

The quality of young Europeans' employment: A dynamic perspective

Gabriella Berloffa, Eleonora Matteazzi, Alina Şandor and Paola Villa

The quality of employment is usually evaluated by considering various dimensions of people's jobs: for example, the quality of earnings (both in absolute and relative terms), job security (type of contract or unemployment risk), education and training, work-life balance and gender equality, and the working environment (Burchell et al. 2014; OECD 2014). However, labour markets are increasingly characterised by workers moving frequently between jobs, combined with spells without work.

Therefore, if we are interested in evaluating workers' well-being, we need to develop new concepts of employment quality that capture individuals' employment conditions over time, instead of at a single moment.

Researchers evaluating the consequences of increased labour market flexibility (less stringent regulation of permanent and temporary contracts) have tended to focus on the type of contract and, in particular, the use of fixed-term contracts. However, there is a wide degree of variation in the security and other working conditions experienced by 'permanent' and temporary employees across countries. Thus, even when examining job security, we should adopt a definition that is not solely based on the type of contract, but also on the evolution over time of individuals' employment status (Berloffa et al. 2016).

What is a 'good job' in today's dynamic labour markets?

In this study, we present a new definition of (objective) employment quality, based on various dimensions of individuals' labour market experience over a two-year period. In particular, we consider four dimensions – employment security, income security, income success and a successful match between education and occupation. These are defined as follows:

- **employment security:** if a young person experienced employment spells lasting (each) at least six months and non-employment spells lasting (each) at most three months over the 24 months of observation;
- **income security:** if the annual labour earnings in both years of observation are above the at-risk-of-poverty threshold and are not decreasing over time;

- **income success:** if monthly labour earnings in both years of observation are larger than the country-year-education specific median earnings, and are not decreasing over time;
- **educational-occupational success:** if a young person is not over-educated, and does not move from one occupation category to an inferior category during the two-year period of observation.

The novelty of this approach is twofold. First, we evaluate the quality of individuals' employment conditions, and not the quality of the specific job they hold. Second, we adopt a dynamic perspective to assess employment quality, by considering evolution over time using the four dimensions.

This new approach allows us to analyse and compare young Europeans' employment quality. In particular, using EU-SILC data, we focus on individuals aged 16-34 around five years after leaving full-time education, and examine how individual characteristics and labour market institutions (in particular, employment protection legislation and expenditure for active labour market policies, ALMP) affect the probability of finding secure and/or successful employment conditions.

Gender and education matter in achieving a good-quality employment condition

The results show that around five years after having left education, women are less likely than men to achieve employment security. However, if they are able to follow a stable employment trajectory, they have more chance of being income-secure. Nevertheless, females are always less likely to be successful, even when they manage to remain continuously employed.

In terms of security, the key obstacle for women is remaining continuously in employment, that is, reducing the number and length of periods without work. Yet for those who succeed in achieving a stable and continuous employment path, inequalities remain in terms of income success, though not income security. Overall, we find that education allows young people to have more stable and continuous employment trajectories, while also increasing their chances of being income-secure.

Employment quality and labour market policies

Analysis of the policy environment suggests that loosening the rules on the use of temporary contracts reduces the chances for all young people of achieving a sufficiently secure employment condition, generating more difficulties for women and low-educated individuals. However, stricter rules for individual dismissals and higher expenditure on ALMP appear to have positive effects on employment-secure trajectories. In some cases, however, negative effects in terms of income security arise from these more protective policies – for example, for women and low-educated individuals.

Policies for the most disadvantaged: Women and the lower educated

Our results show that, in the EU, women and the lower educated tend to face greater difficulties in obtaining good-quality employment conditions. In particular, the research demonstrates the need to enhance women's chances of remaining continuously in employment and of moving up in the labour income distribution. Recent labour market reforms that have tended to loosen the rules on the use of temporary contracts or on individual dismissals create more difficulties for women and for low-educated individuals. The results underline the need for more specific and targeted interventions to improve the quality of employment of the most disadvantaged groups.

Descriptive statistics of employment quality for young people (aged 16-34) around five years after leaving education in 17 European countries (shares)

	Secure employment condition			Successful employment condition		
	Employment security	Income security	Employment & income security	Income success	Education-Occupation success	Income & education occupation success
All sample	0.67	0.37	0.35	0.18	0.53	0.14
Gender						
Male	0.72	0.41	0.39	0.24	0.57	0.18
Female	0.62	0.33	0.31	0.13	0.49	0.10
Education						
Low	0.40	0.16	0.14	0.12	0.36	0.09
Medium	0.65	0.36	0.34	0.18	0.55	0.14
High	0.78	0.44	0.42	0.21	0.57	0.15
Country group						
Nordic	0.69	0.39	0.35	0.19	0.60	0.15
Continental	0.74	0.40	0.38	0.21	0.56	0.15
Southern	0.58	0.31	0.29	0.16	0.44	0.12
Eastern	0.69	0.39	0.38	0.19	0.57	0.15
Observation period						
2006-2007	0.69	0.44	0.41	0.21	0.56	0.16
2010-2011	0.66	0.31	0.30	0.16	0.49	0.12

Notes: Education: Low: lower-secondary education; Medium: upper-secondary education; High: tertiary education. Country groups: Nordic: DK, FI, SE; Continental: AT, BE, FR, NL; Southern: EL, ES, IT, PT; Eastern: CZ, EE, HU, PL, SI, SK.

Source: Authors' own calculations based on EU-SILC longitudinal data (2006-2012).

References

Berloffo, Gabriella, Eleonora Matteazzi, Alina Şandor and Paola Villa. 2016. 'Youth Employment Security and Labour Market Institutions: A Dynamic Perspective'. *International Labour Review* 155: 651-678

Youth employment

Flexible working and precariousness

- Berloffa, Gabriella, Eleonora Matteazzi, Gabriele Mazzolini, Alina Şandor and Paola Villa. 2015. *Youth School-To-Work Transitions: From Entry Jobs to Career Employment*. STYLE Working Paper WP10.2 Youth School-To-Work Transitions: from Entry Jobs to Career Employment
- Burchell, Brendan, Kirsten Sehnbruch, Agnieszka Piasna and Nurjk Agloni. 2014. 'The Quality of Employment and Decent Work: Definitions, Methodologies, and Ongoing Debates'. *Cambridge Journal of Economics* 38 (2): 459-477
- OECD. 2014. 'How Good is your Job? Measuring and Assessing Job Quality'. Chapter 3 in OECD *Employment Outlook 2014*. Paris: OECD Publishing.