	73.2
Access to Employment	missing	3.9	37.0	9.9	34.0	40.7	23.7
Social Inclusion	missing	4.0	—	8.9	—	25.3	14.1

*Source:* European Commission (2016a to 2016g).

*Table 10.3 Amount of total ESF, amount of ESF for Access to Employment priority and relative size of ESF expenditure as compared to total national expenditure on ALMPs (Categories 2–7); period 2007–13*

	ESF total (million)	National expenditure on ALMPs (Cat. 2–7) (million)	Amount of ESF for Access to Employment (A2E) priority (million)	Ratio of A2E expenditure to national ALMP expenditure (million)
CZ	4316	1691	820.04	0.48
BG	1387	557	485	0.87
DE	15895	85812	4132	0.05
EL	5133	missing	2123	missing
PL	1173	12593	3109	0.25
ES	11202	45321	7729	0.17
UK	8655	missing	5300	missing

*Sources:* European Commission (2016a to 2016g) for amount of ESF funding and A2E share; Eurostat database.

were more successful at targeting young people and concentrating efforts on the least advantaged groups of the population.

The relative weight of the ESF compared to the national effort is of particular importance for ascertaining the dependence of a country/region on external (EU) support. Table 10.3 reports the relative size of funds spent on the ESF priority Access to Employment in 2007–13 (Regulation [EC] 1081/2006) and the national expenditure on ALMPs (Categories 2 to 7, i.e., costs related to labour market measures). This ESF priority includes measures aiming to help participants reintegrate into the labour market – a similar objective to ALMPs implemented at the national level. The ratio between the two expenditures was much higher in Bulgaria, the Czech Republic and Poland than in the older EU members, Germany and Spain. For Bulgaria, the ESF budget spent on Access to Employment represented 87 per cent of the amount of national funds spent on ALMPs. Similarly, for the Czech Republic and Poland, ESF funds represented an important asset on which fundamental interventions in favour of the unemployed relied. While the ESF funds counted for a very marginal part of the German funds spent on ALMPs, in Spain they represented 17 per cent of the national effort. Unfortunately, complete time series for ALMP spending are missing for Greece and the United Kingdom.

In Table 10.4 we compare the yearly number of young people in

*Table 10.4 Ratio between the number of young people (15–24) in ESF measures and the number of NEETs (15–24), 2007–14*

Young participants/ number of NEETs	BG	CZ	UK	EL	DE	PL	ES
2007	—	—	—	—	—	—	0.3
2008	0.2	—	0.2	—	0.4	0.2	1.2
2009	0.4	0.3	0.4	—	0.7	0.8	0.7
2010	0.4	1.9	0.6	0.6	0.8	1.1	0.9
2011	0.2	5.2	0.4	0.9	0.8	0.9	0.7
2012	0.6	6.2	0.3	0.6	1.0	0.9	0.4
2013	1.4	5.5	0.2	1.7	0.8	1.4	0.4
2014	1.2	7.6	0.2	1.1	0.6	1.0	0.5

*Notes:* — = missing or 0. If the ratio is lower/higher than 1, this means that the number of young participants in ESF measures is lower/higher than the number of NEETs in the country that year.

*Source:* European Commission (2016a to 2016g) and Eurostat database; authors' calculations.

ESF measures with the number of young people neither in employment, education or training (NEETs). The ratios do not tell us whether young NEETs in a country were actually involved in ESF measures. Nonetheless, they give us a rough idea of the number of young participants per year compared to the number of needy young people in a given country.

The Czech Republic seems to have been the most successful country in that participations by young people in ESF measures largely outnumbered the number of NEETs. Among the EU-28, the Czech Republic also had the highest shares of ESF participations compared to 1) the total number in education (211 per cent) and 2) the total number aged 15–24 (119 per cent) (European Commission, 2016h: 92). Along with Portugal, the Czech Republic was the only member state in which ESF human capital investments amounted to more than 5 per cent of total investments in human capital (European Commission, 2016h: 118).

The ESF funding for human capital that the Czech Republic received might have meant that a larger share of its young people was in education or vocational training than otherwise would have been the case, thus reducing the number of NEETs as well as the number of young people registered as unemployed. Alternatively, one might ask whether the Czech

authorities sought to transfer part of the investments in education from the national to the European level.

The ratio of the number of young ESF participants to the number of NEETs in Spain was better at the beginning of the funding period, declining in the second half. This was just the opposite to the trend found in Bulgaria. On the other hand, given its number of NEETs, the United Kingdom seems to have been under-using the ESF in skill-building or employment-promoting measures for young people.

An expert evaluation carried out in 2014 and based on the achievements recorded for ESF measures by the end of 2012 provided the picture summarized in Table 10.5. Achievements are measured as the distribution of young beneficiaries across actions tied to the different goals outlined above. Considering that the member states were still struggling with the consequences of the Great Recession, it is not surprising that enhanced human capital of young participants was the most important achievement for the EU overall. More striking is that improved access to employment was the second-most important achievement. As this overall evaluation did not build on a randomized controlled experiment, we are probably to some extent seeing the result of selection in recruitment to measures, especially in the UK case (which might be consistent with the suggestion

*Table 10.5 Distribution of young people's (age 15–24) participations across ESF priorities, end of 2012*

	Enhanced adaptability to change	Improved access to employment	Improved social inclusion	Enhanced human capital
	Per cent			
Bulgaria	10	6	3	77
Czech Republic	2	1	1	97
Germany	5	21	–	74
Greece	0	5	0	96
Poland	–	–	8	61
Spain	7	37	–	5
United Kingdom	18	66	–	0
Total EU	10	27	5	49

*Note:* – = data missing.

*Source:* Authors' calculations. ESF Expert Evaluation Network (2014), Tables 3, 5, 6, 7 and 8.

of possibly too limited recruitment, given the number of NEETs in the United Kingdom).

The outcomes in the Czech Republic were almost exclusively enhanced human capital, again indicating that the ESF funding allocated to this country was oriented towards giving upper-secondary and vocational education a boost (or, alternatively, reflecting a shift of funding towards European sources).

Unfortunately, the *ex post* evaluation of the ESF programmes made clear that few operational plans for the grants had formulated specific result indicators or targets for young people, despite otherwise giving emphasis to young people. The Commission wrote that this made assessment of the results regarding young people impossible (European Commission, 2016i: 21–2). Arguably this points to an important shortcoming of the entire 2007–13 ESF programme and its evaluation that is difficult to understand, especially considering the stronger weight for young people that was agreed for the last part of the programme. The Commission document leaves us with scraps of anecdotal evidence of the following kind:

...the evaluation of some Italian, Spanish and Portuguese support schemes for young unemployed people concluded that training for the young increased their employability and the number of weeks worked per year. (European Commission, 2016i: 34)

According to the same document:

The increased EU-level policy attention to youth unemployment and the introduction of various specific youth employment policies in 2012–2013 did not translate directly into increased participation of young people. ...in the second part of the programming period. (European Commission, 2016i: 40)

The document also points to shortcomings related to different interpretations of common definitions in providing monitoring data, lack of common results indicators, and lack of longitudinal and relevant micro data (European Commission, 2016i: 41) as a basis for a final joint evaluation.

Despite the mentioned deficiencies in the evaluation of the ESF efforts related to young people, the Commission's evaluators felt able to identify the following common success factors amongst a large variety of ESF interventions aimed at young people (European Commission, 2016h: 85):

- The provision of tailored, individualized assistance based on the needs of young people, covering both classroom based learning activities but also out-of-school activities and practical work



experiences in the real working environment, is a crucial success factor.

- Making use of the experience and knowledge of institutions working closely with young people was successful in reaching out to them.
- Interventions focusing on changing the working relationships between young people, educational institutions and employers contributed to achieving successful results.
- The combination of support provided for the acquisition of both formal qualifications recognized in the education and training system, and the development of general competences and skills (such as how to apply for jobs) added significant value for young people.

To conclude, the data presented above, albeit partial, show that in the countries analysed in this chapter, the share of young people's participations in the ESF converges over the funding period (Figure 10.1), with young people mostly benefitting from funding under the 'human capital' heading. The United Kingdom represents an exception. This might be explained by the traditionally stronger emphasis on ALMPs promoting a return to the labour market. Comparing national statistics on young NEETs and young people's participation in ESF programmes, our calculations show that ESF funds vary greatly in importance across countries.

## 4 CURRENT EXPENDITURE AND PARTICIPATION OF YOUNG PEOPLE

At the time of writing, with regard to the current funding period beginning in 2014, only data for the years 2014 and 2015 were publicly available. Moreover, data are not always available for all the EU member states covered by the NEGOTIATE project. We start by presenting the share of young people taking part in the different ESF priority axes in Table 10.6. Results for the first two years of funding, 2014 and 2015, show that Germany was mostly investing in education and VET. The same was the case for Greece. Spain concentrated its effort – at the regional level – on sustainable and quality employment, as one might expect in a country with dramatically high levels of youth unemployment. The same appeared to be the case in Poland, where young people were mostly taking part in programmes facilitating their entry into the labour market.

For Poland and Spain, the share of young people in sustainable and quality employment measures is much higher than in the previous programming period. Germany and Greece have been investing ESF money

*Table 10.6 Number of participations by young people in ESF-funded measures and distribution (%) across priority axes (2014–15)*

	Total	Human Resources Development – ESF/YEI	Employment, Human Capital and Social Cohesion – ESF/YEI	Education & VET	Social Inclusion	Sustainable & Quality Employment	Efficient Public Policy Admin
Bulgaria	2 575	100					
Czech Republic	2 832		100	71.52	14.75	13.73	
Germany	158 697			71.32	17.53	10.08	1.07
Greece	4017			20.50	0.01	79.49	
Poland	33 531			26.74	5.88	67.38	
Spain	79 360						
United Kingdom	0						

*Source:* ESI Open Data Portal (See <https://cohesiondata.ec.europa.eu>).

in education and VET, keeping the same investment pattern as in the previous funding period. For Greece, it is important to highlight that the share of young people in ESF-funded measures is higher in the first two years of the current funding period than in the previous funding period.

At the time of writing, detailed YEI data were available only for Greece, Spain and Poland, and for the funding period 2014–15. In the current funding period the YEI has represented an important source of funding for supporting young people and, following a more generous pre-financing system, member states were invited to make use of the YEI as of 2014. Table 10.7 compares the distribution of young people according to their level of education in YEI-funded measures and in the NEET population.

In Spain young people who took part in ESF/YEI-funded measures presented the same educational attainment as the reference population (NEETs), suggesting a good level of targeting.<sup>3</sup> In Greece low-educated young people were heavily under-represented amongst youth taking part in ESF/YEI measures, accounting only for 3.3 per cent, while they accounted for 23 per cent of the NEET population. In Poland, there seemed to be a better balance than in Greece between the share of YEI participants and the share of NEETs with low education, but a weaker balance than in Spain. In other words, ESF/YEI-funded programmes were more clearly targeted at those with low education in Spain than in Greece or Poland.

*Table 10.7 YEI participants and NEETs by educational levels, percentages, 2015*

		Percentage		
		of low-educated	of medium-educated	of highly educated
Spain	In YEI	64.0	23.0	11.0
	In NEET population	63.5	23.7	12.8
Greece	In YEI	3.3	64.6	32.0
	In NEET population	23.4	62.6	14.0
Poland	In YEI	10.6	61.5	27.8
	In NEET population	23.6	70.0	6.4

*Source:* Eurostat database and ESI Open Data Portal.

<sup>3</sup> It should be noted that while the NEET figures referred to in this chapter cover the population aged 15–24, Spain, for instance, extended the spending of ESF money to programmes involving young people aged up to 29.

*Table 10.8 Participants in YEI-funded programmes by employment status in percentages, 2015*

		Inactive	Unemployed	Long-term unemployed as share of unemployed %
Spain	In YEI	29	71	22
	In NEET population	32	68	
Greece	In YEI		100	83.4
	In NEET population	35	65	
Poland	In YEI	3.5	96.5	44.6
	In NEET population	49	51	

*Source:* ESI Open Data Portal.

Similarly, the data presented in Table 10.8 suggest that, so far, Spain has allocated resources according to the current labour market situation of young NEETs. The share of young unemployed and inactive NEETs corresponds fairly well to the share of young people taking part in YEI-funded measures. In contrast, Greece and Poland have concentrated their efforts mostly on young unemployed NEETs, even though their share of inactive NEETs – often the most discouraged and difficult to reach (Eurofound, 2012) – is very high. Because of the focus on young unemployed, a higher percentage of long-term young unemployed was involved in YEI measures in Poland and Greece.

To summarize, this section has shown that while countries have involved a higher share of young people in ESF-funded measures in the first two years of the current funding period than in the previous period, the pattern of distribution has remained similar. The comparison between the share of NEETs in the population by educational attainment and the YEI funds spent on young people by educational attainment gives a preliminary impression of how money has been spent across groups.

## 5 CONCLUSION

Overall the impression of the ESF's efforts and significance vis-à-vis young people at risk of long-term unemployment or precarity in the 2007–13 period is ambiguous. The exact and final outcomes of their participations in ESF measures are unclear. A preliminary expert evaluation carried out

in 2014 based on the situation at the end of 2012 provides figures for young people's outcomes by country, whereas the final *ex post* evaluation does not. This divergence is not accounted for in the final synthesis report.

Apart from this shortcoming, the available statistics on participations by young people indicate diversity or heterogeneity in the recruitment of participants across countries. The comparison between the share of young participants and young people in need provide an indication of the efficacy of the efforts for young NEETs. The data also show that the effort to tackle young people's difficulties in the labour market in the first two years of the current funding period has intensified compared with the previous period.

In this chapter we have shown that member states have had great discretion in their 'usage' of the financial resources provided by the ESF. This discretion and heterogeneity add to the challenge of getting a clear and consistent picture of the accomplishments made based on ESF grants.

Moreover, even though this chapter has presented some comparative descriptions based on freely available data provided by the EU, our research efforts were frustrated by a lack of Europe-wide, properly harmonized statistics. This is arguably one of the reasons why the ESF has attracted little attention from welfare and social policy researchers. As long as such comparative data are missing, it will be difficult to advance research on the efficacy of the ESF and its significance for young people as well as for other vulnerable groups. At present poor data availability makes it impossible to apply more sophisticated quantitative research methods in analyses of the appropriateness of priorities and of outcomes.

Hence, in our view, critical factors for increasing the significance of the ESF in the future prevention of long-term unemployment and precarity amongst young Europeans include:

- Giving such prevention a much more sharply formulated priority, for instance by setting explicit size targets for the share of NEETs or dropouts to be recruited into ALMP, VET or other ESF-funded measures.
- Identification of the main kinds of means or types of measures to be used; more consistent and detailed categories of measures based on clear operationalization to enable comparison over time and between countries.
- Operationalization of such prevention in clear targets with key desired outcomes.
- A robust and coherent EU-wide system for collecting data on the achievement of targets. Data should be suitable for counterfactual analysis, which would enable better understanding of the real impact of measures on the target populations.

- Data consisting of representative samples for all major sub-groups of participants. Longitudinal data extending to two years after the ESF measures, for example, would provide a more complete picture of long-term outcomes. Anonymized background data on participants particularly referring to their socioeconomic position would allow comparative assessments of success in reaching those most in need.
- Easier data access and management as well as easy coupling with existing and easily available data, such as via Eurostat, would facilitate high-quality research on the topic.

Addressing these elements may reduce the de facto scope for national-specific ‘usages’ of the ESF funds. In this regard a main priority should be closer monitoring and assessment of provisional achievements during programme periods, for instance of the kind of ongoing assessment and feedback we find in European-level policy coordination processes like the European Semester.

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## PART III

# Conclusions and policy implications

# 11. Implications for policymaking

**Bjørn Hvinden, Jacqueline O'Reilly,  
Tomáš Sirovátka, Mi Ah Schoyen and  
Christer Hyggen**

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## 1 INTRODUCTION

In spite of indications of the beginning of an economic recovery, youth unemployment rates, NEET rates and non-standard forms of employment for young people are all still high in many European countries. For some groups of young people in Europe, early job insecurity has even increased. Low-skilled and immigrant youth, as well as those from an ethnic minority background, are still heavily affected, notwithstanding the policy initiatives adopted at the EU and national levels to improve the situation of young people on the labour market. In most countries young women are in a more vulnerable labour market position than are young men. Furthermore, for many of those who have experienced – or are still affected by – early job insecurity, there are likely to be long-term negative scarring effects in the form of poorer employment prospects.

We turn now to the crucial question: *How can policies to integrate young people into the labour market be improved?* We have approached this issue by considering a broad mix of national policies, including active labour market policies (ALMPs), education policies, employment protection legislation (EPL) and unemployment income protection. Additionally, we have referred to the roles of regional and local government in supporting and enabling young people's own efforts to improve their employment prospects. Finally, we have dealt with some important aspects of what the EU has sought to do to enhance the integration of young people into the labour market. We have examined the achievements so far of the EU Youth Guarantee and have clarified the extent to which the intra-EU redistribution of resources through the European Social Fund (ESF) has prioritized young people facing job insecurity. Based on a summary of the main findings and conclusions of the individual chapters of this volume, we will point to a number of implications for policy and coordination – at each territorial level as well as between them.

## 2 STRENGTHS AND WEAKNESSES OF LABOUR MARKET POLICIES TO INTEGRATE YOUNG PEOPLE

### 2.1 General Trends in Labour Market Policies Aimed at Young People

The findings of this book have revealed growing differences in the risks of early job insecurity in and across European countries (Karamessini et al., Chapters 2 and 3 this volume). This result indicates a need for more nuanced policies for the young, including the Youth Guarantee. Such policies need to take the specific national labour market and social context into consideration in their objectives, measures and allocation of resources. The European Employment Strategy and national action plans need to be more informed by national circumstances. In some countries of Southern Europe, such as Greece or Spain, there have not been enough jobs available during the recession and beyond. Policy responses in terms of economic policies and ALMPs need to facilitate job growth.

The detailed analysis of risks factors of early job insecurity (Karamessini et al., Chapter 3 this volume) confirms that a low level of education is generally a significant risk factor for job insecurity, irrespective of the crisis. However, this analysis also showed that a lack of social capital puts youth aged under 25 years at greater risk than their peers who are endowed with social capital. Targeted counselling and mentoring programmes as well as training and job-experience programmes should be the pivotal strategy, as also discussed by Lewis and Tolgensbakk (Chapter 10 in Volume 2).

Increasingly young people are migrating as a response to a lack of meaningful job opportunities at home, where flexibilization has been associated with a growth in poor-quality jobs (Michoń, Chapter 4 this volume). Although the EU has encouraged labour market mobility across member state borders, it is worth considering more closely to what extent, for whom and under which conditions migration to other countries represents a sustainable improvement in human capital and long-term improvement in employment prospects (O'Reilly et al., 2018).

From the perspective of the capability approach, the most important issue is the deteriorating quality of the jobs available to young people in many countries. It is in Southern Europe that this problem is most evident, earning it the label 'flexibilization on the margins', meaning that it is those on the margins of the labour market who are the most vulnerable to the consequences of flexibilization. Findings on employers' hiring practices suggest that they are reluctant to recruit young people who 'job hop', that is, move between different short-term jobs with different employers.

In fact, employers appear to discriminate more against such groups of young people than against those who have experienced longer periods of unemployment (Imdorf et al., Chapter 5 this volume). Qualitative interviews with young people also document young peoples' active agency in trying to find jobs that they value (Boyadjieva and Ilieva-Trichkova, Chapter 6 this volume). This evidence suggests that work-first policies are counterproductive: low-quality jobs are not stepping stones to better jobs; they are dead ends. For all these reasons, more emphasis on human-capital development, empowerment and choice is necessary to improve employment strategies.

Nevertheless, general trends in labour market integration policies for young people during the period 2007–13 remained on the path towards a stronger work-first approach (Dingeldey et al., Chapter 9 this volume; Hora et al., Chapters 7 and 8 this volume). These policies were often accompanied by 'workfare' measures, as opposed to an emphasis on enabling or human-capital investment approaches. Expenditure on ALMPs and labour market training, in particular (relative to need), diminished in most countries, in spite of the rising unemployment figures. This trend overlapped with the overall flexibilization of employment and unemployment protection.

Some progress, however, was observed in education policies and systems. In most of the countries studied, there was a shift towards stronger school-to-work transition support through short-term measures. These might include career and labour market counselling, mentoring, outreach, follow-up, more cooperation with employers, and long-term reforms like introducing dual vocational education and training (VET) principles into the education system by providing internships and traineeships for students and school-leavers. Skills are generally a good protection against labour market risks and social exclusion. However, measures promoting the provision and enhancement of skills have been weakly coordinated with other policy fields.

Even in countries with relatively well-developed school-to-work transition policies, there are specific problems that need to be addressed. Such problems include a high share of dropouts and a worse situation for specific groups (like disabled young people, immigrants and ethnic minorities). Young people are particularly exposed to material vulnerability and are increasingly dependent on their parents for support, especially in countries where welfare provision is poor or where young people's entitlements have been cut back.

In this broader context, the principles of the Youth Guarantee may be assessed as an attempt to significantly improve the policies (and the coordination of such policies) for the labour market integration of young

people by pursuing more demanding objectives in terms of the coverage, targeting and quality of the measures and their coordination (Dingeldey et al., Chapter 9 this volume). The question remaining is *how the Youth Guarantee initiative might succeed in integrating young people into the labour market* when the above-mentioned general trends in policies are borne in mind. The answer to this question is very much dependent on how the Youth Guarantee fits into the overall performance of the specific national packages of employment and education policies that we understand here as employment or school-to-work transition regimes.

There is a need to consolidate and further develop the EU initiatives and strategies for young people and to increase the impact and continuity of the ESF in backing these initiatives (Bussi et al., Chapter 10 this volume). The EU strategy for young people should emphasize the promotion of employability and the prevention of long-term unemployment and also the precariousness associated with low-quality jobs. A robust and coherent system for collecting data on achievement of the targets for integration of young people into the labour market needs to be implemented.

## **2.2 How are the Employment Regimes Supporting School-to-Work Transitions?**

Based on the assessment of four policy fields related to the labour market integration of young people (education, ALMP and activation, EPL and unemployment income protection), we have distinguished between five employment regimes: inclusive, employment-centred, liberal, sub-protective and transitional/post-socialist (see Hora et al., Chapters 7 and 8 this volume).

We characterize below how the policies for integrating young people into the labour market are working in these groups of countries, taking into consideration both the general trends in policies as well as more specific measures for young people. We aim to identify policy strengths and weaknesses – as well as policy failures – in these countries.

In doing so we focus on the most promising policy developments, on the one hand, and on significant policy failures, on the other. When referring to policy advancements and failures, we look first at the general level of the policies or the aspects of the policies that affect the overall governance framework and/or the policy substance. Second, we focus on the measures that are more specific in their focus on young people and/or on specific groups of young people (specific measures).

## 2.3 Countries Associated with the Inclusive and Employment-Centred Regimes

In Norway (associated with the inclusive regime) and Germany and Switzerland (associated with the employment-centred regime) we have seen that policy efforts to support school-to-work transitions are strong and systematic. Overall, they put more emphasis on human-capital development and enabling than on a work-first approach (see Dingeldey et al., Chapter 9 this volume; Hora et al., Chapters 7 and 8 this volume). Unemployment and NEET (not in employment, education or training) rates only increased slightly during the crisis and never exceeded 10 per cent. However, the levels of part-time employment (Norway) and temporary employment (Germany and Switzerland) are high, and both increased during the crisis (see Karamessini et al., Chapters 2 and 3 this volume).

The EU Youth Guarantee did not apply to two countries in this group – Norway and Switzerland (although Norway has already had a national Youth Guarantee for many years). However, these countries can serve as examples for the other EU countries to follow as regards integrating young people into the labour market. The two countries have well-established systems for supporting school-to-work transitions, based on the guarantee principle and underpinned with strong financial and personnel resources provided at the national level, as well as an appropriate governance framework (similar arrangements exist in Germany). First, the principle of a ‘quality offer’ to the young person is not new in these countries. Norway introduced the notion of such an offer in 1979, including the alternatives of further education, training or a job after a certain period of unemployment (similar to that offered under the EU Youth Guarantee) and later provided a legal right to upper-secondary education (Lindholm et al., 2016; Schoyen and Vedeler, 2016). In Switzerland the constitutional right to adequate VET (Apprenticeship Initiative) was broadly debated and was finally adopted in 2004 in two cantons (Geneva and Jura) (Imdorf et al., 2016; Kilchmann et al., 2016). Although Germany had policies with many of the Youth Guarantee criteria before the implementation of the EU Youth Guarantee, it has since extended the provisions related to the Youth Guarantee and the Youth Employment Initiative (Assmann et al., 2016; Dingeldey and Steinberg, 2016).

These countries have enhanced horizontal and vertical coordination through structural reforms and the introduction of one-stop services for youth. In Norway a major administrative reform in 2006 created a one-stop labour and welfare service that seems to work effectively. Germany has introduced one-stop youth career agencies providing support for employment, education and social services at the local level.

Vertical coordination was improved by adopting certain Federal/Länder agreements.

Moreover, an individualized approach to casework is a common principle in working with the unemployed. In Norway an individual activity plan is established within the first month of unemployment for young people and for those aged 25–29 with reduced work capacity. The aim is to ensure individual follow-up interviews within three months and guaranteed placement measures within six months. In Germany, as a result of the Hartz reforms, the authorities emphasize individualized casework and a ‘needs-based’ approach to reach all young people and provide follow-up services. Individual action plans are obligatory. In 2007 Switzerland launched case management for VET until graduation from upper-secondary school to support young people who have learning problems and experience social stress.

Especially in countries associated with the employment-centred regime and to some extent also in Norway, the dual VET system is still quite effective in mediating school-to-work transitions. Many measures aim to secure the attainment of school or vocational training certificates, follow-up of early school dropouts, prevention of dropout and alternative routes in education.

## **2.4 The United Kingdom as a Country Associated with the Liberal Employment Regime**

Youth unemployment rates in the United Kingdom, the only of our countries associated with the liberal regime, have been moderately high in comparison with other EU countries. A particularly high proportion of NEETs is an issue for concern (Karamessini et al., Chapter 2 this volume). ALMPs have been relatively modest (Hora et al., Chapter 8 this volume) and oriented towards a ‘work-first’ approach. Benefit claimants need to sign the Claimant Commitment, which requires strict compliance with the opinion of a counsellor, strict job-acceptance criteria and severe sanctions. Jobcentre Plus one-stop shops have been in operation since the 1990s. The Youth Guarantee was not implemented because the government insisted that the Youth Contract programme launched earlier in 2012 was better adapted to the national context (Bussi and O’Reilly, 2016a, 2016b).

The government has adopted a range of policies to improve the provision and incentivize the take-up of the relatively poor apprenticeship system (Bussi and O’Reilly, 2016a, 2016b). The governance of these programmes has been increasingly decentralized, with more coordination now taking place at the local level, however employer take-up has been disappointing (CIPD, 2018; Grotti et al., 2018). Incentives to find any



kind of work are strong and supported by a system of ‘in-work’ benefits, meaning that people earning low incomes can still receive benefits to compensate for their lower wages.

## **2.5 Countries Associated with the Transitional/Post-Socialist Employment Regime**

In these countries the weaknesses of policies have tended to prevail over their strengths. However, recently these countries have seen some positive developments in terms of specific (youth) measures and examples of improved governance (see Dingeldey et al., Chapter 9 this volume; Hora et al., Chapter 8 this volume; also see Hora et al., 2016; Michoń and Buttler 2016a, 2016b; Stoilova et al., 2016). First, coordination (horizontal and vertical) of the specific measures for youth has improved. Second, some reforms initiated in education have sought to provide the young with VET that is more relevant to the needs of the labour market. Third, several of the countries have introduced innovative elements like providing work experience and facilitating young people’s transitions to the labour market.

Still, the key weaknesses and deficits in the overall policy governance and substance represent a barrier to increasing the effectiveness of the policies. Funding has been the key problem, with the result that the scope of the measures – the numbers of participants and the quality – have decreased, although some new initiatives and measures have emerged. The administrative and personnel capacity of the public employment services (PES) has been rather weak, which has made it difficult to implement the measures effectively via individual casework and monitoring. For instance, these countries have formulated individual action plans only in a schematic form, not tailored to the individual needs of youth. The education systems have suffered from inadequate quality and lack of capacity: low-quality education, tardy response of education to the needs of the local labour market and insufficiently developed lifelong learning. Professional counselling, which would help to objectively assess the predisposition of the students, indicate choices towards further learning and plan career paths, has been underdeveloped. The same has applied to cooperation with employers in various fields – vocational education, professional training, counselling and so forth – that could help address the shortages of competences. Employment policies have relied mainly on work-first measures and on making the labour market more flexible.

Last but not least, in all countries characterized by the transitional/post-socialist regime most young people have been excluded from unemployment benefits because of the strict work-record requirements. Benefits

have been low (under the subsistence level) and only available for a short period of time (for details, see Hora et al., Chapter 8 this volume). Similarly, access to social assistance benefits has been quite limited because young people often live with their parents, who have been responsible for the subsistence of their children. This means that when claiming for social assistance, the incomes of all household members are taken into account. In Bulgaria there is a substantial waiting period for some claimants of social assistance.

Against this background, the implementation of the Youth Guarantee in these countries was somewhat ‘mechanical’ in that it was motivated mainly by the opportunity to obtain EU resources, whereas the added value of these resources has not been apparent because of the above weaknesses.

## **2.6 Countries Associated with the Sub-Protective Regime**

The countries that represent sub-protective regimes were the most severely hit by the crisis: the unemployment and NEET rates of youth reached higher levels than anywhere else. Temporary employment has been particularly high in Spain (see Karamessini et al., Chapters 2 and 3 this volume). Declining growth in combination with drastic measures to ensure fiscal discipline undermined the fiscal capacity of the state and investment in ALMPs (see Hora et al., Chapter 8 this volume).

The key policy trend regarding young workers was flexibilization – in terms of both numerical flexibility (such as prolongation of the trial period from 2 to 12 months in Greece) and wage flexibility (the minimum wage of people aged under 25 was set at 32 per cent less than the national level in Greece), while EPL for temporary contracts remained weak (especially in Spain). Youth Guarantee measures, on the other hand, had only limited impact.

Some progress has been noticed in the education sector, although there are reservations about the effectiveness of the measures. In Greece, the 2013 law on restructuring secondary education expanded opportunities for apprenticeships throughout the full range of vocational education. Next, career offices were created within the vocational education schools of the PES. In Spain, at the end of 2012, education and training system reforms initiated the gradual implementation of the dual-training system/VET, which seeks to decrease the number of school dropouts and improve the basic skills of low-performing students. The Second Chance programme for dropouts was initiated as a small-scale measure (see Ayllón and Ferreira-Batista, 2016a, 2016b; Karamessini et al., 2016; Kominou and Parsanoglou, 2016).

On the other hand, several serious shortcomings have been evident. First, the overall governance framework has been inadequate to the problems that had to be addressed. One important deficit has been poor vertical and horizontal policy coordination. In Spain the most significant problem appears to have been the lack of coordination between the national level and the Autonomous Community governments (which is very relevant because the national employment system has been decentralized and each Autonomous Community has carried out its own ALMPs). There has also been a lack of horizontal coordination between education systems, companies and the ALMPs offered by the PES. Similarly, horizontal coordination at the national and local levels has also been a challenge in Greece. The effort invested by many stakeholders in education, vocational training and employment has been fragmented; and an integrated framework for internships has been lacking.

Second, insufficient financial resources have impeded an increase in the scope of measures and have hampered co-financing of ESF measures. In Spain, for example, after the Youth Guarantee was extended to the 15–29 age group in 2015, the lack of resources had a detrimental effect on programme effectiveness (the estimated level of per capita investment was reduced by half to 560 euros); for comparison, in Germany (a leader in this respect), 20 765 euros were provided per capita. The Autonomous Communities have lacked resources in their budgets to complement the national funding.

The poor institutional capacity of the PES has been a related weakness. The workload of the services has been excessive; thus, individual support has been beyond the personnel's capacity. For similar reasons, offers under the Youth Guarantee were not made obligatory because it would not be realistic to promise support where not enough is available. Similarly, specific outreach mechanisms for NEETs have not been effective. For example, only about one third of the expected numbers of young people were registered in Youth Guarantee schemes in Spain (Ayllón and Ferreira-Batista, 2016b). As a result of these circumstances, the measures neither complied with the needs of young people in providing an individually tailored approach, nor did they manage to attain the trust of young people.

Hiring incentives were provided to employers in order to enable young people to have work experience; however, these suffered serious failures. In Spain there has been criticism of the misuse of the bonuses: the young people in the programme could have been hired even without the subsidy. Such criticism has been supported by the fact that the hiring rates did not improve despite the subsidies (see Ayllón and Ferreira-Batista, 2016b). Similarly, voucher programmes were implemented in Greece for

internships and professional experience, aimed at providing more choice for young people. However, these programmes have not offered any kind of professional certificate on conclusion and the training period has been too short. In addition, training providers typically have not performed any consulting or monitoring after the training has been completed. Often employers offering internships have not provided any support to young interns, using them merely as a form of free labour. About 90 per cent of the employers did not hire the interns after they completed the internship period (Kominou and Parsanoglou, 2016).

To summarize the above assessment, in most countries the shortcomings have stemmed from the general trend towards flexibilization and a work-first approach, inadequate governance frameworks, and insufficient financial and personnel resources. These traits have become increasingly apparent in countries associated with the sub-protective regime, to various extents in countries of the transitional/post-socialist regime and to some degree also in the United Kingdom (liberal regime). There is a need for stronger efforts at both national and EU levels to reverse these general trends. Policy recommendations are discussed below.

### 3 POLICY IMPLICATIONS AND RECOMMENDATIONS: HOW TO MAKE POLICIES MORE EFFECTIVE

#### 3.1 Shaping the Overall Economic and Social Policy Context

The analysis of the developments in policies that facilitate the integration of young people into the labour market has highlighted several unfavourable trends during the period 2007–13 that have hampered the effectiveness of the policies for youth in several respects.

The economic policies of the EU went explicitly or implicitly against the objectives expressed in the European Council Youth Guarantee recommendation. In particular, the excessive budget procedure and related fiscal austerity policies undermined the fiscal capacities of many countries (Greece and Spain are the best examples). As a consequence, these countries had difficulty co-financing measures that were supported by operational programmes of the EU aiming to alleviate the exploding youth unemployment rates. However, ‘re-financing’ of member states to the tune of around one billion euros improved the situation to some extent.

National political priorities regarding economic and social policies matter primarily in that they are sometimes influenced by the Council requirements related to the country’s fiscal discipline measures. The two

priorities are identified in the policies: the first is the flexibilization of the labour markets, which includes the reduction of unemployment income protection. The other policy concerns the increasing emphasis on the work-first approach, combined with workfare policies (see Hora et al., Chapter 8 this volume).

In contrast, the Youth Guarantee principles emphasize the guarantee of an offer, the quality of the offer, and the individualized, enabling or human-capital development approach. These principles originate in the experiences of the Scandinavian welfare states, which have possessed sufficient financial, governance and personnel capacity to put them into practice. Such preconditions, however, have not been – and are not currently – present within an austere climate and in the context of the above *de facto* political priorities.

Experience has shown that an adequate governance framework is needed for effective implementation of measures to integrate young people into the labour market. Such a framework includes:

- Adequate financial resources (also see European Commission, 2016a, 2016b, where this problem is likewise recognized);
- Effective vertical coordination – at the EU, national, regional and local levels;
- Effective horizontal coordination of the policies across policy fields/sectors and between different actors (public/non-profit, for-profit/employers, social partners);
- Personnel capacity of the key actors – primarily the PES (also see European Commission, 2016a): the overload of front-line staff represents a serious obstacle to individualized, holistic measures;
- Monitoring and evaluation of capacity and skills.

### **3.2 Improving Policymaking at the EU Level**

First, there have been contradictions between EU economic policies, on the one hand, and employment and social policies, on the other, leading to several unintended effects. The discussion of this discrepancy is not new (Barbier et al., 2015, Ferrera et al., 2002, Scharpf, 2002), but the crisis made the lack of reconciliation an even more pressing problem. So far, the EU has not been able to deal with this problem in a convincing way.

Second, on the basis of the above assessment of policy performance in the nine countries studied, the most important policy recommendation is to build the appropriate overall governance framework and infrastructure, which should have priority over specific measures like the Youth Guarantee. There is an obvious discrepancy regarding the inadequate

governance framework (the long-term task) that hampers the possibilities for implementing the specific measures in the short term. Consequently, failures of the specific measures often emerge.

It is not realistic to expect structural reforms in the governance framework or the building of institutional infrastructures to emerge as a by-product of the Youth Guarantee or similar specific initiatives. EU funds that are currently available for employment policies, education and social inclusion might be better coordinated with specific initiatives like the Youth Guarantee and be more focused on the governance framework and institutional capacities.

These issues have been to some extent discussed as recommendations in some analyses on Youth Guarantee implementation: the need to strengthen insufficient human and financial resources (European Commission, 2016a; OECD, 2014); to ensure long-term funding (ETUC, 2016); and to create an appropriate governance framework (ILO, 2015). Nevertheless, the impact of these recommendations has only been marginal to date.

Third, bureaucratic barriers impede the effective implementation of the measures supported by EU funds and need to be removed. Although the support of the EU is welcome on the local level, local political actors often fail to apply for EU funds because the documentation is very extensive and complicated. Typical examples are the overly detailed forms, formidable documentation requirements and complicated and impermeable communications concerning the administrative procedures linked with the ESF/Youth Employment Initiative.

### 3.3 Key Policy Issues at the National and Sub-National Levels and Recommendations

#### Improving governance

The experiences from the nine countries indicate that policies to prevent early job insecurity may become more effective under the following conditions:

#### (1) Better coordination

**Vertical coordination: Balanced decentralization.** The overall coordination between national and lower levels of governance seems to be a key factor for improving the effectiveness of policies. Some freedom on the local level is necessary for adaptation to local needs and tailored measures. Nevertheless, a strong hierarchy in the PES, especially when combined with inadequate quantitative targets for caseworkers, is not effective. The perverse effects of decentralization represent a barrier to success, whereby strategic decisions are transferred to lower levels but are not supported by

an actual capacity of co-funding (as in the case of local enterprise partnerships in the United Kingdom or as a more general problem for ALMPs in Spain).

***Horizontal coordination: Towards a holistic approach.*** Where more cross-sectional coordination of employment- and education-oriented measures with other social services like childcare, housing and services oriented towards social inclusion is in place, the measures seem to be more effective. Thus, comprehensive programmes should be prioritized (O'Higgins, 2015) – in particular, support for combining work and study (Scarpetta et al., 2010). However, the lack of such coordination is a weakness of public policies in most of the countries studied.

## **(2) Developing partnership and network governance**

Cooperation with employers in various fields is beneficial: vocational education, professional training design, counselling and so forth are needed to address the shortages of competences (including soft skills) and to provide work experience to young people. In particular, closer cooperation between the business sector and education – for example, through internships and placement – is beneficial (also see O'Higgins, 2015; Scarpetta et al., 2010). Except for Norway, Switzerland and Germany, this cooperation is not intensive enough in most countries. Similarly, the systematic inclusion of trade unions in programme design and strategic consultation are absolutely necessary to ensure the appropriateness of apprenticeships, training schemes and skills development (also see O'Higgins, 2015). These principles are also emphasized in the original Youth Guarantee guidelines (Council of the European Union, 2013); however, they are not consistently applied in most countries (European Commission, 2016a, 2016b).

## **(3) Improving financing and personnel capacity**

Reliable funding is the basis of sustainable projects (also see European Commission, 2016a). When possibilities are not created on the basis of national budgets to perpetuate well-functioning projects or programmes, the effects of these programmes are marginal. The number of participants offered places in such projects is often inadequate in relation to the size of the problem faced by some countries in Southern Europe and in some post-communist countries. Similarly, sufficient PES personnel capacity is necessary for a targeted, needs-oriented and individualized approach to young people. This condition, however, is often not met.

## **(4) Providing an appropriate time frame**

The European Commission (2016a) noted that the Youth Employment Initiative suffered from having too short a time frame for the

implementation of such a comprehensive scheme. Our analysis came to similar conclusions (see Dingeldey et al., Chapter 9 this volume; also see Assmann et al., 2016). Both the personal development of the young, and projects and measures to combat youth unemployment need time: highly effective measures like ‘career-entry support by mentoring’ only become effective over the long term; nevertheless, they are more successful because they help young people gain true self-confidence and develop realistic aims, which are a source of lasting motivation for them. Furthermore, programmes at the local level need *time to be built up*, as exemplified by the case of the implementation of a complex cooperation scheme like the ‘Youth Career Agency’. If fundamental changes are desired, political actors need sufficient time to implement them. It follows that long-term effects and the sustainability of the outcomes should be made a priority in their support for such programmes over short-term measures. These effects are directly associated with the quality of the jobs and training, and they can be captured through long-term monitoring of the measures and their participants.

#### **(5) Implementing monitoring: Towards evidence-based policymaking**

Monitoring labour market developments, professional and educational needs, and programme effectiveness is key. Prioritizing quality offers is also essential. In particular, precise information on targeting the individual measures to the young unemployed (including the division of participants into groups and sub-groups) is needed. However, data on the effects of the programme, in terms of the particular job retention in these sub-groups, is often lacking. A qualitative model of assessment of the policies – based on long-term analysis of the economic activities of the young people – would be useful. The delays in implementing monitoring systems and the need to establish qualitative assessments were also discussed in the European Commission communication (2016a).

### **Improving the substance and quality of measures**

#### **(1) More individual support and choice, respecting the needs and potentials of young people**

The effectiveness of the programmes depends on how well they are adapted to the needs of specific sub-groups of young people and to what extent they are appropriately individualized. Improvement of diagnosis (profiles) and individual casework are helpful in this respect. For this purpose and for the effective coordination of the Individual Action Plans and Youth Guarantee scheme, a more individualized and integrated approach towards young people is needed.



A good relationship with the respective caseworker is often increasingly important (as we know especially from the qualitative interviews; see Boyadjieva and Ilieva-Trichkova, Chapter 6 this volume). Similarly, mentoring programmes are also quite efficient (also see Scarpetta et al., 2010) because the personal contact with the mentor who supports them helps the young people to gain self-esteem, develop personally and pursue their career goals. The importance of a ‘significant other’ who is trusted by the young person is a recurrent theme in Volume 2 of this publication.

## **(2) Developing skills/enabling approach**

Good-quality education that can respond flexibly to the needs of the local labour market is needed but is often insufficient. The development of VET systems in accordance with the dual-track model (coordinated with internships and traineeship schemes) proves to be crucially important for successful school-to-work transitions. Career counselling for young people, as well as outreach strategies and follow-ups focused on (potential) school dropouts, are all important tools for young people facing multiple problems, who can be facilitated with second-chance programmes (also see Scarpetta et al., 2010). On-the-job training, especially by private employers, seems to be the most beneficial (O’Higgins, 2015). Full-time education and social inclusion programmes that do not necessarily lead to paid jobs or qualified training can also serve as alternative exits from unemployment.

## **(3) Focusing on the quality of the measures**

Focusing on the sustainable integration of young people in education or labour implies a strong focus on the quality of measures and jobs (also see European Commission, 2016a, 2016b). In general, a shift from a work-first approach to upskilling individually tailored to participants may be recommended.

Regarding the Youth Guarantee at the EU level, a better specification of what a ‘qualified offer’ precisely means could help to improve the quality of measures. Otherwise the Youth Guarantee cannot meet the expectation that young people will be provided with a real new chance (or ‘guarantee’).

In Germany, Norway and Switzerland (inclusive and employment-centred regimes), well-developed policy infrastructures provide a stronger focus on the quality of measures and, more generally, on the quality of offers for young people. Specific measures for the most disadvantaged youth (often those of migrant origin or with disabilities) could also be more effectively developed in these countries. Some of the other countries would probably accept more modest objectives; however, there should be a benchmark established that they could follow. Earlier recommendations

suggested improving the quality of jobs being offered in the Youth Guarantee and making temporary jobs more sustainable (Council of the European Union, 2013; Scarpetta et al., 2010). However, the fact that these issues keep reappearing on the political agenda indicates that they were insufficiently implemented in earlier rounds (European Parliament, 2017).

#### **(4) Targeting the needs of vulnerable groups**

Focusing on young people facing multiple obstacles helps to increase the effectiveness of the measures for those who have the greatest difficulties entering employment. However, their problems are complex, and it is necessary to develop measures, learning environments and support structures that are adapted especially to their needs. The strict eligibility conditions for participation in the Youth Guarantee and the registration process in many cases represent a high threshold barrier and consequently require thorough reconsideration. The criteria for obtaining support could also be verified through a more in-depth qualitative analysis. Flexibility on the margins is not the solution: alleviation of youth unemployment is better in countries where EPL is stronger, not weaker (O'Higgins, 2015). Similarly, unemployment protection coverage of young people and their access to social assistance need to be expanded.

A mechanism for encouraging the registration of NEETs could help to make these principles work (also see European Commission, 2016a, 2016b). Similarly, better information provided to youth about the programmes available through various channels may improve targeting and intake.

#### **(5) Fine-tuning the instruments**

Providing adequate economic incentives to employers to encourage them to hire young people after their internships helps to improve the chances of young people, as does supporting entrepreneurship and enabling the use of professional advice and training.

The sustainability of apprenticeship and internship placements after the programmes expire needs more attention, particularly in times of economic recession: when the subsidized work ends, the young people are often laid off because there are no real jobs for them (see Section 2.6 above on the problems with subsidizing measures in Greece). ALMPs work better in terms of their effectiveness when unemployment is high (O'Higgins, 2015).

Sustainable placements help young people avoid the risk of scarring and also alleviate reservations on the part of employers hiring young people (for a discussion of these aspects, see Imdorf et al., Chapter 5 this volume).

Especially during recession, access to suitable jobs (mainly for the low skilled) should be subsidized more strongly, decreasing labour costs for employers (Scarpetta et al., 2010).

Most of the above principles (issues of targeting, sustainability of jobs) were outlined in the Youth Guarantee recommendation (Council of the European Union, 2013); however, the assessment of implementation in the countries in focus documents the persisting gaps/policy deficits (European Commission, 2016a; ILO, 2015).

## 4 CONCLUSION

The findings presented in this chapter on the conditions for success of school-to-work transitions and labour market inclusion of young people, as well as the related policy implications, are relevant for most of the countries in focus here. There are still remarkable differences between the individual countries, however. We find the largest gaps in the substance of the policies, their overall governance, financial structures and conditions for implementation. Similarly, great contrasts have emerged between the countries emphasizing a work-first approach and the countries seeking to promote an enabling and human-capital development approach. Overall, there is a need for far-reaching structural reforms in policies and their governance, especially in the former countries, including a shift from a work-first approach towards an approach oriented more towards human-capital development. Last but not least, policies often fail to match the scope of the problem in those countries where the unemployment and NEET rates are extremely high. Their situation requires an even more comprehensive strategy and a better balance between economic and social policies.

### 4.1 Summary of Key Policy Recommendations

- The strong and persistent divergences in national levels of youth job insecurity represent challenges both to the European Employment Strategy and to European solidarity in that they lead to an over-taxing of migration as a strategy for coping with poor job prospects in the young person's own country, with uncertain gains for young people's long-term employment prospects.
- Having been without work for a considerable length of time while of a young age involves a risk of long-term negative effects. But even having worked in low-skilled jobs or having participated in ALMPs (in Norway) may also lead to adverse outcomes (scarring),

suggesting that both ‘skill-building first’ and ‘work-first’ strategies have an ambiguous or even negative impact on the long-term job prospects of young people (depending on national context).

- National PES need to assess carefully what measure seems appropriate in the individual case, given the person’s prior skills and job experience, and the respective country’s current labour market situation.
- Despite their more or less common experiences during the Great Recession, none of the countries studied moved towards other transition regimes, or towards an emerging ‘European Transition Regime’. The EU needs to address the unrealized potential for policy learning and exchange of best practices between member states in the context of the European Employment Strategy.
- The EU has good reasons to safeguard the progress made and to keep on encouraging member states in several areas (e.g., by completing reforms like the already initiated Youth Guarantee), delivering comparable data to enable monitoring of labour market developments and stricter evaluation of the effectiveness and sustainability of the Youth Guarantee and other instruments.
- While continuing to support the Youth Guarantee in the coming financing periods of the ESF, the EU needs to use financial instruments to promote better balances between supply- and demand-oriented measures in member states.
- Both the EU and the member states (at different levels of governance) need to recalibrate cash transfers and services supporting young women’s and men’s active efforts to improve their skills and prospects for finding secure jobs.
- Public agencies need to coordinate their approaches with those of civil society organizations in enabling young people’s own agency and listening to young people’s own views when developing new policies.

The analysis presented in this volume illustrates the significant challenges posed by the recent growth in youth unemployment and early career insecurity. It illustrates how policy initiatives, despite a considerable degree of reform, have been strongly affected by path dependencies and particular problems in different regions of Europe. Nevertheless, these initiatives have been part of a longer-term governance reform programme, where much still remains to be done in future phases. In particular, the needs and capabilities of young people should be more at the centre of the interventions and at the focus of policymaking. This implies a paradigm shift from the work-first approach towards a human-capital development

approach and a focus on job quality. Similarly, structural governance/institutional reforms are needed that would provide sufficient capacities and vertical and horizontal coordination for the effective implementation of the measures in various policy fields. The EU should continue to support the national reforms mainly where a problem is most striking, as well as guaranteeing a firm financial platform for such reforms and diminishing the administrative obstacles.

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