



YOUTH LABOR IN TRANSITION

INEQUALITIES, MOBILITY,
AND POLICIES IN EUROPE

EDITED BY JACQUELINE O'REILLY, JANINE LESCHKE,
RENATE ORTLIEB, MARTIN SEELEIB-KAISER,
AND PAOLA VILLA

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Youth Labor in Transition

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Jacqueline O'Reilly, Janine Leschke, Renate Ortlieb,
Martin Seeleib-Kaiser, and Paola Villa
Brighton, Copenhagen, Graz, Tübingen, and Trento, July 2017

ABBREVIATIONS AND ACRONYMS

COUNTRIES

AT	Austria
BE	Belgium
BG	Bulgaria
CH	Switzerland
CY	Cyprus
CZ	Czech Republic
DE	Germany
DK	Denmark
EE	Estonia
EL	Greece
ES	Spain
FI	Finland
FR	France
HR	Croatia
HU	Hungary
IE	Ireland
IS	Iceland
IT	Italy
LT	Lithuania
LU	Luxembourg
LV	Latvia

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MK	Macedonia
MT	Malta
NL	Netherlands
NO	Norway
PL	Poland
PT	Portugal
RO	Romania
SE	Sweden
SI	Slovenia
SK	Slovakia
TR	Turkey
UK	United Kingdom
US	United States

ALMP	active labor market policy
BHPS	British Household Panel Survey
CCI	cultural and creative industry
CEE	Central and Eastern Europe
CSRs	country-specific recommendations
DG	Directorate General
EC	European Commission
ECB	European Central Bank
EES	European Employment Strategy
EMCO	European Commission Employment Committee
EPL	employment protection legislation
ESS	European Social Survey
EST	employment status trajectories
ETUC	European Trade Union Confederation
EU	European Union
EU-LFS	European Union Labour Force Survey
EURES	European Employment Services
Eurofound	European Foundation for the Improvement of Living and Working Conditions
Eurostat	Statistical Office of the European Union
EU-SILC	European Union Survey on Income and Living Conditions
EU2 2007	accession countries to the EU: Bulgaria and Romania
EU8 2004	accession countries to the EU: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia
EU28	European Union 28 countries
EVS	European Values Study
EWCS	European Working Conditions Survey
FTE	full-time equivalent

GDP	gross domestic product
HPAC	hierarchical age–period–cohort (regression model)
ICT	Information/Communication Technologies Sector
ILO	International Labour Organization
ISCED	International Standard Classification of Education
ISCO	International Standard Classification of Occupations
ISEI	International Socio-Economic Index of Occupational Status
KM	Kaplan–Meier (estimator)
LABREF	Labour Market Reforms Database
LFS	Labor Force Survey
LIFO	last-in, first-out
LMI	labor market intermediary
MISSOC	Mutual Information System on Social Protection
NACE	Statistical Classification of Economic Activities
NCDS	National Child Development Study
NEET	not in employment, education, or training
NGO	non-governmental organization
OECD	Organization for Economic Co-operation and Development
OLM	occupational labor markets
OM	optimal matching
OMC	open method of coordination
ONS-LS	Office for National Statistics Longitudinal Study
PES	public employment services
PIAAC	Programme for the International Assessment of Adult Competencies
PPS	purchasing power standards
R&D	research and development
SES	Structure of Earnings Survey
STW	school-to-work
STYLE	Strategic Transitions for Youth Labour in Europe (FP7 project)
TCN	third-country national
TLM	transitional labor market
UK-LFS	UK Quarterly Labour Force Survey
VET	vocational education and training
WVS	World Values Survey
YEI	Youth Employment Initiative
YG	Youth Guarantee

A glossary of labor market terms is available from the European Union at http://ec.europa.eu/eurostat/statistics-explained/index.php/Category:Labour_market_glossary.

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1

COMPARING YOUTH TRANSITIONS IN EUROPE

JOBLESSNESS, INSECURITY, INSTITUTIONS,
AND INEQUALITY

**Jacqueline O'Reilly, Janine Leschke, Renate Ortlieb,
Martin Seeleib-Kaiser, and Paola Villa**

1.1. INTRODUCTION

In the immediate aftermath of the Great Recession (2008–2009), European youth joblessness soared, especially in those countries facing the largest financial difficulties. Youth were particularly hard hit in Southern Europe, Ireland, and the Baltic countries. For some countries, this was not a new problem. For decades preceding the crisis, they had struggled with the problem of successfully integrating young people into paid work (Furlong and Carmel 2006).

The Great Recession exacerbated early career insecurity, which had already been evident before the crisis. Unstable, short-term, and poorly paid jobs have resulted from regulatory trends that began in the early 1990s. Employment protection legislation (EPL) was weakened in order to enhance labor market flexibility, enabling firms to respond quickly to changes. This was achieved through the liberalization of temporary contracts and in some cases a reduction of benefit entitlement for young people (Smith et al., this volume; Leschke and Finn, this volume). Measures to render labor markets more flexible have been actively supported by policy recommendations at the European Union (EU) level, with limited concern about the consequences for youth, both before and during the economic crisis (Smith and Villa 2016). The analyses presented in this volume show that focusing solely on youth unemployment is not enough to understand

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the consequences of the Great Recession for young people; we also need to understand how employment insecurity affects youth labor transitions, their long-term impact, and how these are mediated by labor market institutions and policies.

Institutional settings for the integration of youth differ remarkably across Europe, despite attempts made in recent years to overcome national and regional weaknesses following recommendations made at the EU level (Wallace and Bendit 2009; O'Reilly et al. 2015). Countries with more robust and embedded vocational education and training (VET) systems and with integrated employer involvement have traditionally been able to create more stable transition pathways from education to employment (Hadjivassiliou et al., this volume; Grotti, Russell, and O'Reilly, this volume). Those with more fragmented coordination have faced greater challenges and in some cases inertia (Petmesidou and González Menéndez, this volume).

The current evolution of youth labor markets reveals traditional and emerging forms of segmentation along education/class, nationality/ethnicity, and, to some degree, gender dimensions. Some countries are better able to contain labor market segmentation between well-protected prime-age workers and poorly protected younger workers. In others, segmentation has resulted in the involuntary concentration of young workers in temporary and precarious jobs, or it has left them without hope of finding a decent job.

In this chapter, we outline the key problems and challenges associated with analyzing youth joblessness and employment insecurity from a cross-European perspective.¹ First, we briefly contextualize European youth employment trends. Second, we identify how the problem of youth unemployment has been defined in both research and policy frameworks. Third, we outline comparative approaches to evaluating countries' performance. Fourth, we discuss how we conceptualize and compare sustainable youth transitions. Fifth, we consider how inequalities among youth vary by the intersection of gender, parental background, and ethnicity. Finally, we conclude by summarizing the contributions to this volume and suggesting that a more comprehensive approach to policymaking requires understanding both the dynamics of economic production regimes and the effects of inequalities emanating from the family sphere of social reproduction.

1.2. CONTEXTUALIZING EUROPEAN YOUTH EMPLOYMENT TRENDS

Some of the trends in youth employment during the Great Recession could be contextualized in relation to broader global and historical changes to the organization of work resulting from technological change, globalization, and demographic transformation, but these only tell part of the story. These three trends are major drivers affecting aggregate labor demand and supply, in addition to policy

decisions in advanced industrialized countries, but their effects on youth labor markets are not unilinear. The impact of global trends is mediated through labor market institutions, and distinctive patterns of local demand for young workers have their roots in employers' behavior before the Great Recession (Grotti et al., this volume). Although youth unemployment soared after the economic crisis, the causes of this are complex and vary between different categories of youth, as well as between different countries.

From a long-term perspective, the decline of manufacturing jobs in the northern hemisphere has decimated sectors that traditionally supported the integration of large cohorts of young men through apprenticeships. The speed of recent technological change is reshaping work on new digital platforms, but the impact of these changes on employment is neither theoretically nor empirically fully understood (Vivarelli 2014), and the consequences for young people are ambivalent. On the one hand, youth have an advantage over older generations if systems of VET adequately respond to the technological trends and changing job opportunities, where labor market entrants benefit from their up-to-date competencies. On the other hand, as low-skill jobs diminish, young people with few or limited qualifications encounter higher barriers to entering the labor market. Although the digital economy opens up new opportunities for consumers, it raises various challenges for workers, related to the types of jobs it generates and how these are regulated. This includes questions about remuneration, social protection, and, more generally, externalization of risks to workers—for example, in the emerging gig economy, in which young people are increasingly finding employment (Jepsen and Drahekoupil 2017; Lobel 2017; Neufeind et al., 2018). In addition, occupational choice becomes more difficult for young people because job profiles continuously change and investment in a specific vocational training or university study program may quickly become outdated. As a result, certain groups of young people may be “left behind” in the process of accelerated technological change.

Processes of globalization allow companies to relocate more easily and to reap the benefits of low-cost production regions. Although many jobs have been moved to the Far East, in the European context firms do not have to move to very distant shores. Instead, they can often relocate to destinations in Central and Eastern Europe and thereby create employment for young people in Europe's periphery. Nevertheless, unemployment continues to be high in these eastern regions, and it is unclear to what extent offshoring and globalization affect the overall volume of youth labor in Europe. Firms relocate not only due to wage–cost differences but also as a consequence of lower labor standards and more employer-friendly labor law. Relocations or the threat of relocations to regions with low labor standards pose a challenge for national and European policymakers by restricting the policy options available. Nevertheless, despite these global trends, Grotti et al. (this volume) show how young Europeans are more likely to find work in service sector jobs of retail, accommodation and

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food, and health and social work—sectors involving face-to-face delivery that are not as vulnerable to offshoring strategies.

We might expect demographic changes would have a favorable effect on youth employment opportunities because the number of workers per retiree is projected to decline substantially in the EU28 (Eurostat 2015). Projected population trends indicate an uneven distribution of where these are rising or declining across individual EU member states: Half of the EU member states are projected to show rising population trends and the other half declining trends between 2014 and 2080. Population numbers are predicted to rise by more than 30% in 8 of the 28 EU member states, whereas they are predicted to decline by approximately 30% or more in 6 member states (for details, see Eurostat 2015). To meet potential future labor shortages, immigration trends can only partly compensate for declining fertility rates and increasing life expectancy, so it should, in theory, be easier for young people to find work. But as Blanchflower and Freeman (2000) and Gruber and Wise (2010) show, these demographic trends have not resulted in more jobs for youth across the Organization for Economic Co-operation and Development (OECD) countries. What is more likely is that young people will have to work longer and are likely to receive lower pensions in the future.

Although these global trends of accelerated technological change, globalization, and demographic transformation mark a significant change to the world of work, it is not easy to untangle their specific impact on youth employment. The relationship between cause and effect is complex and varied, not only in explaining the differential outcomes between groups of countries but also in explaining the outcomes among different groups of young people in these countries. Rather than viewing “youth unemployment” as a unitary problem, a more refined understanding of what kind of problem this is needs to be specified.

1.3. IDENTIFYING THE PROBLEM OF YOUTH UNEMPLOYMENT

Endeavors to define the “problem” of youth unemployment have generated a number of contested interpretations as to its causes and possible solutions; these interpretations also affect the way policy is developed to address the problem. Some countries have attributed the rapid increase in youth unemployment to a “deficit model” in their school-to-work (STW) institutions or to the nature of segmented labor markets, in which young people are institutionally marginalized, or they have allotted blame to a “welfare dependency” culture, which may be producing young people without sufficient “grit” or the right set of mental skills to find employment (Pohl and Walther 2007; Wallace and Bendit 2009). The consequences of the economic crisis have prioritized the problem of youth employment and underemployment for policymakers. The solutions developed have included reforms of (pre)vocational training and a modernization

of educational institutions. Countries have pursued various paths of “activation,” either through enabling active labor market policies (ALMPs), such as training measures, or through more coercive steps that include obligatory activation and job take-up with benefit sanctions in the event of noncompliance (Hadjivassiliou et al., this volume). Despite diverse experiences across Europe, the distinction proposed by Scarpetta, Sonnet, and Manfredi (2010) between “poorly integrated new entrants” and young people who are “left behind” offers a very succinct means to identify the key universal trends and policy issues examined in this book.

Poorly integrated new entrants are young people who, although qualified, experience persistent difficulties in accessing stable employment. They are caught in a series of short-term, insecure, and poorly paid jobs that frequently do not correspond well to their qualifications (McGuinness, Bergin, and Whelan, this volume); such insecure employment is often interspersed by intermittent periods of unemployment and/or inactivity. This group of poorly integrated new entrants accounted for approximately 20%–30% of all youth aged 15–29 years in OECD countries in 2005–2007; these youth are particularly prevalent in France, Greece, Spain, and Italy (Scarpetta et al. 2010).

The second group of *youth left behind* is made up of young people who are characterized by inability, discouragement, or unwillingness to enter the labor market; who face multiple disadvantages; and who are more likely to have no qualifications, to come from an immigrant/minority background, and/or to live in disadvantaged/rural/remote areas (Eurofound 2012; TUC 2012; Roberts and MacDonald 2013). The size of this group can be estimated by the number of young people not in employment, education, or training, known as “NEETs.” Although the concept of NEETs has been highly contested for covering a very diverse group of young people—including unqualified early school-leavers, qualified graduates taking time off to find work, and youth with family caring responsibilities—it has become a widely recognized international benchmark for measuring country performance (Mascherini, this volume).

According to Eurostat data, the share of NEETs among the 15- to 29-year-old age group in the EU28 was 13.2% in 2007; it reached its peak at 15.9% in 2013 and then fell slightly to 14.8% by 2015 (for 2015, see Figure 1.1).² Country variations in the share of NEETs in the EU28 range from less than 8% (DK, LU, SE, and NL) to more than 25%. The highest NEET rate is found in Italy—25.7% in 2015; Greece, Bulgaria, and Romania all have NEET rates greater than 20%. The NEET rate for Turkey is as high as 27.9%.

In addition to national NEET rates, Figure 1.1 also presents youth unemployment rates and youth unemployment ratios. These three indicators are to be viewed as complementary in that they measure different phenomena.

The *unemployment rate* is the proportion of youth actively searching for a job as a percentage of all those in the same age group who are either employed or unemployed; students are excluded from this measure. The *unemployment ratio*

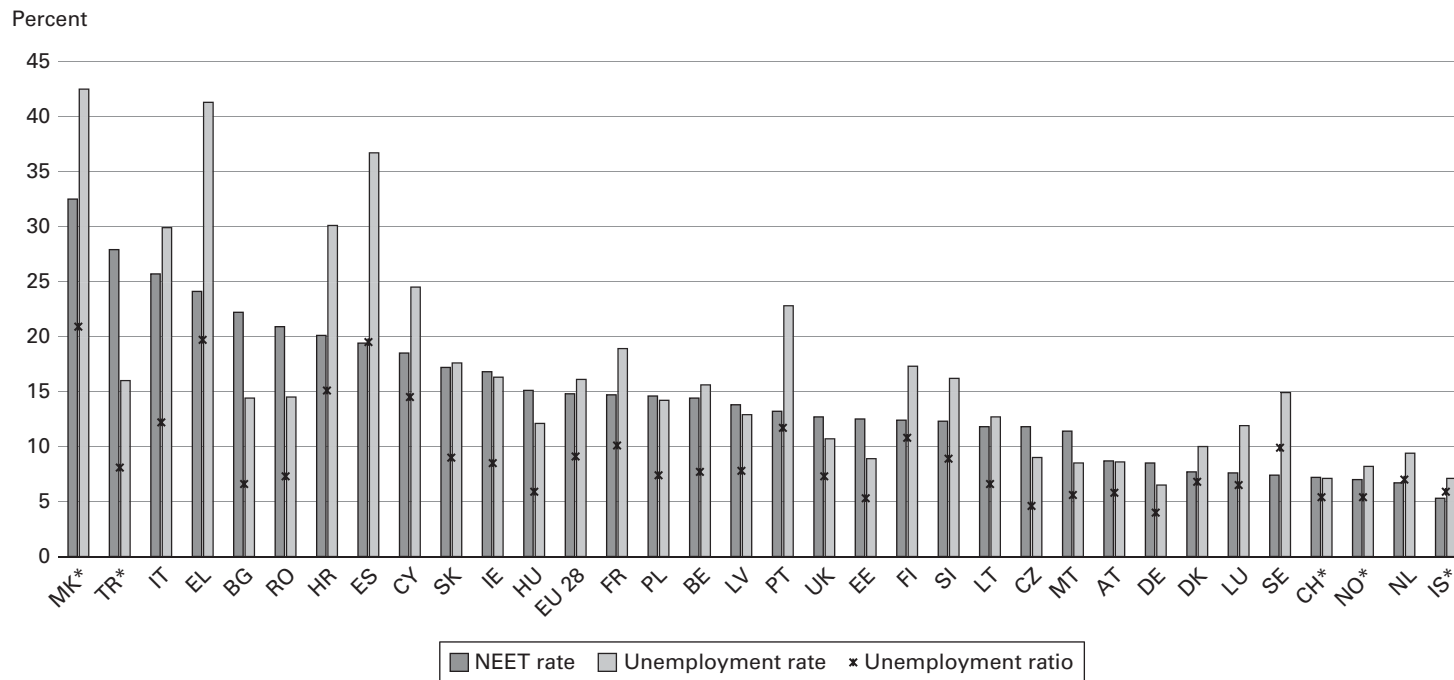


Figure 1.1 Youth unemployment rates, unemployment ratios, and NEET rates in 2015 (young people aged 15–29 years).

Source: Eurostat EU-LFS.

includes students as part of the total population against which youth unemployment is calculated. Because they are measured against a wider population, unemployment ratios are lower than unemployment rates. Ratios provide an indicator of the proportion of youth searching for a job vis-à-vis the relative share of youth in education. The *NEET rate* is the percentage of the youth population not in education or training among all young people in the same age group, including those who are working or studying or both; it can be interpreted as a measure that reflects the fragility of STW transitions in a particular country.

These three indicators vary significantly between countries (see Figure 1.1). Countries with similar NEET rates can have very different levels of youth unemployment rates or ratios. For example, if we compare Sweden, Portugal, and the United Kingdom—three seemingly different countries—we find some interesting points of comparison. The youth unemployment rate in Portugal is very high at greater than 20%. However, Portugal's youth unemployment ratio is fairly similar to that of Sweden at approximately 10%–12%, and these are both higher than the ratio of approximately 7% in the United Kingdom. This tells us that there are relatively more students in the United Kingdom than in Sweden or Portugal compared to those who are unemployed. But the NEET rates in the United Kingdom and Portugal are fairly similar at approximately 13%, which tells us that transitions to work or education and training are more effective in Sweden than in the former two countries. It is the careful interpretation of these data and the interrelationships between them that shape priorities on policy agendas.

Debates about which indicators should be used are both political and academic in nature. They are academic in terms of how we should appropriately measure and interpret the phenomena of youth unemployment and underemployment, and they are political in terms of emphasizing their significance and the importance of different policies developed to address the particular problem that is measured. These indicators also reflect the varying performance of countries, the overall macroeconomic and labor market conditions, and the effectiveness of institutional settings—particularly labor regulation—in facilitating young people's transitions to sustainable employment.

1.4. COMPARING COUNTRY PERFORMANCE

A comprehensive comparison of developments in youth labor market transitions across Europe presents a number of challenges. Early comparative work either tended to focus on a small selection of countries (Marsden and Ryan 1986) or emphasized the distinctive profile of particular types of countries associated with coordinated market economies (e.g., Germany) in contrast with liberal market economies (e.g., the United Kingdom). The *varieties of capitalism* approach

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emphasized the more successful integration and higher skill trajectories of youth in more coordinated economies (Hall and Soskice 2001). The key dimension of comparison was the relationship between business organizations, VET systems, and policymakers—the institutions that comprise the economic sphere of production (O'Reilly, Smith, and Villa 2017).

Variation across countries as regards occupational, company-specific skills, or generalist skill regimes also has very different effects on the speed, type, and quality of transitions that young people make (Russell, Helen, and Philip J. O'Connell 2001; Brzinsky-Fay 2007). In their comprehensive volume on transitions from education to work in Europe, Gangl, Müller, and Raffé (2003) find that countries in which youth have higher levels of education, and those with large-scale systems of vocational training, provide young people with a better start in their working lives. Van der Velden and Wolbers (2003) take a broader view of the impact of institutional conditions on transition outcomes. These authors test for the effects of various institutional indicators, including measures for the structure of training systems, the structure of collective bargaining and wage-setting mechanisms, and the stringency of employment protection. In this direct comparison between competing institutional hypotheses, the structure of training systems again turns out to be the most important predictor of cross-national differences in transition patterns. Boeri and Jimeno (2015), in a study on the divergence of unemployment in Europe, stress that youth unemployment is a main driver of these cross-country differences. According to their findings, the divergence is largely caused by differences in labor market institutions (including collective bargaining, wage-setting mechanisms, EPL, and labor market regulation) and their interactions with demand shocks, including fiscal consolidation.

One way to approach large, cross-national comparisons has been the use of welfare regime typologies with a number of aggregate indicators and dimensions to distinguish between different families of countries with related practices (for a critical summary of these approaches, see O'Reilly 2006; Ferragina and Seeleib-Kaiser 2011; Arts and Gelissen 2012). Ferragina and Seeleib-Kaiser argue that the main point of contention in these debates is that typologies are usually based on ideal types, not on real types. Two further critiques of regime approaches are that (1) they assume an overarching rationale rather than focusing on specific and sometimes contradictory policy logics and structures (Keck and Saraceno 2013) and (2) typologies tend toward a more static picture of regime types that overestimates path dependency (Hadjivassiliou et al., this volume). Despite these limitations, typologies are often used as pragmatic heuristic devices that allow us to make summary comparisons of a large number of countries. More recently established approaches have been adapted to specifically address the issue of youth transitions (Wallace and Bendit 2009).

Walther and Pohl (2005) put forward a typology of youth transition regimes building on established welfare regime typologies. They include dimensions that

go beyond social protection measures and consider, in particular, education and training, the regulation of labor markets, the role of occupational profiles, and job mobility in structuring labor market entry, as well as mechanisms of “doing gender” (Pohl and Walther 2007, 545–46). They distinguish between five youth transition regimes: universalistic (DK, FI, and SE); employment-centered, which is primarily based on dual training (AT and DE), both school-based (FR) and mixed (NL); liberal (IE and UK); subprotective (EL, ES, IT, and PT); and post-socialist (BG, PL, RO, SK, and SI) (Pohl and Walther 2007).

This regime typology provides a useful analytical framework that is specifically focused on youth transitions. However, as a number of contributors in this volume show, youth transition regimes are in flux because of the impact of the Great Recession; policy reforms have created new forms of regime hybridization as countries attempt to adjust to these shocks (Hadjivassiliou et al., this volume; Petmesidou and González Menéndez, this volume).

The impact of the Great Recession on country performance is well illustrated using the most common measure—youth unemployment rates (Figure 1.2). Although most countries have started to show decreases in youth unemployment since it peaked in approximately 2013, youth unemployment rates were on average still 4 percentage points (pp) higher in 2015 for 15- to 29-year-olds than before the crisis. Whereas the difference between countries recording the lowest and those recording the highest youth unemployment rates (for 15- to 29-year-olds) was 14.1 pp in 2008, the difference was 34.8 pp in 2015 (see Figure 1.2). Some countries are beginning to improve their performance since the economic crisis, including some countries in Eastern Europe, the Baltic States, and the United Kingdom and Ireland; however, for Southern European countries, the situation has deteriorated even further.

Despite the diversity of labor market conditions and the youth unemployment rate across Europe, there is a universally shared experience of growing early career insecurity associated with youth labor transitions. Drawing on a range of different methodological approaches and data sources, the chapters in this volume present evidence on youth transitions and policy interventions for a range of countries within these various regime “types.” The chapters are not exclusively inspired by STW transition regimes; rather, they also frequently cite more general welfare regime typologies in order to capture a broader perspective that goes beyond immediate STW transitions and also covers the effects of early career insecurity.

1.5. CONCEPTUALIZING AND COMPARING SUSTAINABLE YOUTH TRANSITIONS

The concept of sustainable youth transitions can be traced back to the notion of transitional labor markets developed by Schmid (2008). His work has a broader

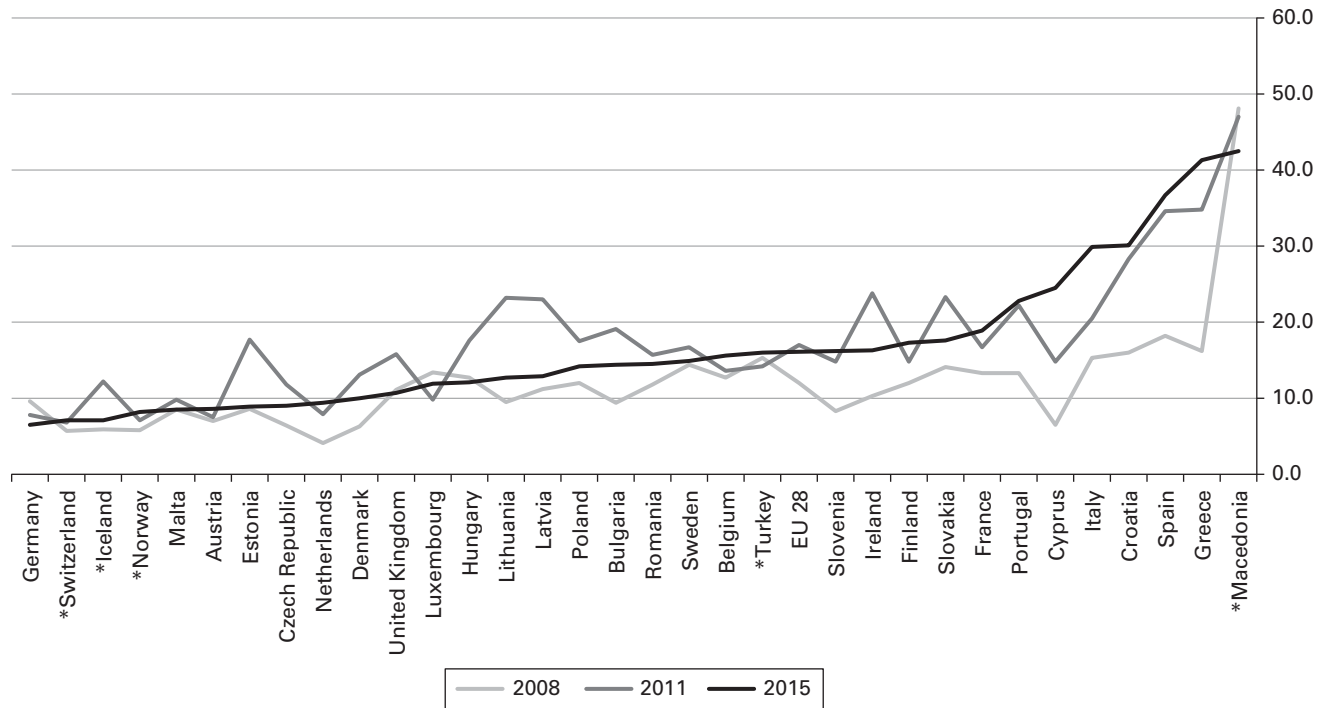


Figure 1.2 Evolution of youth unemployment rates (% total labor force, aged 15–29 years): 2008, 2011, and 2015.
 Source: Eurostat EU-LFS.

focus than this volume in examining transitions ranging from early entry to parenthood and later-life transitions out of the labor market. A key preoccupation of this approach with a view to social risk management is to identify policies and institutions that enable integrative and maintenance transitions (which enable people to stay in employment by moving between different forms of flexible employment) in contrast to exclusionary transitions (which result in unemployment or inactivity) (O'Reilly 2003). In particular, it considers the interfaces of education and the labor market, the labor market and private life, and transitions between different employment statuses within the labor market. In identifying innovative policies that focus on supporting employment continuity rather than job security—by securing transitions over the life course and thereby managing social risks—Schmid's perspective is a precursor to more recent debates on sustainable employment and the flexicurity approach (see Smith et al., this volume; Leschke and Finn, this volume; Petmesidou and González Menéndez, this volume; Berloff et al., this volume).

As the conceptual focus on measuring transitions has become more pertinent, it has been facilitated by the availability of large-scale, cross-national, and, in some cases, longitudinal data sets. Labor market research has increasingly moved from comparing stocks of employed and unemployed people toward an analysis of flows between a large set of different labor market statuses and life states. There has been a rising level of sophistication in terms of data and methods in how transitions have been examined (Brzinsky-Fay 2007; Flek, Hála, and Mysíková, this volume; Berloff et al., this volume). These have ranged from simple year-on-year comparisons of transitions from one state to another using cross-sectional data to more complex longitudinal analysis that follows individuals over a longer time period (Zuccotti and O'Reilly, this volume).

As well as tracing these patterns, attention has also been given to qualitative distinctions between integrative, maintenance, and exclusionary transitions around employment (O'Reilly, Cebrián, and Lallement 2000; Schmid 2008; Leschke 2009). The use of sequence analysis to measure youth transitions has enabled distinctions between countries in which speedy or delayed transitions are more common (Brzinsky-Fay 2007; Quintini and Manfredi 2009; Berloff et al., this volume; Filandri, Nazio, and O'Reilly, this volume). This type of analysis can identify universal trends as well as dominant patterns within particular countries.

Alongside the growing sophistication of the measures used to capture youth transitions, there is also some debate concerning the age limits to youth. The chapters in this volume use a variety of age ranges, depending on the focus of their research question. The decision to go beyond an upper age limit of 24 years that is often used arbitrarily or by statistical convention provides a more comprehensive picture of the longer term consequences of early career insecurity for youth trajectories. Using a broader age band is particularly relevant given the increasingly extended duration of participation in education and the raising of

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the school-leaving age. Furthermore, it allows us to take into consideration not only STW but also labor market transitions and the quality of employment in the early phase of youth working life. Early career insecurity can also have effects on young people in their early thirties—and not only in Southern Europe (Flek et al., this volume; Berloffia et al., this volume). Depending on the analytical aim of the respective chapters and the underlying data used, contributors here take into account youth up to the age of 34 years. Some of the chapters also stress the relevance of disaggregating youth either by age group (Hadjivassiliou et al., this volume; Leschke and Finn, this volume) or by the phase in their working life (Berloffia et al., this volume).

The volume's emphasis on transitions also highlights the importance of developing a dynamic analysis of labor market trajectories that goes beyond conventional analysis of stocks of labor. Several authors propose innovative solutions to overcome static approaches and commonly used indicators such as temporary jobs. These approaches include an analysis of longitudinal data and labor market flows (Flek et al., this volume) and a composite analysis of multidimensional features of job insecurity (Berloffia et al., this volume) or job quality (Russell, Leschke, and Smith 2015; Filandri et al., this volume).

Comparisons of youth trajectories presented in the volume include dimensions of occupational class, education, gender, age, and parental background. A novel additional dimension is the comparisons of youth trajectories that take account of ethnicity, nationality, and migration status, as well as more established cleavages and patterns of segmentation.

1.6. ESTABLISHED AND EMERGING FORMS OF SEGMENTATION AND INTERSECTING INEQUALITIES

Youth labor markets are a particularly apposite space for identifying both established and emerging forms of labor market segmentation. We are able not only to compare contemporary divisions between young people's labor market trajectories but also to trace the longer term legacies related to their parents' labor market experiences by drawing on extensive comparable cross-national data sources to identify patterns of commonality and difference in intersecting inequalities (Berloffia, Matteazzi, and Villa, this volume; Zuccotti and O'Reilly, this volume). In terms of gender differences, young women had higher levels of educational attainment than men before the Great Recession, but they also had slightly higher rates of unemployment. By 2015, young men (aged 15–29 years) had marginally overtaken young women's unemployment rates on the EU28 average (16.5 vs. 15.7, respectively), with 17 countries having more favorable outcomes for women than for men. During the Great Recession, unemployment rates increased for both young men and young women; however, the trend was steeper for men in male-dominated sectors, particularly in construction

and manufacturing (Eurostat 2017; Grotti et al., this volume). In 2015, young women (aged 15–29 years) were still more likely than young men to be NEET (16.7% compared to 13.0%, respectively) for EU28 (Eurostat 2017; Mascherini, this volume). Gender differences have decreased during the economic crisis not because of increasing gender equality but, rather, because of the rising shares of male NEETs.

Youth unemployment is also disproportionately higher, employment rates are lower, and working conditions are poorer for those from certain Black and minority ethnic backgrounds, as well as for some migrant workers (Akgüç and Beblavý, this volume; Spreckelsen, Leschke, and Seeleib-Kaiser, this volume). Some authors conflate ethnic differences as being largely attributable to migration, whereas others recognize that there is a long-standing community of non-White nationals within their societies that experiences very different employment trajectories depending on their ethnicity (Crul, Schneider, and Lelie 2012; Zuccotti and O'Reilly, this volume). Individuals with low levels of educational attainment or with disabilities also have more difficulty entering and remaining in employment in all countries (on educational attainment, see Gangl 2003; on disabilities and vulnerability, see Halvorsen et al. 2017; see also Hart et al. 2015).

One of the underlying reasons for poorer labor market integration of some ethnic and migrant youth and—more generally—of youth from low-income families is that they are less likely to participate in further formal education than their peers, although some ethnic groups have a higher propensity to pursue higher education (Zuccotti and O'Reilly, this volume). Gendered and ethnic segmentation in the take-up of particular vocational pathways can perpetuate these inequalities, with transitions taking place into less valued and less rewarded occupations, while those not participating in VET systems become labor market outsiders (Charles et al. 2001; Becker 2003; Alba 2011; Gundert and Mayer 2012; Gökşen et al. 2016). The specific institutional and societal context—in interplay with effectively implemented policies to address intersecting inequalities—affects the quality of youth transitions (Krizsan, Skjeie, and Squires 2012; Gökşen et al. 2016).

The research presented in this volume shows that we cannot assume that disadvantage in the labor market can be simply read off from a series of particular socioeconomic characteristics of an individual. The experiences of unemployment and labor market transitions vary by the intersection of gender and parental background (Filandri et al. this volume; Berloff, Matteazzi, and Villa, this volume; Mazzotta and Parisi, this volume; Medgyesi and Nagy, this volume). This analysis constitutes the components of the sphere of social reproduction of labor (O'Reilly et al. 2017). It is in this realm that family differences, as well as those of ethnicity, migration status, and educational attainment, influence and interact with the inequality in youth transitions observed in the sphere of economic production (Spreckelsen et al., this

volume; Mascherini, this volume; Zuccotti and O'Reilly, this volume; Ortlieb, Sheehan, and Masso, this volume). The effect of these disadvantages depends on institutional arrangements supporting equality of integration (Gökşen et al. 2016; Hadjivassiliou et al. 2016). Policies can be targeted at institutions of economic production such as VET systems, EPL, and employers; they can focus on the sphere of social reproduction by seeking to improve individual young people's "employability" skills and attitudes and by addressing disadvantaged families (or not); or they can have a more integrated focus on the two domains (O'Reilly et al. 2017).

The youth transitions examined in this book look at different groups of young people, the way they feel about their options (including their attitudes toward and values about work), and how policy communities can enable them to overcome the negative consequences of disengagement. Collectively, the research presented here illustrates the importance of policy initiatives directed at labor market institutions, such as VET systems, EPL, and unemployment benefits, as well as focusing on employers' patterns of recruitment and the role of trade unions.

This research also goes beyond conventional perspectives focused solely on the sphere of economic production by drawing attention to the very significant role of the family in shaping young people's futures and the social reproduction of labor (O'Reilly et al. 2017) and also to the more recent evidence on youth migration trajectories as a distinctive characteristic of the recent phase of youth unemployment in Europe (O'Reilly et al. 2015). Moving beyond STW transitions, this broader approach includes an analysis of the longer term consequences of insecure employment and how these consequences are shaped by institutions. We also distinguish between different categories of youth, which allows us to identify both universal trends and country-specific differences that affect transition trajectories. As a result, these findings provide a more nuanced and informed approach with regard to effective policymaking in different countries.

1.7. ORGANIZATION OF THE BOOK

The book is organized into four parts. Part I examines problematic youth transitions into employment and recent trends as to where young people find work, how well countries perform, and how this affects policy responses. In Part II, we examine how the family shapes youth labor market transitions. The chapters in Part II use different methodological approaches to address two key transitions for youth: finding work and leaving home. Part III examines youth migration transitions across Europe. Using quantitative and qualitative approaches, the chapters in Part III focus on the situation of young EU migrant workers abroad, when they return home, and the role of labor market intermediaries in

shaping these transitions. Part IV identifies some of the key policy challenges emerging from our analysis. Chapters in Part IV critically assess the concept of NEETs and vulnerable transitions for disadvantaged men and women from ethnic backgrounds, the challenges posed by overeducation, new forms of self-employment, the values and attitudes of young people, and their propensity to engage with trade unions. Drawing on this extensive evidence, we argue that the increasing levels of precariousness, mobility, and inequality in youth labor markets require a comprehensive raft of policies targeted at the spheres of economic production and social reproduction to engage employers more effectively and address inequalities stemming from the family.

1.7.1. Part I: Comparing Problematic Youth Transitions to Work

In Part I, we examine problematic youth transitions into employment. This opens with Chapter 2 by Grotti, Russell, and O'Reilly, which examines the sectors in which young people (aged 16–24 years) are most frequently employed before and after the Great Recession. Drawing on data from the European Union Labor Force Survey (EU-LFS) for 23 countries between 2007 and 2014, the authors find that youth employment continues to be unevenly distributed across sectors and that regardless of the different proportions emerging, many countries share striking similarities in this distribution. The authors ask whether the decline in jobs for youth is attributable to shrinkage in these sectors related to long-term trends in the overall structure of the economy or to the effects of the Great Recession (i.e., a hiring freeze, as in previous recessions, and the dissolution of temporary contracts, which are mainly held by young workers). Using a shift-share analysis, they identify the sectors in which young people have been most vulnerable to job losses so as to assess whether or not jobs for youth have deteriorated by examining *where* the changing employment status of these jobs has seen a decline in full-time permanent opportunities and a growth in part-time and/or temporary work. The evidence is sobering: Job opportunities in “youth-friendly” sectors have declined during the recession, and the quality of this employment has deteriorated.

Adopting a comparative perspective to assess STW transition regimes, Chapter 3 by Hadjivassiliou et al. asks how well countries have performed during the Great Recession and whether lessons can be learned from these experiences. Drawing on Pohl and Walther's (2007) comparative framework of STW transition regimes, the authors assess the youth labor market performance of eight countries (SE, DE, FR, NL, ES, TR, EE, and PL) belonging to five different institutional clusters and the effect of recent policy innovations. They analyze the cross-cluster variation by key institutional dimensions: youth employment policy governance structure (e.g., level/mode of policy coordination and social partners' role); the structure of education and training systems (e.g., VET and

apprenticeships) and the nature of linkages with the labor market; and dominant labor market and welfare policy models (e.g., EPL, wage-formation systems, ALMPs, and the structure of social assistance and benefits systems). Their findings indicate that the institutional configurations of STW regimes in Europe are currently experiencing a degree of flux and hybridization. Evidence of convergence in policy instruments emerges, although differential performance persists. A combination of institutional and macroeconomic factors, together with a common trend of progressive deterioration in the quality of youth transitions across the board, are likely to present significant obstacles for the future.

Providing a critique of recent labor market policies and institutional outcomes in Europe, Chapter 4 by Smith et al. identifies challenges to attempts to engage in a coherent reconceptualization of European employment policy from a youth perspective. First, they argue that there has been an over-reliance on supply side policies to address labor market challenges. Second, the external pressures of macroeconomic stability (including fiscal consolidation), rather than a coherent strategy toward sustainable labor market outcomes, have driven labor market reforms. Third, reform has been based on a downward pressure on job security (i.e., EPL) and a strengthening of employability security through ALMPs, despite slack labor demand. Fourth, because of over-reliance on quantitative targets, there is a lack of consideration of the impact of precariousness and early career insecurity on young people. Finally, reforms have failed to integrate a gender and life course perspective to reflect the realities of labor market participation. In terms of policy implications, the authors call for a renewed perspective on what constitutes an “efficient” labor market, alongside the integration of quality outcomes. They seek to identify policies that could develop durable and resilient labor markets for postcrisis Europe, particularly for the generation entering work.

Using a dynamic version of the flexicurity matrix, Chapter 5 by Leschke and Finn analyzes trade-offs and vicious and virtuous relationships between external and internal numerical flexibility and income security for youth (aged 15–24 and 25–29 years). In all European countries, youth are more likely to be unemployed than adults; they also have a higher likelihood of being in temporary employment. Moreover, young people have more difficulty fulfilling eligibility criteria for unemployment benefits, including minimum contributory periods and means testing in secondary benefit schemes. Drawing on EU-LFS data for 2007, 2009, and 2013, Leschke and Finn estimate the access of young people to unemployment benefits and also their participation in short-time working schemes. This analysis is complemented by an institutional analysis to chart recent changes in unemployment benefit criteria that are directly or indirectly targeted at youth. The results show that after initial improvements geared toward making unemployment benefit systems more encompassing, benefit coverage among youth has once again decreased in a number of countries in the wake of the crisis, highlighting the deficits in protection of young people against economic shocks.

To address these concerns, Petmesidou and González Menéndez in Chapter 6 disentangle and critically examine the complex routes of policy learning and policy transfer within and between different regimes of youth employment transitions. Their stringent analysis provides practical insights differentiating between successful innovations at different regional, national, and European levels. They comparatively examine the possibilities of, and barriers to, policy transfer and innovation between different STW transition regimes in Europe. Examining the policymaking machinery, they ask whether or not this facilitates experimentation with new, proactive youth employment measures. Their analysis shows that factors related to policy development and operational delivery (e.g., the role of evidence, the ability of decision-makers to tolerate risks, and the role of specific actors in forging learning and transfer) are crucial in enabling or hindering effective policy innovation. They conclude by calling attention to the usefulness of cross-national analysis for understanding the interplay between institutional and process factors that drive or hinder knowledge transfer and policy innovation for building resilient bridges to the labor market for young people.

1.7.2. Part II: Transitions Around Work and the Family

A particularly innovative contribution of this volume is its inclusion of an analysis of the sphere of social reproduction related to the role of the family in shaping youth labor market transitions. In Part II, we bring together a number of contributors who use diverse methodological approaches to focus on patterns of flows as well as on the quality of employment into which young people can move. A key element shared by these contributions is to provide innovative approaches to examining transitions and to situate these in relation to family circumstances. For some young people, unemployment is a frictional experience; for others, long-term vulnerability is part of a generational family legacy. The chapters deploy different methodological approaches to address key transitions for youth in finding work and leaving home.

Examining flows between labor market statuses, Chapter 7 by Flek, Hála, and Mysíková compares youth (aged 15–34 years) and prime-age individuals (aged 35–56 years) over various stages of the Great Recession (2008–2012). They examine youth labor market dynamics in four countries (Austria, France, Poland, and Spain) that are illustrative of very different institutional settings and macroeconomic shocks. A particularly novel aspect of this study is the decomposition into “inflows” into and “outflows” out of unemployment for youth and prime-age individuals. The main result is that young workers are more likely to move between employment and unemployment—in both directions—compared to prime-age workers. This is instructive for assessing the gap in the labor market prospects of the two age groups. In summary, the authors find that young people “churn” through the (secondary) labor market relatively more frequently than their prime-age counterparts. These patterns are consistent across countries with substantially different labor market performances, institutions, and EU

membership history, although the length of time it takes unemployed youth to find work varies from country to country. Higher levels of schooling and work experience are key factors influencing the probability of exiting unemployment and moving into employment.

Using a dynamic approach to evaluate youth labor market performance, Chapter 8 by Berloffia et al. illustrates an innovative methodology for grouping employment status sequences and also proposes a new definition of employment quality based on four dimensions: employment security, income security, economic success, and a positive match between education and occupation. The authors use longitudinal data (2006–2012) for 17 countries from the European Union Survey of Income and Living Conditions (EU-SILC) to examine youth (aged 16–34 years) employment outcomes in two different phases of their working life: labor market entry and approximately 5 years after exiting education. They analyze how the quality of employment obtained and the trajectory followed vary according to gender, education, country groups, and time periods (i.e., before and during the Great Recession). Their findings suggest that there is still a pressing need to enhance women's chances to remain continuously in employment and to enable them to move up in the labor income distribution. Loosening the rules on the use of temporary contracts actually generates more difficulties for women and low-educated individuals; it also appears to worsen youth employment prospects in general.

Asking how long young people (aged 19–34 years) should wait to find the right job, Chapter 9 by Filandri, Nazio, and O'Reilly examines the difference the family makes in this “waiting” decision. They use cross-sectional and longitudinal EU-SILC data (2005–2012) for five countries (Finland, France, Italy, Poland, and the United Kingdom), which are illustrative of different transition regimes. They also compare whether taking the first available opportunity or holding out for something better affects the quality of jobs that young people are able to secure. In addition, they explore whether early experiences of unemployment affect later occupational conditions in terms of pay and skill levels. Comparing the impact of family status on the transitions and timing affecting young people, their findings show reinforced patterns of stratification: Young people from work-rich, higher occupational status families were able to make better transitions in terms of job quality than was the case for lower status families. These results raise significant questions about the locus for policy interventions in addressing the legacies of family inequalities for young people today.

Berloffia, Matteazzi, and Villa undertake an analysis of intergenerational inequality and social mobility in Chapter 10. They investigate how this transmission varies for young men and women (aged 25–34 years) across a range of different groups of countries. Using the 2011 EU-SILC ad hoc module on the intergenerational transmission of disadvantages, they estimate the extent to which parents' employment during young people's adolescence affects their employment status at approximately 30 years of age. They find that having had a working mother

during adolescence reduces the likelihood of being workless for both sons and daughters at approximately age 30 years in all country groups, except in the Nordic countries; the effects of fathers' working condition are less widespread across countries. This suggests that the consequences of different labor market institutions, family models, and welfare regimes on the intergenerational transmission of worklessness are not very clear-cut. In all country groups (except the Nordic countries), policies should pay attention to mothers' employment—not only when their children are in their early years of life but also during their adolescence. Helping mothers to remain in or re-enter the labor market might have important consequences for the future employment prospects of both their daughters and their sons.

Considering the decision by young people (aged 18–34 years) to leave or to return to the parental home, Chapter 11 by Mazzotta and Parisi examines the effects of partnership and employment before and after the onset of the economic crisis (2005–2013) for different groups of countries. They find that the Great Recession has reduced the probability of leaving home and increased the probability of returning, with differences across country groups. The probability of leaving home decreased in Continental countries at the beginning of the Great Recession, but it remained stable in Southern and Eastern Europe. Southern European countries show an increase in returns home throughout the entire period. Finally, leaving and returning home seem more closely linked to partnership than to employment; at the same time, starting a new family is indirectly affected by employment.

How young adults (aged 18–34 years) who are co-residing with their parents contribute to household expenses has not received significant attention to date in the literature on youth transitions. In Chapter 12, Medgyesi and Nagy draw on EU-SILC 2010 data for 17 EU countries to examine how resources are pooled in these households. They find that income sharing in the household attenuates income differences between household members because it helps those with low resources. At the same time, income sharing in the household tends to increase inequalities for young adults living with their parents. Some young adults stay at home longer in order to enjoy better economic well-being, some stay longer as a strategy to overcome the difficulties faced in the labor market or the housing market or both, whereas others remain at home longer in order to support their family of origin.

The evidence presented by the chapters in Part II indicates the persistent importance of family resources (or the lack of them) in affecting the capability to move out of joblessness (Berloff, Matteazzi, and Villa, this volume; Mazzotta and Parisi, this volume). In some cases, family resources allow some young people to “wait” for the right opportunity (Filandri et al., this volume). For other young people, it is not a question of “waiting” as they have nowhere else to go; while some stay at home to support other family members (Medgyesi and Nagy, this volume). Flek et al. (this volume) show that waiting longer than six months

can have deleterious long-term effects that may culminate in becoming youth who are “left behind.” The extent to which young people are able to act is clearly shaped by the resources on which they can rely. Whether these are private family resources or collective public goods or agencies will vary by country, region, and class.

1.7.3. Part III: Transitions Across Europe

One of the distinctive characteristics of the recent period of youth unemployment has been the increased level of labor mobility across Europe (O’Reilly et al. 2015). A range of European initiatives that includes directives, social security coordination, and information services has sought to encourage EU cross-border labor mobility so as to contribute to better labor market matching by remedying intra-EU skill gaps and skill shortages. EU cross-border labor mobility of often young and high-qualified workers has become particularly important since the 2004 and 2007 accessions of Central and Eastern European countries (Galgóczy, Leschke, and Watt 2009, 2012). The trend has been further enhanced and diversified with the Great Recession, which led to increased flows of Southern Europeans to the North as a result of the economic downturn in their own countries (Kahanec and Zimmermann 2016).

Recent intra-EU labor migration might represent a key tool for remedying youth unemployment by providing work opportunities for young unemployed in the countries with more abundant work opportunities (Berg and Besharov 2016). Migration experience might provide important individual-level benefits and give signals to employers who value a set of skills and characteristics that living and working abroad help to develop. These can range from cognitive language skills to noncognitive skills such as independence, self-initiative, intercultural competence, and increased flexibility. However, migration can also lead to suboptimal labor allocation, with substantial numbers of migrant workers being employed below their skill levels and often facing poorer working conditions than their peers when they return home (Clark and Drinkwater 2008; Johnston, Khattab, and Manley 2015).

To examine young migrants’ (aged 15–35 years) labor market integration, in Chapter 13 Akgüç and Beblavý use pooled data from the European Social Survey (2002–2015). They analyze labor market outcomes (unemployment, hours worked, contract type, and overqualification) across an aggregate of European destination countries by migrant origin (Southern European, Eastern European, intra-EU, and non-EU) vis-à-vis natives. They show that young migrants of all origin clusters have poorer labor market outcomes than nationals. In particular, after controlling for education, gender, age, country, and year effects, migrants from Eastern and Southern Europe display important differences vis-à-vis nationals in terms of having a higher propensity to be unemployed, to be employed on a temporary employment contract, and to be overqualified. Moreover, the analysis reveals a gender gap in women’s disfavor.

Building on this analysis and deepening it, Chapter 14 by Spreckelsen, Leschke, and Seeleib-Kaiser examines the quantitative and qualitative labor market integration of young recent migrants (aged 20–34 years) in Germany and the United Kingdom. The assumption is that because of different reservation wages and variations in the applicable migration policy regimes, migrants from Central Eastern Europe (EU8), Bulgaria and Romania (EU2), Southern Europe, and the remaining EU will have qualitatively different outcomes in destination labor markets. Using German microcensus data and the UK-LFS, the chapter focuses descriptively on levels of employment and income; on marginal, fixed-term, and (solo) self-employment; and on overqualification of migrants compared to nationals before and after the economic crisis. The authors find that despite institutional differences and policy regimes regarding EU migrant workers, young EU migrant citizens are well integrated into the labor markets of both the two destination countries (particularly the United Kingdom) in terms of employment rates. However, their qualitative labor market integration seems to mirror the existing stratification across regions of Europe: EU8 and EU2 citizens often work in precarious and atypical employment, youth from Southern Europe take a middle position, and youth from the remaining EU countries do as well, or better, on several indicators than their national peers.

The entry route of young migrants from Eastern European countries (EU8) into a foreign labor market is a central focus of Chapter 15 by Ortlieb and Weiss. Focusing on the Austrian labor market, an important destination for EU8 migrants, these authors examine the role of labor market intermediaries (LMIs), such as public employment services, online job portals, and temporary work agencies, in facilitating this transition. Based on semistructured interviews with representatives of employers, LMIs, and young migrants (aged 18–34 years), they find that online job portals are the most common LMIs used and that the information services offered by LMIs are more relevant than matchmaking and administrative services. The relevance of LMI types and services varies across sectors. To varying degrees, LMIs fulfill specific functions in these sectors, such as reducing transaction costs, managing risks associated with the employment relationship, and building networks. The results can inform the design of policy measures aimed at improving the labor market opportunities of young migrants from Eastern Europe, such as the provision of cost-free information and matchmaking services and monitoring of LMIs in order to prevent exploitation of young migrants, and they can also inform future theoretical models accounting for youth migration.

Finally, going beyond understanding what happens to young people when they move abroad to find work, we also examine what happens when, and if, they return home. In Chapter 16, Masso et al. examine the labor market trajectories of return migrants to Estonia and Slovakia. They analyze how the characteristics of young return migrants (aged 18–34 years) differ from those of their peers who either stayed in Estonia and Slovakia or are still working in another European

country. They also investigate the short-term labor market outcomes of returnees relative to the two other groups. The analysis is based on national LFS data sets from 2009–2013. The authors find that return migrants, in both countries, are more likely to be young, male, and overqualified before their return compared to stayers. Return migrants in Slovakia initially face a higher risk of short-term unemployment, but they exit unemployment registries faster than stayers. In contrast, Estonian returnees who register with the labor office exit the registry at a slower pace than the unemployed in general. Masso et al.'s findings can inform policymaking aimed at reintegrating young return migrants into home-country labor markets under changing economic conditions and varied welfare support structures.

Altogether, the four chapters in Part III provide fresh insights into the experiences of young migrants during the Great Recession. Although European youth (particularly from a number of Central and Eastern countries of origin and—more recently—Southern Europe) show relatively high mobility and have comparatively high employment rates, some of them are also more prone to skills–occupation mismatch, atypical working conditions, and vulnerability compared to nationals in the destination countries to which they migrate.

1.7.4. Part IV: Challenging Futures for Youth

Drawing this volume to a close, the chapters in Part IV identify a number of key issues that will remain significant in future years. These chapters focus on the concept of NEETs; the consequences of overeducation, gender, and ethnic differences; the promises and drawbacks of youth self-employment; young people's attitudes; and what possibilities there are for trade unions to organize the next generation of young workers.

Starting with the concept of NEETs, Mascherini provides an overview in Chapter 17 of the origin of the concept and how it entered the European policy agenda. He reviews the characteristics, evolution, and composition of the NEET population in Europe using EU-LFS data. He then proposes disaggregating the NEET indicator so as to better address the heterogeneity of different subgroups of young people categorized as NEETs. These subgroups include re-entrants into the labor market or education, the short- and long-term unemployed, young people unavailable because of illness or disability, young people unavailable because of family responsibilities, discouraged workers, and other inactives. The chapter discusses the diversity of member states in terms of size and composition of the NEET population, as well as their STW transition patterns. This is linked with an analysis of the first year of the implementation of the European Youth Guarantee and the concrete measures adopted by member states in order to address the needs of the different subgroups of NEETs.

In contrast to the NEET population, the problem of overeducation is perceived as a consequence of the expansion of higher education and the lack of

appropriately skilled jobs for graduates. Well-qualified young people may have to enter employment that is below their qualification level, which in turn can have long-term consequences for their future labor market success. Drawing on EU-LFS data to construct quarterly time series of both youth (aged 15–24 years) and adult (aged 25–64 years) overeducation between 1997 and 2011 for 29 European countries, Chapter 18 by McGuinness, Bergin, and Whelan assesses the rate of overeducation among various age cohorts across countries and over time. Using time-series techniques, the authors find that youth overeducation is substantially driven by the composition of education provision, aggregate labor demand, and labor market flexibility.

Gender and ethnicity differences after a period of nonemployment are the focus of Chapter 19 by Zuccotti and O'Reilly. Their analysis is based on the Office for National Statistics Longitudinal Study, a large-scale data set from England and Wales that follows employment and occupational outcomes for individuals from 2001 (aged 16–29 years) to 2011 (aged 26–39 years). Being NEET in 2001 leads to approximately 17 pp less chance of being employed 10 years later (while controlling for comparable levels of education, social background, and neighborhood deprivation). However, this penalty varies across ethnic groups. The NEET scar is less severe among Indian and Bangladeshi men than among White British men by more than half. In contrast, the scars appear to be deeper for Pakistani and Caribbean women than for White British women.

Self-employment for youth has been widely promoted at the national and European level as a response to changing labor market conditions (European Commission 2010). But how beneficial is self-employment for young people? Is it a new form of precarious and poor-quality employment? Despite considerable interest among policymakers in measures to stimulate self-employment and entrepreneurship, there is limited comparative evidence about the nature and quality of self-employment, as well as the job-creation propensities of these enterprises. Ortlieb, Sheehan, and Masso address this gap in Chapter 20 using a comparative mixed methods approach. In addition to a range of secondary data sources, they draw on in-depth interviews with founders of business start-ups (aged 18–34 years) in six countries—Estonia, Germany, Ireland, Poland, Spain, and the United Kingdom—focusing on two industries (cultural and creative, and communication technologies). The analysis takes account of the differences between self-employed people who work as sole traders—sometimes under conditions that have been termed “bogus self-employment”—and those business founders who run an enterprise with employees. The findings suggest that for some young people, self-employment presents an option that offers high-quality jobs. A group of young self-employed people report that they can use and further develop their skills, and they appreciate the high degrees of autonomy and flexibility. However, the actual volume of jobs created through self-employment is rather low. Moreover, job quality is impaired by poor social protection, with negative consequences

especially in the long term. Policies need to address the high risks associated with self-employment in relation to unemployment, health care, and pension benefits.

Another dimension of future challenges discussed in this volume relates to changing attitudes toward and values regarding work among young people compared to previous generations. In Chapter 21, Hajdu and Sik conceptualize and operationalize different aspects of work values. They draw on international data sets (World Values Survey/European Values Study, European Social Survey, and International Social Survey Programme) to test for more than 30 countries whether work values differ across birth cohorts, age groups, and periods. The most important result is that significant gaps do not exist among the birth cohorts regarding the centrality of work, employment commitment, or extrinsic and intrinsic work values. Consequently, the authors argue that generations are not significantly divided in their work values in contemporary Europe.

The final challenge examined here looks at the problem of low youth unionization in Europe. Chapter 22 by Vandaele argues that the low and decreasing rate of youth unionization in the majority of European countries is not the outcome of a generational shift in attitudes and beliefs regarding the value of trade unions. Rather, this is a result of the decline of union membership as a social practice and the diminishing exposure of young people to unionism at the workplace. The chapter illustrates with a number of examples that unions have a large amount of agency in developing effective, tailor-made strategies for organizing young workers and thereby strengthening their collective voice.

1.8. CONCLUSIONS

The book draws to a close by providing an integrated analysis of the findings of all the research presented in the volume. We discuss the challenges of comparing youth transitions across countries and the importance of using a wider range of indicators and a more comprehensive policy focus. First, we argue that the concept of economic production encapsulates some of the key dimensions and foci for policy initiatives related to VET, labor market flexibility, insecurity, and mobility. Second, we contend that an exclusive focus on this domain risks undervaluing the continued importance of the sphere of social reproduction, the role of family legacies, and how these affect established and emerging forms of inequality. Third, we propose that given the complexity and variety of youth transitions, policy initiatives need to attend simultaneously to both dimensions so as to develop multifocused strategies for ensuring successful youth transitions. The final chapter concludes with an outlook on what directions are required for future policymaking and research targeted at identifying sustainable bridges that facilitate youth labor market transitions.

NOTES

- 1 The research presented here draws evidence from an EU-funded interdisciplinary research project involving 25 partners from 19 European countries, including Turkey (<http://www.style-research.eu>). This was funded from the European Union's Seventh Framework Programme for research, technological development, and demonstration under grant agreement No. 613256.
- 2 The NEET share is higher if we consider the age group 20–34 years, which stood at 18.9% in 2015—this is approximately 17.6 million young people in the EU28 (Eurostat 2017, EU-LFS, not shown).

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PART I

COMPARING PROBLEMATIC YOUTH TRANSITIONS TO WORK

2

WHERE DO YOUNG PEOPLE WORK?

Raffaele Grotti, Helen Russell, and Jacqueline O'Reilly

2.1. INTRODUCTION

A considerable body of comparative research on youth labor markets has focused on differences in school-to-work (STW) transitions and their impact on youth employment. Much of this research has examined institutional factors, comparing the performance of different vocational education and training (VET) systems, the effectiveness of active labor market policies, wage-setting arrangements, or the need for young people to have greater employability skills. However, surprisingly little attention has been given to employers' behavior or to identifying which sectors of the economy are more open to employing young people and how these have changed over time. This chapter seeks to address this gap by examining where young people (aged 16–24 years) have been employed—prior to and since the Great Recession of 2008–2009.

2.2. COMPARING YOUTH TRANSITIONS ACROSS COUNTRIES AND SECTORS

2.2.1. Country Comparisons

Comparative employment research has drawn on a range of different analytical frameworks that can be used to understand youth employment. These range from polarized “ideal types,” such as the *Varieties of Capitalism* (Hall and Soskice 2001), to more complex typologies encompassing a broader range of variables (O'Reilly 2006). These typologies focus not only on VET systems, wage setting,

trade unions, and employers' organizations but also on labor market policies and labor market characteristics, as well as cognitive conceptions of what kind of problem youth unemployment represents for policymakers (Russell and O'Connell 2001; Wallace and Bendit 2009; Buchmann and Kriesi 2011).

Using a multidimensional approach, Pohl and Walther (2007) classify countries into five types of "youth transition regimes": *universalistic* (Denmark, Finland, and Sweden); *employment-centered*, primarily based on dual training (Austria and Germany), but also including school-based (France) or mixed (Netherlands) training; *liberal* (Ireland and the United Kingdom); *subprotective* (Cyprus, Italy, Greece, Portugal, and Spain); and *post-socialist*, which includes a mixed liberal and employment-centered approach (e.g., Baltic states, Bulgaria, Romania, Slovenia, and Slovakia). This comparative framework provides a parsimonious heuristic device for making systematic comparisons of trends in youth employment between countries (for a fuller discussion of this typology, see Hadjivassiliou et al., this volume).

2.2.2. Sectorial Comparisons

Here, we are interested in differences in youth employment not only between countries and regime types but also between sectors within countries—a topic that has received surprisingly little attention (Marsden and Ryan 1986). Cross-national research has tended to focus either on macroeconomic factors and the effects of labor market policies or on supply-side comparisons of youth "employability." More qualitative sectorial studies of employer engagement have either examined differences within one country (Simms, Gamwell, and Hopkins 2017) or evaluated the impact of labor market policies in particular sectors, again often within one country (Lewis and Ryan 2008). Overall, there has been a remarkably limited examination of the role of employers and of sectorial trends in understanding changes in youth employment from a cross-national perspective.

An early comparative study from Marsden and Ryan (1986) asked, "Where do young workers work?" These authors established that youth employment was not evenly distributed across sectors; in fact, services and some areas of manufacturing were more open to youth than other sectors (Marsden and Ryan 1986, 85). Within countries, considerable variation between "youth-friendly" sectors emerged, but this distribution was very similar across all six countries the authors examined. At the time this research was carried out (1972), and focusing only on male youth, the most popular sectors were footwear, clothing, wood products, and textiles—all largely manufacturing jobs.

More recent studies by Blanchflower and Freeman (2000), using Organization for Economic Co-operation and Development (OECD) data from 1994, have revealed the persistent uneven distribution of youth employment across sectors. Blanchflower and Freeman distinguished between "youth-intensive" industries, in which there is a higher ratio of younger to older workers,¹ and they found

that young people (aged 16–24 years) were more likely to be employed in hotels and restaurants, retail, and repair than in utilities, education, or public administration. Two sectors (hotel and restaurants, and retail) accounted for 39% of all young workers in Germany and France in 1994. Gender differences were also identifiable, with young men being disproportionately employed in construction and young women disproportionately in the health sector. Like Marsden and Ryan before them, these authors found that “the uniformity of these patterns across countries is striking and suggests that, differences in school to work transition patterns notwithstanding, what happens to the youth labor market depends critically on developments in a limited set of sectors in all countries” (p. 47).

2.2.3. Gender Segregation

Greater attention has been given to sectorial comparison of the changing composition of employment in studies on gender segregation and the Great Recession. Bettio and Verashchagina (2014) found that the concentration of women in the public sector and in services shielded them from the worst job losses. Rubery and Rafferty (2013) also emphasize the role of gender segregation in their analysis of the crisis in the United Kingdom; they argue that recession and restructuring may induce changes in segregation through substitution that will result in higher unemployment rates for women. Kelly et al. (2014) show that gender segregation in Ireland fully accounts for the observed gender differential in unemployment rates during the recent recession: The hyper-concentration of young men in construction was a significant factor in the disproportionate rise in male youth unemployment.

This body of research indicates that not only is youth employment concentrated in particular sectors but also this varies significantly by gender. As a result, we might expect the consequences for youth employment opportunities to be sensitive to how these sectors were affected by the Great Recession.

2.2.4. Comparing the Quality of Employment

In addition to the quantity of jobs created or destroyed, there has also been a long-running interest in the quality of youth employment. Marsden and Ryan (1986) were also interested in understanding the quality of employment that young people can access and how pay rates affect their employment opportunities. They argued that young people have greater difficulty entering jobs where adult wages are high and jobs are well protected. Employers are more likely to view young people as less productive and relatively expensive compared to older workers, if they are expected to treat them on similar terms of employment. Young workers are likely to find it easier to enter low-wage, low-skilled jobs, for which there is less competition from older workers. In sectors where employers can pay apprentices lower rates of pay, this has encouraged higher rates of youth employment. The quality of these jobs could be enhanced where

there was a good apprenticeship system in place, as evidenced by Germany, which overall has a much higher proportion of skilled young workers compared to other countries.

More recent analysis from Blanchflower and Freeman (2000, 49) expected the youth share of employment for 20- to 24-year-olds to increase between 1985 and 1994. Demographic trends with falling numbers of youth, increased educational participation, and the growth of a youth-friendly service sector should have led to an increase in the youth share of employment. Instead, this share fell, and the quality of youth employment and earnings deteriorated in nearly all OECD countries. Blanchflower and Freeman attribute this to the worsening conditions of low-paid and less skilled jobs.

2.2.5. Declining Demand for Youth Labor

In addition to the previously mentioned deterioration, Blanchflower and Freeman (2000) argue that there has been a “massively declining labor demand for young workers” (p. 54). A similar finding has been provided in a more recent analysis from Boeri and Jimeno (2015, 4). The latter authors attribute the explosion of European youth joblessness since the Great Recession to a massive elimination of jobs held by young people and to a hiring freeze by employers. Indeed, employers’ first response to decreases in demand is to stop recruiting and to not renew temporary contracts when they expire. Boeri and Jimeno argue that the destruction of jobs for young people came about with the “dissolution of temporary contracts, while at the same time employment rates among older workers were increasing” (p. 4). As Boeri and Jimeno acknowledge, this is a distinct feature of the Great Recession. In previous economic downturns, older workers were incentivized to leave the labor market via early retirement plans. In the recent period, fiscal consolidation has led to increasing retirement ages to the detriment of employment among young people. Boeri and Jimeno cite this as one example of a more general thesis: Reforms that are effective in normal times may not be desirable during major recessions. However, older workers are not a direct substitute for younger workers because they have different skills and experience that employers value (Eichhorst et al. 2014).

Countries also show different capacities for integrating young people. Despite country similarities in the distribution of youth-friendly jobs across sectors, there was significant variation between countries in the proportions of employed youth. The Marsden and Ryan (1986) study found that some countries, such as Italy, had very low shares of youth employment, whereas these rates were much higher in the United Kingdom. Country differences clearly have had a long-term impact on how many young people are integrated into paid work, where that work is located, and the status it is accorded. This variation is likely to derive from both long-term processes (related to change in the economic structure and labor market institutional characteristics) and short-term cyclical effects, which elicit

different national policy responses (Blanchflower and Freeman 2000; O'Higgins 2012; Boeri and Jimeno 2015).

Some accounts of the declines in youth employment attribute them to the impact of the economic crisis on particular sectors. Okun's law predicts that the depth of the recession, measured as a decline in gross domestic product (GDP), has a direct correlation with the rise in unemployment. However, O'Higgins (2012) suggests that Okun's law is not well supported in the European case. For example, Ireland experienced a 12% drop in GDP and a disproportionately large fall of 53% in youth employment; the explanation, he argues, while including an account of other countries, is largely related to a fall in aggregate labor demand (O'Higgins 2012, 21). Boeri and Jimeno (2015) draw a similar conclusion to that of O'Higgins (2012). Although they argue that Okun's law can account for approximately 50% of the change in youth jobs in Europe, it does not explain the "unbearable divergence of unemployment in Europe." This divergence, they believe, is the product of both shocks of varying intensity and different labor market responses. Policy options include increasing wage flexibility or employment flexibility, where this can mean either cuts in the number of hours worked or cuts in the number of people employed. Whether youth unemployment is a long-term structural characteristic related to labor market institutions or the result of short-term cyclical effects is contested; Boeri and Jimeno (2015, 4) suggest that even long-term structural characteristics fluctuate too much over time.

2.2.6. Research Questions

Evidence from this literature suggests three possible lines of investigation to understand how sectorial differences affected youth employment rates during the Great Recession. First, changes to the overall size of youth-friendly sectors can explain why the youth job market worsened, or in a few cases improved. We can hypothesize that part of the explanation for the growth in youth unemployment is related to how the size of these sectors changed since 2007. Did young people lose their jobs because the sector shrunk as a result of economic shock and the recession? This would be a reasonable expectation in countries in which youth were disproportionately employed in the construction sector and in which there had been a housing bubble leading up to 2007 (Boeri and Jimeno 2015). Or, second, did the fall in youth employment come about because employers' propensity to employ young workers declined? This would be evidenced by a decline in the youth:older worker ratio. Third, was the growth of youth unemployment only a consequence of the destruction of temporary jobs; that is, was it easier to get rid of young people, especially in dualist labor markets? Or, have youth job opportunities continued to deteriorate with the growth of lower quality employment, in the way identified by Blanchflower and Freeman (2000)?

2.3. RESEARCH DESIGN, DATA, MEASURES, AND METHODS

To answer the previous questions, we draw on European Union Labour Force Survey (EU-LFS) data, examining where young people (aged 16–24 years) have been employed and how this changed between 2007 and 2014. First, we examine the descriptive statistics on youth unemployment and labor force participation trends for the five country groups over three decades (from 1983, where possible, to 2014). The 23 countries considered have been chosen in order to maximize the time span over which we can assess the trends. At the same time, so as to have consistent aggregate measures, the countries chosen have data for the entire period.² We present aggregate trends for two measures: the youth unemployment rate and the youth labor force participation rate.

The youth unemployment rate represents the share of unemployed youth among the active—that is, employed or unemployed—youth labor force population. Students and other inactive youth are not included in this estimate. In contrast, the labor force participation rate records the share of economically active youth over the total youth population, including those who are inactive. We decided to complement the measure of unemployment rate with the measure of participation rate in order to provide a more comprehensive picture of the nonemployment phenomenon among youth and of the heterogeneity among country groups in the forces that have driven unemployment trends. Indeed, focusing only on the unemployment rate risks missing important aspects of the phenomenon (O'Reilly et al. 2015). This is because variations in the unemployment rate may be the result both of flows between unemployment and employment and of flows from unemployment or employment to inactivity, and vice versa (O'Higgins 2012; Berloff et al., this volume; Flek, Hála, and Mysíková, this volume); for a discussion of measures of youth not in employment, education, or training (NEETs), see Mascherini (this volume).

Second, we select 11 countries that represent the five country groups to provide a more in-depth analysis identifying where young people have been employed and how this has changed over three time points: before (2007), during (2010), and after (2014) the Great Recession. The countries selected are Denmark and Sweden for the universalistic group; France, Germany, and the Netherlands representing the employment-centered countries; Ireland and the United Kingdom for the liberal countries; Italy and Spain for the subprotective countries; and Hungary and Poland representing the post-socialist countries. By including pairs of countries for each regime type, we can also identify differences within these categories.

Third, we use a shift-share analysis to address our research question as to whether young people lost their jobs because a sector reduced in size or because it became less youth friendly, suggesting a reduction in employers' propensity to employ young people. This allows us to disaggregate changes in employment by economic activity. It also enables us to answer our third research question

regarding the deteriorating quality of jobs for youth by drawing on other relevant characteristics relating to employment status (full-time/part-time and permanent/temporary employment) and demography (age and gender). This method is particularly suitable for our purposes. It allows us to decompose aggregate changes in total employment resulting from different driving forces: the structural change in the overall size of sectors (growth effect), the change in the proportion of youth workers in each sector (share effect), and the interaction between these two forces (interaction effect).

More formally, where Y_t is the share of youth over total employment in year t , we can write

$$Y_t = \sum_i T_{i,t} p_{i,t}$$

where $T_{i,t}$ represents total employment in sector i in year t , and $p_{i,t}$ is the share of youth employment over total employment in sector i in year t . Then, based on these two quantities, we can decompose the changes in the share of youth employment as follows:

$$\begin{aligned} \Delta Y_t &= Y_t - Y_{t-1} = \\ &= \sum_i (T_{i,t} - T_{i,t-1}) p_{i,t-1} && \text{Growth effect} \\ &+ \sum_i (p_{i,t} - p_{i,t-1}) T_{i,t-1} && \text{Share effect} \\ &+ \sum_i (p_{i,t} - p_{i,t-1}) (T_{i,t} - T_{i,t-1}) && \text{Interaction effect} \end{aligned}$$

This equation can be further decomposed to disaggregate changes in youth employment by subgroups—for example, distinguishing between males and females or distinguishing youth according to their employment status (i.e., full-time, part-time, or temporary employment). In these cases, the aggregate changes, as well as the contribution of the different effects, do not change but are simply further disaggregated by additional characteristics.

Throughout the chapter, we define employment in accordance with the International Labour Organization definition. Under this definition, anyone working at least 1 hour during the reference week is considered employed, which includes, for example, students working part-time. This has possible implications for the comparative dimension of the study because in some countries, such as the Nordic states, students are more likely to work than in others, leading to a higher estimation of youth employment.

The self-employed are included with the employed, except when we examine temporary/permanent contracts, because this characteristic applies only to employees. Less than 5% of employed youth are self-employed, with the

exception of Poland, Spain, and especially Italy (see Ortlieb, Sheehan, and Masso, this volume). As we will show, the results that exclude the self-employed are in line with the results for total employment.

Finally, in the decomposition analyses, the categorization of the sectors is based on the NACE statistical classification of economic activities in the EU (Eurostat 2008).³ Shift-share analysis furnishes descriptive understandings of the shifting trends over time and allows us to investigate whether changes in youth employment are driven by structural shifts in the growth or shrinkage of particular economic sectors or whether they are attributable to changes in employers' propensity to employ young people.⁴

2.4. TRENDS IN YOUTH UNEMPLOYMENT AND ACTIVITY RATES

The recession of 2008–2009 marked the end of a period of fairly continuous growth in youth employment during the early years of the millennium. Since 2008, youth unemployment has soared dramatically in subprotective, liberal, and post-socialist countries (Figure 2.1). The subprotective countries have had some of the highest levels of youth unemployment, even since the mid-1980s, while

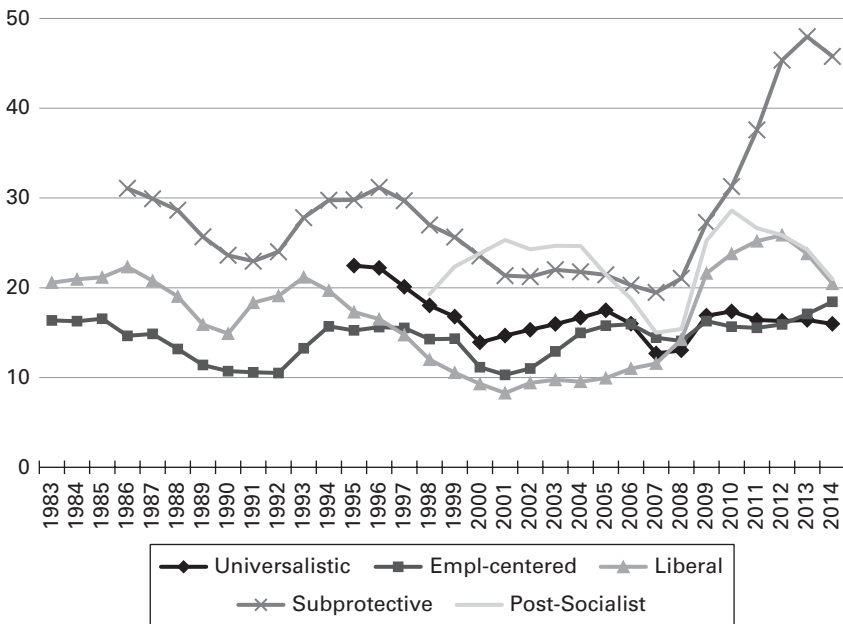


Figure 2.1 Trends in youth (aged 16–24 years) unemployment rate in 11 EU countries, grouped by youth transition regime: 1983–2014 (%).

Source: EU-LFS; authors' analysis.

youth unemployment rates were also high in liberal countries during the 1980s. Toward the end of that decade, youth unemployment began to fall in both regions, but then it increased again coming into the mid-1990s. Until the Great Recession in 2008–2009, youth unemployment had been falling across most regions. The exception to this trend was the post-socialist countries, which experienced very high levels of youth unemployment in the 1990s. However, by the mid-2000s, this was also beginning to change, mainly driven by Poland and Slovakia, so that by 2007 the overall levels for this group of countries were converging with the levels in other European countries. The fluctuating trend in unemployment characterizing the employment-centered regime did not result in substantial variation between the beginning of our observational window and the pre-recession period, although notable variations were present during that time. The universalistic countries, which we observe from the mid-1990s, experienced a decline in youth unemployment up until the end of the century, which was mainly driven by reductions in youth unemployment in Sweden and, above all, in Finland. Overall, prior to the Great Recession, trends in the rate of youth unemployment appeared to be converging over time between country groups. Indeed, at the outset of the recession, youth unemployment ranged from 12% to 15% for all groups of countries apart from the subprotective, which registered a value of 19%.

With the onset of the recession, more variation between country groups can be observed. At one extreme, there are the universalistic and employment-centered countries, where youth unemployment grew slightly at the very beginning of the recession and then stabilized. Germany had experienced rising levels of youth unemployment up until 2005 (Kohlrausch 2012), but, unlike any other country, youth unemployment fell there during the recession. At the other extreme, in the subprotective countries, where youth unemployment was already very high—driven especially by Spain and Greece—the rate more than doubled to staggeringly high levels with the onset of the recession in 2008. In the middle are the liberal and post-socialist countries, which witnessed a notable increase in youth unemployment in the first years of the recession and a subsequent decrease. However, these declines have not counterbalanced the steep growth in the immediate postcrisis period. In these two country groups, the countries driving the upward trends were Ireland, Latvia, and Lithuania. By 2014, we observed a convergence between country groups, with the youth unemployment rate ranging from 16% to 21% everywhere, apart from the subprotective cluster, which has a youth unemployment rate of 46%.

Looking at unemployment rates only, however, may hide important dynamics of the phenomenon. For example, the unemployment rate does not capture the outflow of individuals from the pool of the active population, which is more widespread among youth than among prime-age workers (see Flek et al., this volume). Greater difficulties in making the transition from school to work can lead young people to stay longer in education. Several countries in fact witnessed

increases in enrollments in higher education during the Great Recession (OECD 2013). The recession may also have led to “discouragement” among young people, who gave up on the labor market when job search failed. The problem of NEETs highlights this latter issue (see Mascherini, this volume). For these reasons, the picture presented previously should be interpreted in light of the evolution of youth labor market participation (Figure 2.2). Unemployment dynamics can thus be seen as the result of both demand- and supply-side factors.

Here, we see that the universalistic countries have the highest levels of youth labor market participation and that this has been fairly constant over the observed period. Overall, for the other countries, there is a fall in youth labor market participation rates from the 1980s until the late 1990s, arguably because of the increasing number of young people staying on in education. From the late 1990s onward, youth participation stabilized up until the recession in the liberal and employment-centered countries. In the post-socialist countries, after a steep decline, youth participation stabilized around the mid-2000s, while the subprotective countries experienced an uninterrupted decline.

With the onset of the Great Recession, young people started to exit again from the labor market in four country groups out of five. The post-socialist group is

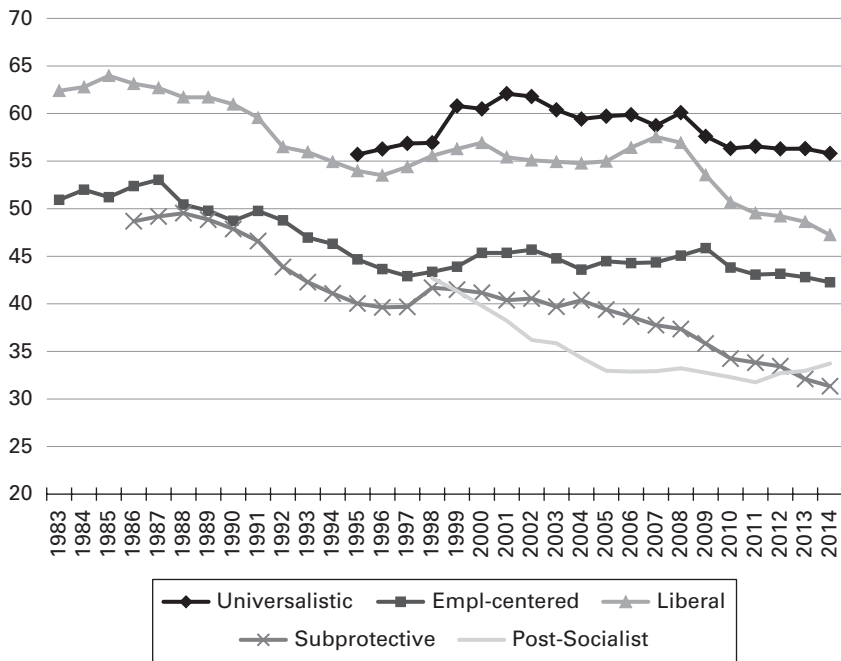


Figure 2.2 Trends in youth (aged 16–24 years) labor force participation rate in 11 EU countries, grouped by youth transition regime: 1983–2014 (%).

Source: EU-LFS; authors' analysis.

the exception. A particularly marked decline is observed for the liberal and the subprotective groups.

The combined trends in youth unemployment and labor market participation provide a more complete picture of the consequences of recession for youth in terms of jobs lost. This is particularly true for the young people in the liberal group and especially in the subprotective group, who experienced the highest decline in labor market participation and the largest increase in unemployment. The phenomenon of youth exclusion from the labor market is far more substantial if we consider both indicators jointly, as discussed by Blanchflower and Freeman (2000).

The heaviest consequences of the Great Recession have been paid by Mediterranean youth, where almost one in two young people were unemployed in the last phase of the recession. If we do not limit our focus to the active youth population but expand our attention toward the labor market participation of youth, the scenario is even more stark. Indeed, the trends for labor force participation show that a growing share of youth is giving up or postponing employment and moving into inactivity. The consequences of this latter trend depend on the extent to which young people are remaining longer in education or are stuck in other forms of “inactivity” (see Mascherini, this volume).

2.5. CROSS-NATIONAL VARIATION IN THE YOUTH SHARE OF EMPLOYMENT

As Marsden and Ryan (1986) noted, countries vary significantly in terms of the proportion of all employment occupied by young people; this characteristic persists, as evidenced in Table 2.1, which reports the share of youth (aged 16–24 years) employment among total (aged 16–64 years) employment. Overall, the universalistic and liberal countries together with the Netherlands and Germany had the highest youth shares of employment. In 2014, this ranged from nearly 15% in Denmark and the Netherlands to approximately 10% in Finland and Germany. Seven years previously, Ireland would have topped the list, along with a number of post-socialist countries, where young people accounted for a sizable percentage of all those at work. However, by 2014, many of these countries had seen a decimation of young people in employment: Ireland experienced a fall in the youth share from 16% to just under 8% during this period; the youth share of employment was also halved in Spain and Portugal, with a drop from just under 10% of all employment in 2007 to less than 5% in 2014.

The youth share of employment fell by between 1 and 2 percentage points (pp) in most of the other countries considered between 2007 and 2014. The only exceptions are the universalistic countries, where youth employment decreased only slightly or even increased, as was the case in Sweden. The countries with the

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Table 2.1 Youth employment (ages 16–24 years) as a share of total employment (ages 16–64 years) in 23 EU countries: 2007, 2010, and 2014 (%)

Transition regime	Country	2007	2010	2014
Universalistic	Denmark	14.4	14.7	14.5
	Norway	13.2	13.1	12.8
	Sweden	9.9	11.0	11.2
	Finland	11.5	10.2	10.8
Liberal	United Kingdom	13.9	13.0	12.8
	Ireland	16.1	10.4	7.9
Employment-centered	Netherlands	15.5	15.1	14.8
	Germany	11.7	11.2	10.2
	France	9.3	8.9	8.0
	Belgium	8.2	7.5	6.9
	Luxembourg	6.4	6.3	5.4
Post-socialist	Lithuania	8.3	6.9	8.3
	Latvia	12.7	9.1	8.0
	Estonia	10.6	8.2	8.0
	Poland	9.7	8.7	7.1
	Hungary	6.7	5.9	6.4
	Slovakia	9.9	7.1	6.3
	Czech Republic	7.9	6.8	6.2
	Romania	8.8	7.3	6.1
Subprotective	Portugal	9.1	7.2	5.9
	Spain	9.9	6.5	4.5
	Italy	6.5	5.5	4.3
	Greece	6.9	5.6	4.2

Source: EU-LFS; authors' analysis.

lowest proportion of working youth in 2007 were Luxembourg, Italy, Hungary, and Greece, where youth younger than 25 years accounted for approximately 6% of all workers. By 2014, these shares had fallen to approximately 4% of all employment in Italy and Greece.

However, an employer “hiring freeze” (interpreted as employers’ lower propensity to employ young people aged 16–24 years as a share of the 16- to 64-year-old population) is not the only factor that might influence the declining youth share of employment. Increased enrollment in school and a greater number of NEETs may also have contributed to this trend. Demographic trends might likewise have played a role. Declining fertility or rising emigration could lead to

a shrinking youth population and a consequent reduction in the youth labor supply.⁵

2.6. IN WHICH SECTORS ARE YOUNG PEOPLE EMPLOYED?

Looking in more detail at sectorial patterns, we focus separately by gender on developments in 11 countries (with 2 or 3 countries representing each country group).⁶ Table 2.2 reports the three main sectors in which female and male youth were employed in the periods pre (2007) and post (2014) the Great Recession (Tables A2.2a and A2.2b in the Appendix report the complete figures for females and males, respectively).

A common feature of employment for young women across all 11 countries examined is the importance of the wholesale and retail sector (labeled D in Table 2.2). This sector accounts for more than one in three jobs for young women in Denmark and the Netherlands and for one in four jobs in Ireland, the United Kingdom, Spain, Italy, and Poland (2014 figures). The lowest this figure falls is 19% in Germany. There are, however, differences in the importance of other sectors as employers of young women across countries and country groups. The health sector (K) accounts for a significantly higher proportion of female youth employment in the universalistic countries (Denmark and Sweden) and the employment-centered countries (Germany, France, and the Netherlands), whereas in the liberal and subprotective countries, the accommodation and food sector (F) is the second highest employer of young women, accounting for between 14% and 22% of their total employment. The two post-socialist countries, and to a lesser extent Germany and Italy, have a distinctly high level of manufacturing sector (B) employment. However, in all four of these countries, manufacturing employment declined between 2007 and 2014.

The wholesale and retail sector also accounts for a significant proportion of employment for young men in all 11 countries, suggesting that there are lower barriers to entry in this sector. In 2014, the proportion of young men employed in wholesale/retail varied from 33% in the Netherlands to 14% in Hungary. Country variation appears to be somewhat greater for young men than for young women; in particular, there is wide divergence in the importance of manufacturing. Pre-recession, in 2007, manufacturing accounted for approximately one-third of male youth employment in Germany, Hungary, and Poland but only for 13%–15% in Denmark, the Netherlands, Ireland, and the United Kingdom. Over time, the proportion of young men employed in the manufacturing sector decreased in all countries except Ireland, Hungary, and Poland, but the fall was particularly sharp in Denmark, Sweden, and Spain.

Because of the housing bubble, a distinctively high percentage of young men were employed in construction (C) in Spain and Ireland in 2007—34% and 27%,

Table 2.2 The three main sectors in which youth (aged 16–24 years) are employed in 11 EU countries by gender: 2007 and 2014 (employment shares)

Country	Period	Female			Male		
		1st	2nd	3rd	1st	2nd	3rd
Denmark	2007	D (34.0)	K (17.7)	F (11.4)	D (29.5)	B (15.2)	C (14.4)
	2014	D (34.4)	K (18.1)	F (14.4)	D (30.3)	F (10.5)	C (10.3)
Sweden	2007	D (22.8)	K (20.8)	F (14.0)	D (18.8)	H (14.2)	C (13.9)
	2014	D (21.1)	K (20.2)	F (14.1)	D (17.8)	H (13.9)	B (11.7)
Ireland	2007	D (30.6)	F (16.2)	K (10.7)	C (33.5)	D (19.9)	B (13.5)
	2014	D (29.1)	F (22.2)	K (14.2)	D (25.1)	F (19.2)	B (13.8)
United Kingdom	2007	D (28.0)	F (13.8)	K (13.1)	D (25.5)	C (16.3)	B (14.3)
	2014	D (24.6)	F (16.9)	K (16.4)	D (22.2)	F (13.3)	B (13.3)
Germany	2007	D (19.4)	K (19.3)	B (15.0)	B (34.2)	D (14.2)	C (13.1)
	2014	K (22.5)	D (18.6)	B (12.7)	B (28.9)	D (17.6)	C (12.8)
France	2007	D (22.1)	K (17.4)	H (11.0)	C (20.8)	B (19.9)	D (18.3)
	2014	D (23.7)	K (19.9)	H (10.2)	D (18.8)	B (16.5)	C (16.3)
Netherlands	2007	D (31.3)	K (18.6)	F (13.8)	D (27.8)	B (12.9)	H (11.8)
	2014	D (37.1)	K (19.4)	F (12.6)	D (33.4)	F (15.2)	H (11.8)
Spain	2007	D (30.9)	F (13.8)	B (10.6)	C (27.0)	B (20.9)	D (15.9)
	2014	D (27.4)	F (20.8)	K (11.8)	D (20.9)	F (15.8)	B (14.6)
Italy	2007	D (23.5)	B (17.1)	F (14.5)	B (29.0)	C (19.3)	D (17.5)
	2014	D (24.7)	F (21.6)	L (14.6)	B (27.3)	D (18.6)	F (15.6)
Hungary	2007	D (25.2)	B (23.0)	F (10.7)	B (34.2)	C (14.9)	D (14.2)
	2014	B (20.1)	D (19.5)	F (14.2)	B (34.1)	D (13.5)	C (11.2)
Poland	2007	D (31.1)	B (16.2)	A (9.0)	B (32.1)	D (18.5)	A (14.7)
	2014	D (31.1)	B (14.8)	F (10.4)	B (35.0)	D (16.6)	C (13.8)

Symbols

A Agriculture

B Manufacturing

C Construction

D Wholesale and retail

E Transport and communication

F Accommodation and food

G Financial activities

H Real estate, business

I Public administration

J Education

K Health and social work

Note: For each country, the table shows the shares of youth employment in the first three main sectors.

Source: EU-LFS; authors' analysis.

respectively. This left young men particularly exposed to the subsequent crash, and by 2014 the percentages employed in construction had fallen to under 7% in both cases. In the other countries, excluding the Netherlands, construction remains an important source of employment for young men, accounting for at least 1 in 10 jobs.

The changes in the distribution of youth across sectors could simply reflect overall shifts in the employment structure. In the following section, we consider whether sectors have also changed in their propensity to employ young people.

2.7. DID EMPLOYERS HAVE A WEAKER PROPENSITY TO EMPLOY YOUNG PEOPLE DURING THE GREAT RECESSION?

In Section 2.5, we showed that the youth share of total employment declined during the period 2007–2014 in all observed countries except Denmark and Sweden. Here, we deepen this analysis and investigate whether and to what extent employers' preferences for youth labor vary across sectors. Table 2.3 shows the share of youth within each sector. This allows us to see the concentration of youth within particular sectors—and their under-representation in others—and how these vary over time.

The highest youth share is found in the accommodation and food sector, which is particularly high at 46% in Denmark and the Netherlands. The youth share in this sector is much lower in the subprotective countries, although young people are still over-represented. Over time, however, the reliance on youth in this sector decreased in the majority of countries.

Wholesale and retail is also a youth-intensive sector: In 2007, young people accounted for more than one-fourth of those employed in this sector in Denmark, the Netherlands, Ireland, and the United Kingdom, but they accounted for less than 10% in Italy and Hungary. Over time, the youth share of employment in wholesale and retail decreased in almost all countries, and particularly in Ireland and Spain, again suggesting that youth are particularly exposed to a hiring freeze or labor shedding in this sector in some countries. Ireland and Spain also experienced the largest decline in the youth share in construction (17 pp and 10 pp, respectively). Notable decreases of between 3.5 pp and 5 pp are also present in France, Italy, the United Kingdom, and the Netherlands.

Beyond these marked changes, and with the exception of Denmark and Sweden, the decline in the youth share was observed in all sectors, reflecting young people's declining employment share across the economy as a whole. This evidence substantiates the argument made by Blanchflower and Freeman (2000) that there is a long-term tendency of employers to lower their propensity to employ young people. The negative impact on young people has been exacerbated during the crisis by a lower propensity of employers to hire young people and the dissolution of temporary contracts, by and large held by young people (Boeri and Jimeno 2015). We examine these trends more formally using a shift-share analysis.

Table 2.3 Youth employment (ages 16–24 years) as a share of total employment (ages 16–64 years) by sector in 11 EU countries: 2007, 2010, and 2014 (%)

Sector	Denmark			Sweden			Germany			France			Netherlands		
	2007	2010	2014	2007	2010	2014	2007	2010	2014	2007	2010	2014	2007	2010	2014
Agriculture	20.0	17.2	14.8	13.4	13.2	12.7	12.1	10.6	10.2	9.0	6.3	6.2	20.2	17.2	16.5
Manufacturing	11.1	8.4	8.0	9.0	7.3	7.3	12.4	11.7	10.1	8.7	8.3	7.3	10.8	8.5	7.5
Construction	16.2	15.5	13.5	12.7	13.6	12.7	13.2	12.3	11.3	15.6	13.5	10.9	12.0	11.4	8.6
Wholesale and retail	30.5	32.3	33.7	16.4	18.5	18.3	14.5	14.5	13.0	13.4	13.2	12.8	30.8	31.6	30.0
Transport and communication	11.3	10.6	10.0	10.0	8.8	8.7	7.6	8.1	7.7	6.8	7.0	7.0	14.6	12.5	9.5
Accommodation and food	43.9	46.5	45.8	31.3	34.6	35.4	21.1	20.7	18.2	19.9	20.4	17.0	45.6	46.7	44.6
Financial services	6.7	6.3	6.4	5.8	6.9	7.8	8.6	9.8	8.6	6.0	6.7	6.5	7.8	5.7	4.0
Real estate, professional	9.9	10.6	10.5	8.8	10.8	9.7	9.3	9.8	8.1	8.5	7.6	6.4	12.9	12.6	11.7
Public administration	5.1	6.5	4.2	2.8	3.7	4.4	9.2	7.0	7.3	4.9	5.1	4.7	6.0	5.6	3.4
Education	4.9	5.7	6.8	4.0	5.2	7.0	9.3	8.4	8.0	5.1	5.1	5.3	5.7	7.2	7.1
Health and social work	8.9	9.8	9.3	7.1	8.4	9.4	11.7	11.0	10.8	6.9	6.4	5.8	10.0	11.0	8.8
Arts and other services	16.0	22.0	22.0	13.5	16.1	18.6	10.4	11.3	9.8	11.4	12.2	10.4	17.3	19.7	12.8

Sector	Ireland			United Kingdom			Spain			Italy			Hungary			Poland		
	2007	2010	2014	2007	2010	2014	2007	2010	2014	2007	2010	2014	2007	2010	2014	2007	2010	2014
Agriculture	6.9	6.7	5.9	13.6	10.8	12.5	7.7	7.6	6.0	5.1	4.4	4.2	5.4	5.3	6.2	8.5	6.8	5.5
Manufacturing	11.9	7.2	6.0	10.2	9.9	9.5	9.7	4.7	3.3	7.1	5.2	4.3	8.2	6.4	7.4	10.2	8.6	8.2
Construction	21.8	10.2	4.8	14.9	11.5	11.1	12.5	6.5	2.8	9.5	7.9	4.8	7.4	6.6	7.1	9.1	10.5	8.4
Wholesale and retail	27.4	21.0	14.9	26.0	25.3	22.1	13.7	9.7	6.2	8.4	7.7	6.1	8.3	7.4	7.6	15.4	13.5	10.9
Transport and communication	8.2	4.9	4.7	9.7	7.8	7.7	7.5	5.2	2.9	4.3	3.9	2.9	5.8	4.8	4.3	7.6	7.4	6.6
Accommodation and food	30.9	25.1	22.4	37.0	33.1	35.9	13.6	10.8	9.9	14.7	14.1	13.2	13.5	14.2	14.6	26.1	21.9	19.2
Financial services	16.7	7.1	4.4	14.3	9.3	10.8	5.1	2.3	1.6	3.7	3.1	1.3	7.2	4.1	3.6	9.1	9.4	5.0
Real estate, professional	13.1	6.6	5.9	9.7	9.9	9.3	7.7	4.5	3.1	5.7	4.7	3.1	5.4	3.5	5.1	9.5	7.4	6.4
Public administration	5.8	3.7	1.1	7.5	6.2	5.5	4.5	4.1	1.2	2.6	1.8	1.2	5.5	6.6	6.4	6.5	6.7	3.2
Education	6.9	6.5	3.6	5.5	6.3	7.9	6.1	4.5	3.8	1.1	1.1	0.5	2.0	2.1	2.8	3.4	3.6	2.5
Health and social work	8.5	5.6	5.0	8.5	8.8	9.6	6.3	5.4	3.6	2.7	2.3	2.3	2.7	2.8	4.1	3.8	3.7	2.6
Arts and other services	21.6	17.7	12.7	20.1	21.5	19.6	14.5	12.4	8.3	9.5	9.6	8.4	7.0	7.4	7.4	12.7	13.2	9.1

Source: EU-LFS; authors' analysis.

The heterogeneity in the experience of youth employment among countries could be a result of several different factors. It could be the result of an overall shrinkage in the sector in question (shift) or of a declining share of youth employed in the same sector. Using a shift-share analysis, we can decompose changes in the total share of youth employment in 2007–2010 and 2010–2014 by sector. This method enables us to measure how much of the changes in youth employment are due to changes in the size of sectors (growth or sector effect), to changes in the utilization of youth labor within sectors (share effect), and to the interaction between these two forces (interaction term) (Figure 2.3).⁷

The first thing to note is that in all countries and in both periods, changes in youth employment are driven by the share effect, namely by the fact that during the recession young people are more likely to be dismissed (or less likely to be hired) compared to older people. For example, the great decrease in youth employment that we observe for Spain in the first phase of the recession (–3.35) is almost entirely due to the share effect (–3.31). This supports the argument that employers have lowered their propensity to employ young people, both by imposing a hiring freeze and through the dissolution of temporary contracts.

In some cases, we observe growth and share effects operating in opposite directions at the same time. For example, in the Netherlands in the second period, the growth effect increases youth employment (+0.35), but the share effect

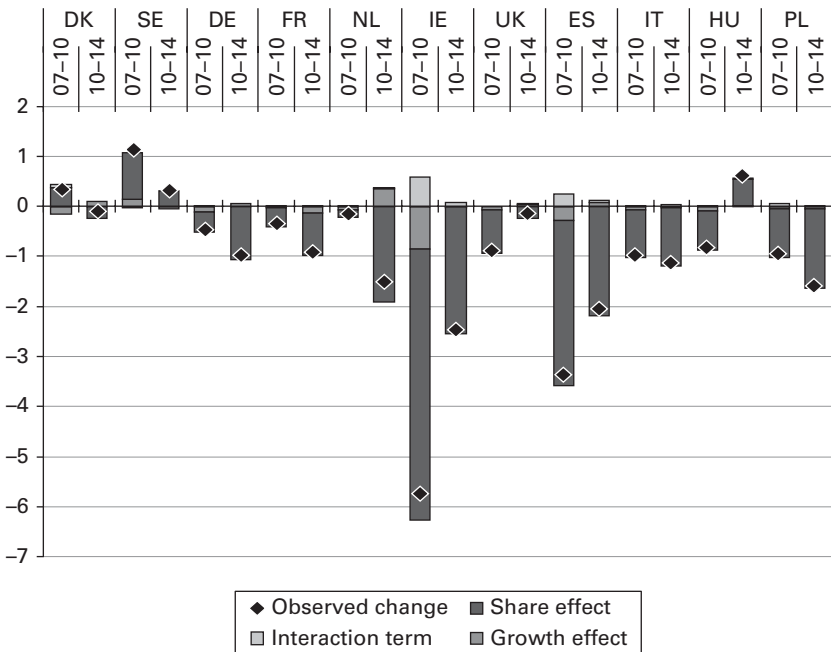


Figure 2.3 Decomposition of changes in youth employment as a share of total employment in 11 EU countries, 2007–2010 and 2010–2014 (percentage points).

Source: EU-LFS; authors' analysis.

decreases it (-1.91). We could interpret this as being the result, on the one hand, of the expansion of some sectors that traditionally give employment to youth and, on the other hand, to a decline over time in the use of youth within these sectors. This is what has happened for the wholesale and retail sector in the Netherlands.

Although differences between countries exist in the contribution of each sector to the total share effect, the overall changes have been mainly driven by construction, manufacturing, and wholesale and retail (results not shown but available upon request). Shifts in manufacturing played a particularly important role in reducing youth employment in the first phase of the recession; this was attributable to sector shrinkage, but also to a reduction in the use of youth labor. Countries especially affected by shifts in manufacturing were Ireland and the subprotective and post-socialist countries. Construction has also been a major driver of youth unemployment especially in Spain and Ireland (where both growth and share effects contributed to falling employment rates). The wholesale and retail sector played a major role in growing youth unemployment in the liberal countries, Spain, and Poland, where the reduced use of youth within this sector contributed to the overall decline in youth employment.

Beyond this general picture, it is worth investigating which young workers have been most affected by the recession. As a first step in this direction, we look at whether changes in youth employment have been driven mainly by shifts in male or in female employment. We do so by carrying out a shift-share analysis and decomposing the changes in youth employment by gender (Figure 2.4).⁸ Here, we only report the share component because it has emerged as the factor that drives overall youth employment and because it addresses the issue of whether employers have lowered their propensity to employ youth. Because these results are derived from a further decomposition of the effects presented in Figure 2.3 (and in Table A2.4), the overall changes as well as the total share effect are identical.

When youth employment changes are disaggregated by gender, a clear and unique pattern does not emerge. On the one hand, changes in overall employment were driven in the universalistic and employment-centered countries by changes in female employment. This holds in the case of both employment increases (Denmark and Sweden) and decreases. On the other hand, in the subprotective and post-socialist countries, the overall changes were driven by changes in male employment. These different patterns are not surprising. Indeed, compared with employment-centered and especially with universalistic countries, countries belonging to the subprotective and post-socialist groups are characterized by considerably lower female labor market participation, implying a lower capacity of women's employment to drive changes in overall employment. It is also worth noting that whenever we observe increases in the share of youth employment, these are driven by an increased share of female employment.

A further step in studying how the recession has hit youth employment is to focus on which types of job creation and destruction have benefited or disadvantaged the youth population. We do this in Section 2.8, employing a shift-share

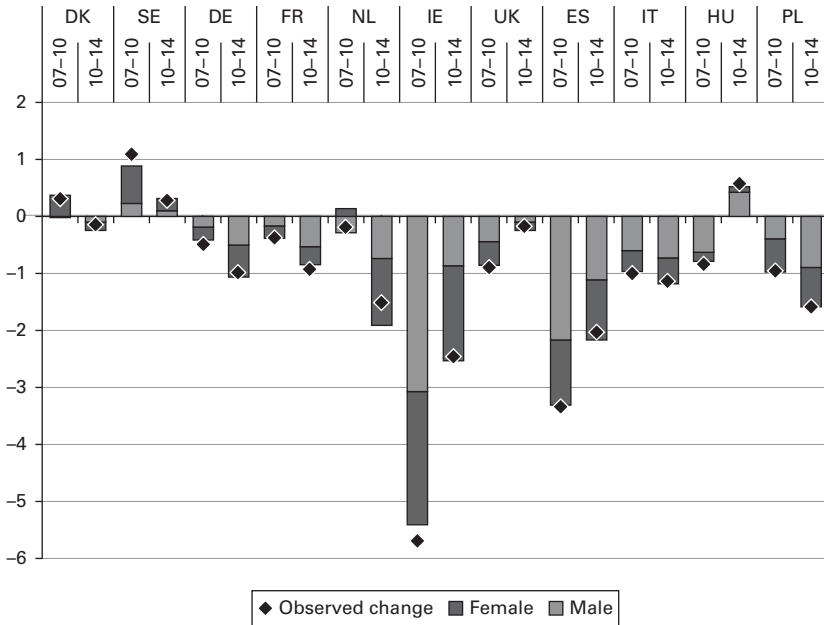


Figure 2.4 Decomposition of changes in youth employment as a share of total employment in 11 EU countries, 2007–2010 and 2010–2014; share effect by gender (percentage points).
Source: EU-LFS; authors' analysis.

analysis to decompose changes in youth employment by whether employment is full- or part-time and on a permanent or temporary contract.

2.8. HAS THE QUALITY OF YOUTH EMPLOYMENT DETERIORATED?

In addition to the fall in employment, the situation of young people may also have worsened because of a reduction in the quality of their jobs. Were youth displaced because they were employed in jobs characterized by less secure employment contracts? Or did the youth share of temporary and part-time jobs increase because young people were increasingly hired via less desirable forms of employment contract (Blanchflower and Freeman 2000)?

First, we decompose share effects by working arrangement, distinguishing between full-time and part-time employment (Figure 2.5). Focusing on the share effects, which we have shown to drive a reduction of youth employment, we see that it is the component related to full-time employment that drives the youth employment decline; that is, the driving force is the fall in the proportion of full-time jobs that are available to young people. In some cases, the use of part-time employment among youth increased across sectors. This is the case of the

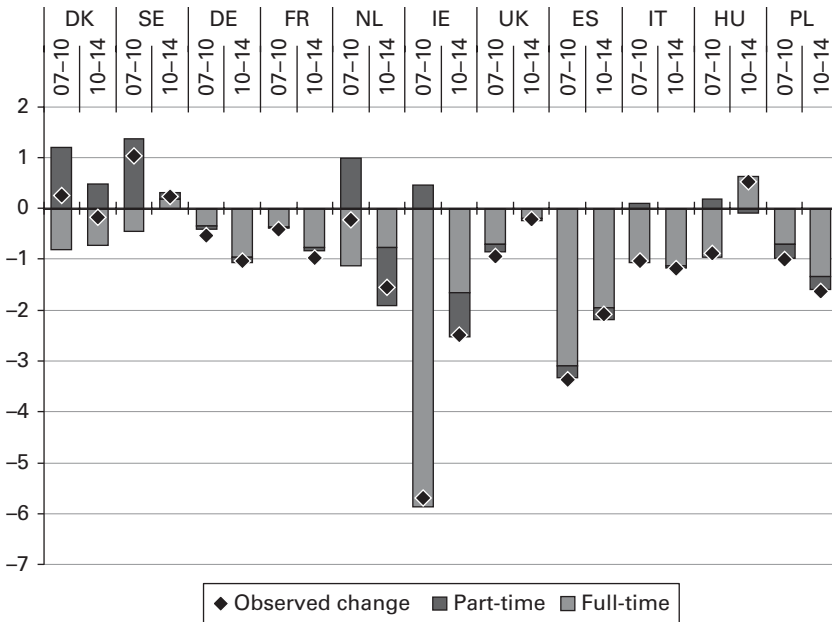


Figure 2.5 Decomposition of changes in youth employment as a share of total employment in 11 EU countries, 2007–2010 and 2010–2014; share effect by working arrangement (percentage points).

Source: EU-LFS; authors' analysis.

universalistic countries in both phases of the recession. Overall, the larger losses in full-time employment have resulted in the decline in youth employment. An emblematic example is the Netherlands during the first phase of the recession, where the decrease in youth employment resulted from two opposite forces: the increase in part-timers (+0.98) and the decrease in full-timers (–1.13)—that is, the growth in part-time jobs did not compensate for the fall in full-time work.

Whenever we observe an overall increase in youth employment, this is often attributable to an increase in young people working part-time rather than any increase in full-time jobs, which overall have decreased. The universalistic countries in the first period are an example of this dynamic, which has been driven by the wholesale and retail sector.

Overall, we have shown that job destruction for young people mainly occurred in full-time employment; there was some decrease in part-time jobs, and in some cases, it led to an increase in youth unemployment. Young people were more at risk of remaining jobless because of an employer hiring freeze; where they were able to find work, this was more likely to be in economically less desirable jobs. The use of full-time employment declined in all sectors virtually everywhere in both phases of the recession. In the few cases in which full-time work has increased, the growth has been negligible. The generalized decline in

youth employment is mainly attributable to the declining full-time component; changes in the wholesale and retail, construction, and manufacturing sectors have been driving the trend, with the collapse of full-time job opportunities for young people.

The next step is to investigate another characteristic of the employment relationship, namely the type of contract. The analysis presented in Figure 2.6 reports slightly different results than those shown so far; this is because we exclude the self-employed, as discussed in Section 2.3. Focusing on employees only produces some negligible differences in the size of the changes, but the results follow the same patterns observed previously: decreases in the share of youth employment in all countries and periods, with the exception of Sweden in both periods, Denmark in the first period, and Hungary in the second period.

The share effects of the type of contract used to employ young people largely mirror those presented for full-time and part-time employment. Again, the outflow of youth from the labor market mainly derives from the loss of better jobs. Changes in the share of youth in employment are driven by declines in the share of youth in permanent employment. However, in the few cases in which we observe the youth share increasing, this comes from increases in both permanent

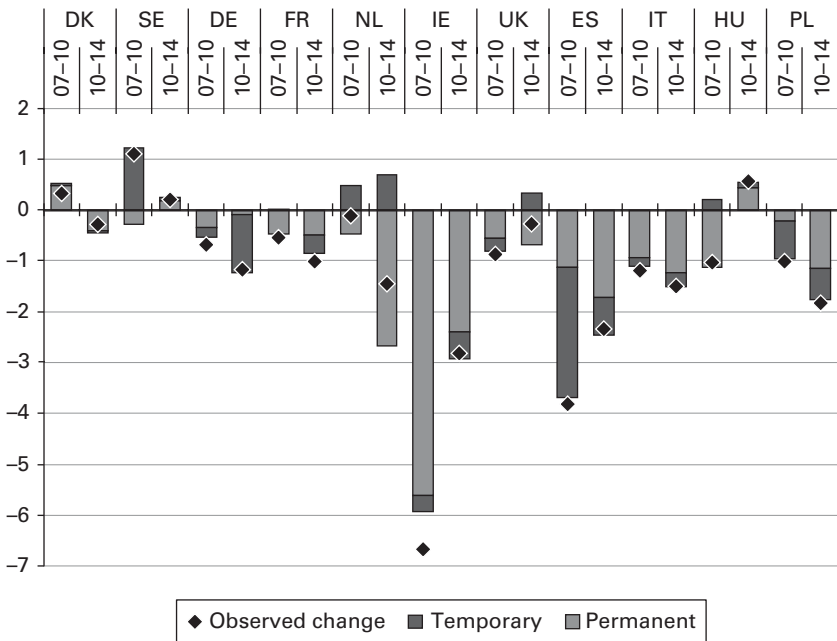


Figure 2.6 Decomposition of changes in youth employment as a share of total employment in 11 EU countries, 2007–2010 and 2010–2014; share effect by employment relationship (percentage points).

Source: EU-LFS; authors' analysis.

and temporary youth employment, with the creation of permanent jobs driving the changes.

Great heterogeneity is also visible between countries. Of course, this is due both to the impact of the recession on total employment and to the overall use of temporary employment. For example, we observe the highest decrease (-2.56) in temporary employment in Spain in the first phase of the recession, as predicted by Boeri and Jimeno (2015). This is not very surprising because Spain, among the 11 countries selected, is probably the country where the impact of the recession was greatest, and it is also the country where temporary forms of employment are more widespread.

As regards variations in growth and share effects for permanent and temporary employment across sectors, the results reflect the patterns presented in Section 2.7. Manufacturing, construction, and wholesale and retail are the sectors that have driven the decline in permanent employment for youth during the recession. This has occurred both via the shrinkage of sectors and via the declining utilization of youth within sectors.

There are a couple of caveats that should be underlined. First, in interpreting the sizes of the decomposed changes, we have to keep in mind that these changes also reflect the sizes of the groups. For example, if we observe the largest contribution of part-time employment in the Netherlands, it is probably because the Netherlands is the country where part-time employment is more widespread. The same holds for temporary employment in Spain.

Second, we have to consider that changes in the share of youth are also a product of the inflow/outflow of those aged 25 years or older into and out of employment. For example, Boeri and Jimeno (2015, 3) observed that a characteristic of this specific recession is that the employment rates of older people increased in most countries as pension reforms progressively increased retirement age. This, also, is a factor that contributes to accounting for the heterogeneous experience of youth unemployment across countries. Therefore, at least in principle, we might observe changes in the share of youth employment even in cases in which youth employment does not change but older people's employment does. In this sense, these analyses furnish a picture of youth employment from a different perspective—looking at the composition of employment—and complement the pictures provided by the study of the unemployment and labor force participation rates.

2.9. CONCLUSIONS

We set out to understand which sectors of the economy are more likely to employ young people and how this changed between 2007 and 2014. Drawing on research from the 1980s, the study illustrated the persistently uneven distribution of youth employment across sectors, regardless of cross-national differences

in youth transition regimes. Even as the relative importance of different sectors has changed within these economies with the growth of service employment, job opportunities for youth are dominated by particular sectors. These differences have persisted and become more entrenched since the Great Recession. Young people (aged 16–24 years) have historically been more likely to find work in low-wage, low-skilled jobs where there is less competition from older workers. Despite growth in youth-friendly sectors, demographic trends showing a contraction in younger cohorts of workers, and increasing levels of youth participation in education, youth employment continues to fall, and it was falling even prior to the Great Recession. Boeri and Jimeno (2015) argue that the collapse of the youth labor market is attributable not only to a hiring freeze by employers but also to the heavy destruction of jobs held by young people through the dissolution of temporary contracts in response to the sharp deterioration in the economy and despite incentive structures shaped by policy. Blanchflower and Freeman (2000) suggested that the quality of employment and earnings for young people in these sectors has deteriorated in nearly all OECD countries because of the worsening conditions of low-paid and less skilled jobs. To test these arguments, we conducted a shift-share analysis for the period from 2007 to 2014 to examine whether these predicted trends explained overall European patterns in youth employment, and how they were affected by gender and employment status.

The share of youth employment (ages 16–24 years) relative to the total population (ages 16–64 years) has fallen over the period considered (2007–2014). This is demonstrated in our findings from a shift-share analysis. Part of this fall is attributable to the impact of the recession on reducing the overall levels of employment in some sectors—for example, construction and manufacturing. But this is only part of the explanation. It was not only that the size of the sector shrank but also that the share of employed youth fell even in sectors that were more resilient. Second, the quality of jobs for youth has deteriorated, as predicted by Blanchflower and Freeman (2000). We have seen that better quality employment declined in favor of part-time and temporary jobs during this relatively short period from 2007 to 2014.

These findings clearly contribute to improving a relatively neglected understanding of cross-national sectorial differences as to where young people find work. By drawing on earlier studies, we illustrated the persistence of this sectorial variability, despite cross-country differences. One of the clearest findings from this research is the need first to understand that youth job opportunities are very specific to sectors and that this applies regardless of country. Second, the engagement of employers is key to improving youth opportunities for work (Lewis and Ryan 2008; Simms et al., 2017). Our research evidence indicates that employers have lowered their propensity to employ youth (combining a hiring freeze with the dissolution of temporary contracts), possibly for some of the reasons outlined by Marsden and Ryan (1986) with regard to wages, productivity,

and training costs. But closer attention needs to be given to understanding how wage rates, labor market policies, and the costs of training make employers less disposed to recruiting young people. Hadjivassiliou et al. (this volume) illustrate how countries perform better where employers are closely engaged in STW transition regimes and VET systems. Here, employers see an incentive to participate. In more fragmented regimes where there is greater inertia in the ability to involve employers through different policy channels, the outcomes for youth have been devastating, especially in subprotective countries (see Petmesidou and González Menéndez, this volume). One of the key challenges in terms of policy learning and transfer requires mobilizing employers and professional bodies within multi-agency forms of governance to deliver effective programs to overcome some of the deleterious consequences for youth that have become evident in the past decade.

NOTES

- 1 This is similar to the youth-share statistic we report later.
- 2 The aggregate measures do not take into account the size of the countries (or sample size); rather, each country has a weight of one.
- 3 Since 2008, the applied version of NACE is “Rev. 2” (Revision 2). In the change from Rev. 1.1 to Rev. 2, some activities were disaggregated, whereas others were collapsed. In order to maximize the comparability of our data over time, we built a new classification based on the two versions (see Table A2.1 in the Appendix). The main changes involved in the shift to NACE Rev. 2 are related to the creation of a new Section J, “Information and communication,” which includes activities that in Rev. 1.1 were spread across different categories. Although it was not possible to entirely eliminate potential bias, we reduced its effects by collapsing the new category with the old category I, “Transport, storage and communications.” Finally, because of their small sizes, we excluded the categories “Activities of households as employers” and “Activities of extraterritorial organisations and bodies.”
- 4 See Smith, Fagan, and Rubery (1998) for a comparable approach used to examine the use of part-time employment in Europe.
- 5 Significant variations between countries are also present in this respect. On the one hand, we observe in our sample for the post-socialist countries and Ireland a marked decline in the share of youth among the total population aged 16–64 years—of between 4 pp and 6 pp between 2007 and 2014. On the other hand, the share of youth increased in the universalistic countries. At the same time, Ireland is also the country in which the share of youth in employment declined the most, whereas Denmark and Sweden are the only countries in which youth in work increased.
- 6 The complementary figures for the whole working population are shown in Table A2.3 in the Appendix.

- 7 Results of the shift-share analysis presented in Figure 2.3 are also reported in Table A2.4 in the Appendix.
- 8 Results are also reported in Table A2.5 in the Appendix. The same table also reports the shift-share results decomposed by working arrangement and employment relationship that will be discussed later.

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APPENDIX

Table A2.1 Classification of sectors based on NACE Rev. 1.1 and NACE Rev. 2

	NACE Rev. 1.1 (up to 2007)		NACE Rev. 2 (from 2008 onward)	Sector
A	Agriculture, hunting and forestry	A	Agriculture, forestry and fishing	Agriculture
B	Fishing			
C	Mining and quarrying	B	Mining and quarrying	Manufacturing
D	Manufacturing	C	Manufacturing	
E	Electricity, gas and water supply	D	Electricity, gas, steam and air conditioning supply	
		E	Water supply, sewerage, waste management and remediation activities	
F	Construction	F	Construction	Construction
G	Wholesale and retail trade: repair of motor vehicles, motorcycles and personal and household goods	G	Wholesale and retail trade: repair of motor vehicles and motorcycles	Wholesale and retail
H	Hotels and restaurants	I	Accommodation and food service activities	Accommodation and food
		H	Transportation and storage	Transport and communication
		J	Information and communication	
J	Financial intermediation	K	Financial and insurance activities	Financial activities
K	Real estate, renting and business activities	L	Real estate activities	Real estate, business; Professional and technical activities
		M	Professional, scientific and technical activities	
		N	Administrative and support service activities	
L	Public administration and defence; compulsory social security	O	Public administration and defence; compulsory social security	Public administration

Table A2.1 Continued

	NACE Rev. 1.1 (up to 2007)		NACE Rev. 2 (from 2008 onward)	Sector
M	Education	P	Education	Education
N	Health and social work	Q	Human health and social work activities	Health and social work
O	Other community, social and personal services activities	R	Arts, entertainment and recreation	Arts and other services
		S	Other service activities	
P	Activities of private households as employers and undifferentiated production activities of private households	T	Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	Excluded (small size sectors)
Q	Extraterritorial organizations and bodies	U	Activities of extraterritorial organizations and bodies	

Table A2.2a Distribution of employed youth (aged 16–24 years) across sectors in 11 EU countries, 2007 and 2014 (%), females

Sector	Denmark		Sweden		Germany		France		Netherlands	
	2007	2014	2007	2014	2007	2014	2007	2014	2007	2014
Agriculture	2.1	0.8	1.4	1.0	1.4	0.7	1.3	0.8	1.9	1.4
Manufacturing	10.1	5.2	6.1	4.1	15.0	12.7	10.8	8.7	5.7	3.2
Construction	1.0	0.9	1.0	1.2	1.0	1.6	1.0	1.4	0.4	0.3
Wholesale and retail	34.0	34.4	22.8	21.1	19.4	18.6	22.1	23.7	31.3	37.1
Transport and communication	3.8	3.7	3.9	4.2	2.3	4.4	3.2	4.6	3.1	2.6
Accommodation and food	11.4	14.4	14.0	14.1	9.8	8.8	8.5	8.3	13.8	12.6
Financial activities	1.2	1.4	1.3	1.4	3.2	3.1	3.4	3.3	1.9	0.9
Real estate, business	6.9	6.4	11.5	11.1	9.7	10.0	11.0	10.2	11.0	11.3
Public administration	1.4	1.3	1.9	2.1	6.0	5.0	5.8	5.5	1.9	1.4
Education	3.0	4.6	6.9	9.3	5.9	7.6	6.6	6.0	3.6	4.7
Health and social work	17.7	18.1	20.8	20.2	19.3	22.5	17.4	19.9	18.6	19.4
Arts and other services	7.4	8.9	8.6	10.1	7.0	5.2	8.9	7.6	6.8	5.2

Sector	Ireland		United Kingdom		Spain		Italy		Hungary		Poland	
	2007	2014	2007	2014	2007	2014	2007	2014	2007	2014	2007	2014
Agriculture	0.4	1.0	0.6	0.3	2.0	2.6	1.6	1.5	1.4	2.2	9.0	4.9
Manufacturing	7.1	5.1	6.3	3.8	10.6	5.7	17.1	10.5	23.0	20.1	16.2	14.8
Construction	1.3	0.3	1.3	1.3	1.9	0.2	1.5	0.9	1.2	1.3	0.7	1.6
Wholesale and retail	30.6	29.1	28.0	24.6	30.9	27.4	23.5	24.7	25.2	19.5	31.1	31.1
Transport and communication	2.8	4.2	3.8	3.4	3.9	3.0	2.9	3.7	5.6	4.2	2.8	4.9
Accommodation and food	16.2	22.2	13.8	16.9	13.8	20.8	14.5	21.6	10.7	14.2	7.9	10.4
Financial activities	6.4	2.4	5.4	3.0	1.8	1.5	2.6	1.6	4.4	1.8	4.2	3.1
Real estate, business	8.4	7.3	9.3	8.3	9.7	8.4	13.5	10.0	6.9	6.9	5.9	8.7
Public administration	1.9	0.7	4.0	2.5	1.8	0.7	1.4	0.7	5.3	8.8	6.4	4.3
Education	4.9	5.4	5.0	9.5	5.9	8.5	2.3	1.3	4.6	5.9	4.8	6.1
Health and social work	10.7	14.2	13.1	16.4	8.7	11.8	5.8	9.1	4.6	8.3	4.2	4.3
Arts and other services	9.5	7.9	9.6	10.0	9.1	9.4	13.3	14.6	7.1	6.9	7.0	5.8

Source: EU-LFS; authors' analysis.

Table A2.2b Distribution of employed youth (aged 16–24 years) across sectors in 11 EU countries, 2007 and 2014 (%), males

Sector	Denmark		Sweden		Germany		France		Netherlands	
	2007	2014	2007	2014	2007	2014	2007	2014	2007	2014
Agriculture	5.5	3.9	3.7	2.9	3.1	1.9	5.1	3.3	5.6	3.8
Manufacturing	15.2	9.4	20.0	11.7	34.2	28.9	19.9	16.5	12.9	8.7
Construction	14.4	10.3	13.9	14.0	13.1	12.8	20.8	16.3	9.2	6.3
Wholesale and retail	29.5	30.3	18.8	17.8	14.2	17.6	18.3	18.8	27.8	33.4
Transport and communication	6.0	8.6	8.4	10.4	5.0	7.3	5.9	9.9	8.6	8.3
Accommodation and food	7.0	10.5	6.2	7.8	4.0	5.1	7.2	7.2	11.0	15.2
Financial activities	1.6	1.2	1.0	1.6	2.3	2.4	1.1	2.4	1.4	1.2
Real estate, business	6.3	7.6	14.2	13.9	7.0	7.2	9.1	8.2	11.8	11.8
Public administration	2.6	1.9	1.3	2.9	5.9	5.2	5.0	5.8	3.4	2.0
Education	2.3	4.4	2.6	4.8	3.9	3.2	1.5	4.3	1.6	2.8
Health and social work	5.1	6.0	5.1	5.9	4.7	5.5	3.0	3.7	2.7	3.2
Arts and other services	4.5	5.9	4.9	6.5	2.8	2.9	3.1	3.6	4.2	3.2

Sector	Ireland		United Kingdom		Spain		Italy		Hungary		Poland	
	2007	2014	2007	2014	2007	2014	2007	2014	2007	2014	2007	2014
Agriculture	3.7	6.0	1.9	2.0	4.5	8.7	4.0	4.8	5.3	6.2	14.7	11.4
Manufacturing	13.5	13.8	14.3	13.3	20.9	14.6	29.0	27.3	34.2	34.1	32.1	35.0
Construction	33.5	6.6	16.3	11.5	27.0	6.8	19.3	12.0	14.9	11.2	11.0	13.8
Wholesale and retail	19.9	25.1	25.5	22.2	15.9	20.9	17.5	18.6	14.2	13.5	18.5	16.6
Transport and communication	3.2	6.6	5.7	7.3	5.3	7.5	4.2	5.9	7.5	7.2	6.7	9.3
Accommodation and food	8.9	19.2	10.1	13.3	7.3	15.8	9.5	15.6	6.8	6.1	3.3	2.7
Financial activities	3.1	2.9	3.8	3.7	0.9	0.7	1.0	0.4	0.9	0.9	0.8	0.7
Real estate, business	7.0	7.6	7.4	10.0	7.0	7.3	7.1	6.9	5.0	5.7	6.4	5.0
Public administration	1.7	0.7	3.8	2.7	3.7	3.3	3.3	2.2	6.0	9.8	2.5	2.3
Education	1.0	2.3	2.4	3.7	2.2	4.0	0.5	0.4	0.9	1.6	0.9	0.6
Health and social work	1.0	2.8	1.9	3.9	1.3	2.7	1.1	1.4	1.3	1.2	0.8	0.6
Arts and other services	3.8	6.5	7.1	6.6	3.8	7.7	3.7	4.6	3.1	2.5	2.4	2.1

Source: EU-LFS; authors' analysis.

Table A2.3 Distribution of total employment (ages 16–64 years) across sectors in 11 EU countries, 2007 and 2014 (%)

Sector	Denmark			Sweden			Germany			France			Netherlands		
	2007	2010	2014	2007	2010	2014	2007	2010	2014	2007	2010	2014	2007	2010	2014
Agriculture	2.79	2.32	2.32	2.00	1.85	1.69	2.19	1.48	1.34	3.53	2.94	2.79	2.84	2.59	2.08
Manufacturing	16.57	13.86	13.38	15.45	13.34	12.17	23.79	22.20	21.58	16.97	15.40	14.00	13.45	11.63	10.91
Construction	7.09	5.88	6.05	6.39	6.73	6.69	6.61	6.78	6.85	7.10	7.52	6.88	6.33	6.11	5.32
Wholesale and retail	14.93	14.70	13.94	12.28	12.33	11.89	13.50	12.90	14.08	13.80	13.45	13.09	14.88	14.49	16.24
Transport and communication	6.29	8.82	8.96	6.25	9.30	9.39	5.65	8.15	7.83	6.40	8.42	8.48	6.31	9.18	7.84
Accommodation and food	2.97	3.30	3.95	3.20	3.47	3.44	3.70	3.90	3.84	3.63	3.89	3.61	4.20	4.45	4.32
Financial services	2.99	3.23	2.93	1.99	2.16	2.12	3.68	3.38	3.25	3.25	3.49	3.41	3.29	3.05	3.66
Real estate, professional	9.61	9.34	9.64	14.57	13.36	14.36	10.40	10.75	10.65	10.92	9.97	11.31	13.61	10.96	13.52
Public administration	5.73	5.89	5.57	5.74	5.95	6.43	7.54	7.49	7.17	10.03	10.23	9.54	6.88	7.34	6.70
Education	7.81	8.55	9.54	10.87	10.93	11.28	6.03	6.63	6.64	6.97	6.99	7.66	6.94	7.57	7.25
Health and social work	17.90	19.37	18.84	16.10	15.61	15.56	11.62	12.26	12.67	12.77	13.41	15.12	16.39	18.21	17.62
Arts and other services	5.31	4.74	4.87	5.17	4.98	5.00	5.31	4.08	4.10	4.63	4.29	4.12	4.88	4.41	4.53

Sector	Ireland			United Kingdom			Spain			Italy			Hungary			Poland		
	2007	2010	2014	2007	2010	2014	2007	2010	2014	2007	2010	2014	2007	2010	2014	2007	2010	2014
Agriculture	4.82	3.93	4.74	1.26	1.08	1.17	4.46	4.21	4.39	3.86	3.69	3.58	4.59	4.52	4.62	14.06	12.62	11.26
Manufacturing	14.16	13.31	12.83	14.18	11.85	11.65	16.99	15.13	14.12	22.26	20.85	21.14	24.22	23.49	24.34	24.13	22.45	23.30
Construction	13.61	6.54	5.85	8.26	7.85	7.39	13.28	9.01	5.94	8.54	8.62	6.94	8.47	7.35	6.33	7.00	8.21	7.55
Wholesale and retail	14.58	14.88	14.37	14.37	14.05	13.55	15.77	16.07	17.17	15.37	14.91	14.91	15.15	14.44	13.52	15.02	14.93	14.60
Transport and communication	5.85	9.08	9.09	6.84	8.60	8.90	6.22	8.05	8.51	5.54	7.25	7.48	7.73	9.35	8.93	6.48	7.63	8.18
Accommodation and food	6.44	6.86	7.32	4.50	5.13	5.40	7.19	7.44	8.17	5.05	5.30	5.92	4.19	4.11	4.21	1.94	2.22	2.13
Financial services	4.42	5.05	4.85	4.45	4.10	3.97	2.53	2.67	2.91	2.93	3.00	2.87	2.19	2.44	2.32	2.42	2.32	2.40
Real estate, professional	9.42	9.18	10.00	12.01	11.89	12.53	10.33	10.38	11.14	10.97	10.76	11.21	7.21	7.13	7.79	6.26	6.64	7.25
Public administration	5.02	5.71	5.20	7.17	6.46	6.06	6.43	8.07	7.48	6.30	6.47	6.05	7.01	8.28	9.47	6.22	6.61	6.77
Education	6.52	8.05	8.02	9.21	10.52	10.56	5.99	6.79	7.13	7.12	7.03	7.09	7.97	8.41	7.96	7.40	7.81	7.90
Health and social work	10.36	12.80	13.20	12.04	13.51	13.43	6.73	7.83	8.49	6.96	7.51	8.42	6.67	6.74	6.71	5.74	5.82	5.85
Arts and other services	4.81	4.59	4.54	5.70	4.95	5.39	4.08	4.34	4.55	5.10	4.60	4.39	4.60	3.74	3.81	3.34	2.76	2.80

Source: EU-LFS; authors' analysis.

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Table A2.4 Decomposition of changes in youth employment (ages 16–24 years) as a share of total employment (ages 16–64 years) in 11 EU countries: 2007–2010 and 2010–2014 (percentage points)

Country	Period	Observed change	Growth effect	Share effect	Interaction term
Denmark	2007–10	0.28	–0.16	0.37	0.06
	2010–14	–0.15	0.09	–0.23	0.00
Sweden	2007–10	1.06	0.15	0.91	–0.01
	2010–14	0.26	–0.06	0.32	0.00
Ireland	2007–10	–5.68	–0.85	–5.41	0.58
	2010–14	–2.47	–0.01	–2.53	0.07
United Kingdom	2007–10	–0.92	–0.07	–0.86	0.00
	2010–14	–0.19	0.03	–0.24	0.02
Germany	2007–10	–0.51	–0.11	–0.41	0.01
	2010–14	–1.01	0.06	–1.06	0.00
France	2007–10	–0.39	–0.03	–0.38	0.02
	2010–14	–0.95	–0.13	–0.85	0.02
Netherlands	2007–10	–0.20	–0.07	–0.15	0.02
	2010–14	–1.53	0.35	–1.91	0.03
Spain	2007–10	–3.35	–0.28	–3.31	0.24
	2010–14	–2.06	0.07	–2.18	0.05
Italy	2007–10	–1.01	–0.07	–0.96	0.02
	2010–14	–1.16	–0.02	–1.18	0.04
Hungary	2007–10	–0.86	–0.09	–0.79	0.01
	2010–14	0.55	0.01	0.53	0.01
Poland	2007–10	–0.98	–0.04	–0.98	0.05
	2010–14	–1.61	–0.04	–1.59	0.02

Source: EU-LFS; authors' analysis.

Table A2.5 Decomposition of changes in youth employment (ages 16–24 years) as a share of total employment (ages 16–64 years): 2007–2010 and 2010–2014; share effect by gender, working arrangement, and employment relationship

Country	Period	Observed change in overall employment	Gender		Working arrangement		Observed change in employees only	Employment relationship	
			Male	Female	Full-time	Part-time		Permanent	Temporary
Denmark	2007–2010	0.28	–0.01	0.38	–0.81	1.19	0.35	0.48	0.05
	2010–2014	–0.15	–0.10	–0.14	–0.72	0.48	–0.26	–0.40	–0.05
Sweden	2007–2010	1.06	0.24	0.66	–0.45	1.36	1.13	–0.28	1.21
	2010–2014	0.26	0.10	0.22	0.18	0.13	0.23	0.19	0.05
Germany	2007–2010	–0.51	–0.18	–0.23	–0.35	–0.06	–0.66	–0.34	–0.19
	2010–2014	–1.01	–0.49	–0.57	–0.95	–0.11	–1.15	–0.09	–1.14
France	2007–2010	–0.39	–0.16	–0.22	–0.36	–0.03	–0.52	–0.47	0.01
	2010–2014	–0.95	–0.53	–0.31	–0.77	–0.07	–0.99	–0.49	–0.37
Netherlands	2007–2010	–0.20	–0.28	0.14	–1.13	0.98	–0.09	–0.48	0.48
	2010–2014	–1.53	–0.73	–1.18	–0.77	–1.14	–1.43	–2.67	0.70
Ireland	2007–2010	–5.68	–3.07	–2.35	–5.86	0.45	–6.66	–5.61	–0.31
	2010–2014	–2.47	–0.86	–1.67	–1.66	–0.87	–2.80	–2.39	–0.54
United Kingdom	2007–2010	–0.92	–0.43	–0.42	–0.70	–0.15	–0.85	–0.55	–0.27
	2010–2014	–0.19	–0.09	–0.15	–0.19	–0.05	–0.25	–0.69	0.33
Spain	2007–2010	–3.35	–2.17	–1.14	–3.10	–0.22	–3.80	–1.13	–2.56
	2010–2014	–2.06	–1.11	–1.06	–1.95	–0.23	–2.32	–1.72	–0.74

(continued)

Table A2.5 Continued

Country	Period	Observed change in overall employment	Gender		Working arrangement		Observed change in employees only	Employment relationship	
			Male	Female	Full-time	Part-time		Permanent	Temporary
Italy	2007–2010	–1.01	–0.60	–0.36	–1.06	0.10	–1.17	–0.94	–0.17
	2010–2014	–1.16	–0.72	–0.46	–1.13	–0.05	–1.48	–1.23	–0.28
Hungary	2007–2010	–0.86	–0.63	–0.15	–0.97	0.18	–1.01	–1.12	0.20
	2010–2014	0.55	0.43	0.09	0.62	–0.10	0.59	0.44	0.11
Poland	2007–2010	–0.98	–0.40	–0.58	–0.70	–0.28	–0.99	–0.22	–0.73
	2010–2014	–1.61	–0.89	–0.70	–1.35	–0.25	–1.81	–1.16	–0.61

Source: EU-LFS; authors' analysis.

3

HOW DOES THE PERFORMANCE OF SCHOOL-TO-WORK TRANSITION REGIMES VARY IN THE EUROPEAN UNION?

Kari P. Hadjivassiliou, Arianna Tassinari, Werner Eichhorst, and Florian Wozny

3.1. INTRODUCTION

The Great Recession has had a profound impact on the process of young people's school-to-work (STW) transitions, exacerbating the challenges already arising from the long-term structural transformations affecting youth labor markets across the European Union (EU). These challenges have been a catalyst for policy change. Following European Commission recommendations, many countries have embarked upon ambitious reform programs, including the introduction of the Youth Guarantee (YG), structural reforms of vocational education and training (VET), and activation policies.

This chapter tackles two central questions pertaining to the performance and evolution of STW transition regimes in Europe during the Great Recession. First, what role have institutional characteristics played in mediating and structuring the impact of the crisis on young people's labor market situation? Second, in what ways have policy changes introduced during the recession changed the structure and logic of European STW transition regimes?

Following an institutionalist approach, this chapter tackles these two analytical puzzles by means of a comparative case study design. We draw on the typology of "youth transition regimes" advanced by Pohl and Walther (2007) as a heuristic framework for comparison. First, we investigate how country-specific

institutional configurations mediated the impact of the crisis on young people's labor market situation between 2007 and 2015 in a sample of eight member states belonging to different clusters. Our findings show that institutional legacies mattered considerably in determining the type and severity of the challenges that the different countries faced. However, institutional factors also interacted in complex ways with the broader macroeconomic conditions and the availability of fiscal resources.

Second, we analyze the main changes in STW transition regimes across five country clusters between 2007 and 2015. We review three policy domains: active labor market policies (ALMPs) and not in employment, education, or training (NEET) policies;¹ VET; and employment protection legislation (EPL). We assess the extent to which reforms have brought about substantial change in the underlying logic and design of STW transition regimes and whether these will lead to future improvements in performance. We focus on youth-specific employment policy areas in order to identify conflicting trends of convergence and persisting divergence in institutional design. We find that institutional configurations appear to be in a state of flux, blurring the distinctive characteristics and internal coherence of the STW transition regimes captured by Pohl and Walther's (2007) original typology and calling into question its continued heuristic validity. Considerable challenges persist despite intense reform activity, and the postcrisis quality of STW transitions appears to have deteriorated across all country clusters.

The chapter proceeds as follows. Section 3.2 outlines the theoretical and case study selection framework. Section 3.3 presents the institutional features and performance of each of the five STW transition regimes represented by the eight case study countries. Section 3.4 discusses the main trends and implications of institutional and policy change across clusters during the crisis, and section 3.5 concludes.

3.2. THEORETICAL AND CASE STUDY SELECTION FRAMEWORK

The notion of "transition regimes" developed by Pohl and Walther (2007) encompasses institutional and policy domains, including the structure of education and training systems, employment regulation and social security systems, and the focus of youth transition policies (whether their model of activation is "supportive" or "workfare"). The original conceptualization also includes cultural norms relating to interpretative frames of youth and the causes of labor market "disadvantage" dominating different clusters; we do not include these in our analysis here. Pohl and Walther distinguish between five main types of youth transition regimes: universalistic, liberal, employment-centered, subprotective,

and post-socialist. The distinctive features of each ideal-typical regime are summarized in Table 3.1.

Although these clusters display considerable internal variation with regard to the institutional configurations of different countries, the typology can be a useful heuristic device for analyzing and conceptualizing broad patterns of convergence and variation in terms of policy design and institutional change across countries. Each regime type is characterized by specific challenges regarding the STW transition process, as well as by a distinctive logic in the design of STW transition policies.

On the basis of this typology, we conducted eight case studies in countries belonging to distinct regime types so as to compare the performance of differing institutional arrangements and the trajectory of institutional change between and within clusters between 2007 and 2015. The country case studies were chosen not only to exemplify the characteristics and challenges of each cluster but also to illustrate internal variation within clusters. The *universalistic model* is represented here by Sweden. Within the *employment-centered regime*, we analyzed the cases of Germany, the Netherlands, and France, which—despite broad similarities—differ in the focus of their STW transition models, especially in their VET systems. The United Kingdom typifies the *liberal regime*. The *subprotective regime*, typical of the Mediterranean countries, is exemplified by Spain. Finally, the Estonian and Polish case studies illustrate the *post-socialist regime*, which has adopted a mix of liberal and employment-centered approaches.

The case study methodology involved primary data collection through interviews with policymakers, employer organizations, trade unions, and academic experts in each country.² This work was complemented by an extensive review of policy documents and academic literature at the EU and national levels, as well as secondary data analysis of key statistical and evaluation data relating to youth labor market performance in the selected countries.

Section 3.3 considers how regimes' institutional features affect their performance regarding the effectiveness of young people's STW transitions, conceptualized in terms of the speed, ease, and quality of youth transitions (see Flek, Hála, and Mysíková, this volume; Berloff et al., this volume; Filandri, Nazio, and O'Reilly, this volume). Although the quality of youth transitions encompasses a range of dimensions (incidence of informal, temporary, and/or precarious employment, and transition rates to permanent employment), here we focus on the type of employment contract (permanent vs. temporary) as an indicator of quality.

We measure country performance using a range of empirical indicators: total and long-term youth unemployment rate, youth unemployment ratio, employment rate within 3 years of completing education, NEET rate, educational attainment, and incidence of fixed-term employment.³ A comparison of indicators between 2007 and 2015 captures how different regimes have mediated the impact of the Great Recession on young people's labor market situation. Our discussion

Table 3.1 Comparative framework

STW transition regime typology	Education system and VET	Focus of STW transition policies and ALMP	EPL and labor market regulation	Speed and quality of STW transitions
Universalistic (SE)	Inclusive education system High investment and high transitions in tertiary education Secondary role of VET	Supportive activation (Youth Guarantee) Human capital investment	“Flexicurity model”: moderate/low EPL, inclusive social protection system; Corporatist tradition with collectively agreed minimum wages (including youth-related) that vary by sector	Fast and stable
Employment-centered (DE, FR, NL)	Selective and standardized education and training Prominence of VET (company- or school-based), including prevocational training and apprenticeships High levels of employer involvement	“Train-first” approach: focus on VET and apprenticeships as main labor market integration route Targeted ALMPs for vulnerable youth Occasional use of wage incentives and demand-side measures	EPL dualism between permanent and temporary employment Segmented social protection Corporatist tradition, but minimum wages set by legislation	Variable, but fast and stable for countries with large apprenticeship systems or VET take-up High levels of temporary employment Cyclical problems of low labor demand
Liberal (UK)	Comprehensive education system, predominance of general education Fragmented post-compulsory training Low status and standardization of VET Limited employer involvement	Supply-side, workfare activation model Focus on acquisition of employability skills and rapid labor market entry (“work-first” approach) Targeted remedial interventions for NEETs and vulnerable young people	Low levels of EPL Universalistic but minimal social protection Minimum wages set by legislation (differentiated for young people)	Fast but unstable; high incidence of low-quality employment Skills mismatch

Subprotective (ES)	<p>Comprehensive education system</p> <p>Low status and take-up of VET</p> <p>High levels of early school leaving</p> <p>Weak linkages between education system and labor market</p>	<p>Underdeveloped ALMP and low PES capacity</p> <p>Focus on acquisition of first work experience</p> <p>Wage subsidies</p>	<p>High EPL dualism between temporary and permanent employment</p> <p>Segmented social protection with high protection gaps; high familialism</p> <p>No age-related minimum wage</p>	<p>Lengthy and uncertain</p> <p>High levels of temporary employment</p> <p>Skills mismatch</p> <p>Low labor demand</p>
Post-socialist/ transitional (EE, PL)	<p>Comprehensive education systems, predominance of general education</p> <p>Low prominence of VET (school- or company-based)</p> <p>Weak linkages between education system and labor market</p> <p>High levels of educational attainment</p>	<p>Combination of liberal and employment-centered policies</p> <p>ALMP relatively underdeveloped</p> <p>Focus on acquisition of employability skills (supply side) and stimulus of labor demand through wage subsidies</p>	<p>High EPL dualism, but considerable differences within cluster</p> <p>Minimum wages set with social partners' involvement, not differentiated by age</p>	<p>Variable length and stability</p> <p>High incidence of temporary/ low-quality employment</p> <p>Skills mismatch</p>

Source: Adapted from Pohl and Walther (2007).

of performance determinants mainly focuses on the interaction between three institutional dimensions: the structure of the education and training system (particularly VET); employment regulation; and labor market policy models, with a focus on the characteristics of ALMP. Although our emphasis here is more on supply-side policies, the issue of sufficient labor demand (and demand-side policies) is also of crucial importance for STW transitions. The Great Recession has affected member states differently in terms of both job destruction during the recession and job creation in the recovery years (Grotti, Russell, and O'Reilly, this volume). For instance, among the countries studied here, job separation rates increased sharply in Estonia and Spain, but to a lesser extent in the Netherlands, whereas Germany proved much more resilient throughout the crisis (European Central Bank 2014). This variation must be kept in mind when assessing differences in performance.

Section 3.4 analyzes how the regimes' institutional features have changed due to intense policy innovation activity during the crisis, focusing on policy changes introduced since 2015. In particular, we assess the effects that recent policy changes may have on both the quality of future STW transitions and the heuristic and conceptual validity of Pohl and Walther's (2007) typology in the current historical phase. Our analysis also draws upon Rubery's (2011) concept of "hybridization" of social models to capture the nature of ongoing institutional changes affecting youth transition policy regimes in Europe. This refers to the process whereby developments in new policy areas cross traditional boundaries and paths of development usually associated with distinct welfare regime typologies. This is useful for conceptualizing ongoing changes in youth employment policy, where processes of gradual institutional change (Streeck and Thelen 2005) and multifaceted policy innovations appear to be slowly transforming the logic and objectives of existing policy regimes toward increased liberalization (Streeck 2009), while attempting to address existing protection gaps. The hybridization concept captures the contradictory nature of existing policy innovations, emphasizing the need to reconsider the validity of existing typologies of youth transition regimes in light of recent developments.

3.3. INSTITUTIONAL FEATURES AND PERFORMANCE IN DIFFERENT YOUTH TRANSITION REGIMES

The ideal-typical institutional characteristics of each regime prior to the crisis, as captured in Pohl and Walther's (2007) heuristic typology, are summarized in Table 3.1, whereas our discussion focuses on our country case studies, whose features may deviate from those generalized in Pohl and Walther's typology.

3.3.1. Universalistic Cluster

The universalistic youth transition model—represented here by Sweden—is characterized by an inclusive education system, with diversified post-compulsory routes into general and vocational education and high levels of investment in tertiary education. The linkage between education and the labor market is col-linear, with employers increasingly playing a role in specifying and delivering training. Nonetheless, VET plays a secondary role in post-compulsory education compared to higher education (Wadensjö 2015). The education and training system's comprehensive and inclusive nature is considered an important factor in facilitating human capital acquisition and smooth STW transitions. The fact that a high share of students—well above the EU average—combines work and study also helps such transitions (Eurofound 2014).

Sweden's strong corporatist tradition of close cooperation between the social partners and the state contributes to the effectiveness of STW transition mechanisms such as traineeships/internships (Eurofound 2014). The institutionalized nature of corporatist arrangements in universalistic countries means that collective agreements constitute important driving forces for labor market regulation and wage setting (see Table 3.1).

The unemployment rate for 15- to 24-year-olds in Sweden was equal to the EU average in 2015 but was far below the EU average for 25- to 29-year-olds (Table 3.2). In general, STW transitions are comparatively fast and stable. In 2015, approximately 83% of 15- to 34-year-olds were employed 3 years after completing education (Table 3.3). This explains why the long-term unemployment rate (see Table 3.2) and the NEET rate are among the lowest across the eight countries considered here and also far below the EU average (see Table 3.3). Indeed, unemployment spells for young people tend to be rather short and refer to transitions between education paths. However, subgroups such as the less educated, the disabled, or migrants face considerable barriers to entering the labor market (Wadensjö 2015).

ALMPs are particularly well developed and funded, and the overall STW transition model is based on young people's early activation, implemented through a highly personalized approach. In Sweden, this is realized through a strong job guarantee and social assistance program (Wadensjö 2015). One element of such programs is intensive (and early) job search assistance, combined with personalized action plans that have proved to be effective short-term transition mechanisms. Supported forms of employment also play an important role.

Since the early 2000s, and more markedly since the onset of the Great Recession, the quality and effectiveness of Sweden's education and training system have deteriorated, despite strong public investment (European Commission 2015a). Sweden is one of the few European countries where VET participation has decreased since 2005 (Gonzalez Carreras, Kirchner, and Speckesser

Table 3.2 Unemployment rate, long-term unemployment rate, and unemployment ratio: 2007 and 2015 (%)

Country	Unemployment rate							Long-term unemployment rate				Unemployment ratio			
	15–24 years				25–29 years			15–24 years		25–29 years		15–24 years		25–29 years	
	2015		2007		2015		2007	2015	2007	2015	2007	2015	2007	2015	2007
	Total	Women	Total	Women	Total	Women	Total	Total	Total	Total	Total	Total	Total	Total	Total
Spain	48.3	48.0	18.1	21.7	28.5	28.1	9.0	35.0	10.1	44.1	14.7	16.8	8.7	24.3	7.7
France	24.7	23.4	18.8	19.5	14.0	13.7	10.1	28.8	24.3	35.3	32.3	9.1	7.2	11.9	8.8
Poland	20.8	20.9	21.7	23.8	10.1	9.8	10.6	29.2	34.6	35.9	45.5	6.8	7.1	8.5	8.7
Sweden	20.4	19.6	19.3	19.8	8.7	8.4	7.0	6.3	4.0	15.5	11.0	11.2	10.1	7.5	6.1
United Kingdom	14.6	12.9	14.3	12.5	6.0	5.6	4.9	21.9	15.7	28.7	23.7	8.6	8.8	5.1	4.2
Estonia	13.1	12.2	10.1	7.2	6.0	7.1	4.4	15.5	30.5	34.7	46.8	5.5	3.8	5.1	3.7
Netherlands	11.3	11.2	5.9	6.2	6.5	6.3	2.4	18.7	12.6	31.5	26.2	7.7	4.3	5.7	2.2
Germany	7.2	6.5	11.9	11.1	5.8	4.9	9.9	22.5	32.2	32.2	42.7	3.5	6.1	4.8	8.1
EU	20.4	19.5	15.5	15.9	12.4	12.3	8.7	32.4	26.4	43.0	36.8	8.4	6.8	10.2	7.1

Source: Eurostat (2015).

Table 3.3 Employment rate within 3 years of highest educational attainment (ISCED), NEET rate, and fixed-term employment rate for 15- to 29-year-olds: 2007 and 2015 (%)

Country	Employment rate within 3 years					NEET rate				Fixed-term (15–29 years)	
	Total		0–2 (ISCED)	3–4 (ISCED)	5–8 (ISCED)	15–24 years		25–29 years		Total	
	2015	2007	2015			2015	2007	2015	2007	2015	2007
Germany	86.9	77.8	44.1	87.3	92.4	6.2	12.0	12.3	16.9	38.1	41.5
Netherlands	84.8	84.3	67.6	83.9	89.1	4.7	3.5	10.6	7.6	44.2	37.0
Sweden	83.2	82.4	61.6	79.2	90.8	6.7	7.5	8.6	8.8	41.0	43.6
United Kingdom	76.9	79.3	41.2	72.8	85.5	11.1	11.9	15.4	14.9	11.3	10.3
Estonia	74.8	76.0	32.7	71.8	84.8	10.8	8.9	14.8	17.2	8.0	4.2
Poland	73.3	70.5	23.7	64.7	83.7	11.0	10.6	20.5	21.6	54.3	49.5
France	62.8	70.6	21.4	57.0	77.9	11.9	10.7	20.0	17.2	41.0	35.5
Spain	54.2	74.4	29.2	47.5	66.7	15.6	12.0	26.0	13.8	54.3	51.5
EU	69.8	73.5	33.1	66.5	79.7	12.0	11.0	19.7	17.2	32.5	30.9

Source: Eurostat (2015).

2015). Despite repeated attempts to increase the take-up of apprenticeships (Wadensjö 2015), their incidence remains low and primarily concentrated in craft occupations, suggesting a persistent prevalence of the “academic” higher education route as the privileged form of post-compulsory training.

This cluster’s institutional setup is usually characterized as an example of “flexicurity” with extended welfare provision (Eurofound 2014; Leschke and Finn, this volume). However, over time, activation has become tougher and benefits less generous and more conditional. Unemployment benefits are income based and subject to membership in an unemployment insurance fund. Young school-leavers generally do not qualify for these benefits because they do not meet the income requirements, which discourages them from registering as unemployed (Albæk et al. 2015). However, they can access means-tested social assistance or less generous unemployment benefit through ALMPs.

The universalistic cluster is not internally homogeneous, and different regulatory regimes may apply to distinct groups in the labor market. For example, in contrast to Denmark, Sweden’s EPL is relatively high for permanent employment, but relatively low for temporary employment, leading to labor market segmentation reflected in levels of temporary employment that surpass the EU average (see Table 3.3). However, unlike in France or Spain, fixed-term contracts act as a stepping stone to more stable and regular work.

The limited changes in unemployment rates and ratios, as well as contract types and transition speed, between 2007 and 2015 suggest that youth labor demand was not strongly affected by the recent crisis (Grotti et al., this volume).

3.3.2. Employment-Centered Cluster

Countries in the employment-centered transition cluster (DE, FR, and NL in this study) are characterized by selective and highly standardized education and training systems, with well-developed apprenticeship and national certification systems. The German education system’s selectivity is clearly shown in the educational attainment data. Among the eight countries reviewed, Germany has the highest proportion of young people aged 20–24 years (70.7%) with medium ISCED (International Standard Classification of Education) levels and the lowest proportion (6.4%) with high ISCED levels, whereas France has high shares of youth with high ISCED levels, especially those aged 20–24 years (28.8%; Table 3.4).

Dual VET constitutes a core feature of the German education system, with apprenticeships providing the main form of VET at the upper secondary level. In the Netherlands, apprenticeships are slightly less prominent, whereas in France, school-based VET still dominates (Eurofound 2014). Employers are actively involved in defining the design and content of VET in Germany and the Netherlands, closely cooperating with VET providers, but this is not the case in France. STW transitions in Germany and the Netherlands are generally efficient,

Table 3.4 Educational attainment by age and ISCED level (2015)

Country	20–24 years			25–34 years		
	0–2	3–4	5–8	0–2	3–4	5–8
Spain	31.5	46.9	21.5	34.4	24.6	41.0
Germany	22.9	70.7	6.4	12.7	57.7	29.6
Netherlands	20	61.7	18.3	14.4	40.5	45.1
Estonia	16.7	69.5	13.8	10.8	48.6	40.6
United Kingdom	14.3	56.2	29.5	14.7	38.4	47.0
France	12.8	58.3	28.8	13.5	41.9	44.7
Sweden	12.7	69.8	17.5	12.1	41.4	46.5
Poland	9.2	76.3	14.5	6.1	50.7	43.2
EU	17.3	65.5	17.2	16.6	45.6	37.9

Source: Eurostat (2015).

especially for those with medium ISCED levels, indicating well-established VET systems, which also contribute to both countries having the lowest NEET rates (see Table 3.3). High degrees of occupational specificity (Gangl 2001; Brzinsky-Fay 2007) and strong involvement of relevant stakeholders (Gonzalez Carreras et al. 2015) in the German and Dutch training systems are important driving forces for smooth STW transitions.

Youth unemployment rates in Germany and the Netherlands are the lowest among all the countries reviewed. However, Dutch youth unemployment ratios for 15- to 24-year-olds are relatively high. This discrepancy between the two countries in the share of active young people in the labor market is especially strong for those aged 15–24 years and much less important for those aged 25–29 years, who are less affected by differences in the education systems (see Table 3.2). Long-term unemployment rates are rather average in both countries (see Table 3.3). The difference between short- and long-term unemployment rates is due to the fact that short-term unemployed people tend to participate overproportionally during periods of recovery. The situation in France is more difficult because both short- and long-term unemployment rates are high.

Germany and the Netherlands have strict EPL for permanent employment, whereas their EPL for temporary employment is much lower than the Organization for Economic Co-operation and Development (OECD) average. In France, EPL is high for both permanent and temporary employment. Despite these differences, temporary employment for 15- to 29-year-olds was above the EU average in all three countries in 2015. It must be noted that half of all fixed-term contracts relate to apprenticeships in Germany, which has a much better transition probability compared with France (see Table 3.3). Segmentation is also predominant in France, not only for disadvantaged but also for qualified youth (Eurofound 2014).

Differences in ALMPs in the three countries are related to their different education systems and general economic performance. The Netherlands has traditionally high ALMP spending (EU's highest spending in 2014), with a focus on mediation and re-employment or reintegration, especially for the most vulnerable groups (Bekker et al. 2015). Wage subsidies also play a role in France and the Netherlands for helping young people acquire work experience. In Germany, basic training and assistance for less educated youth are also gaining importance given the favorable labor market situation. Thus, the specific focus of ALMPs depends not only on the general orientation of a particular cluster but also on a country's current economic situation.

In this cluster, the welfare system is based on a social insurance model with benefits financed by taxes (as in Sweden) and individual contributions. Similar to Sweden, benefits are income based, but young people do not have universal access to benefits. Indeed, depending on their status, young people can be excluded from or receive reduced benefits. In Germany, for example, young people receive a reduced amount of social assistance if they still live in their parents' home, and they need the approval of their local authority if they wish to move out while still receiving benefits (Eichhorst, Wozny, and Cox 2015).

Likewise in the Netherlands, there is no automatic right of young people to either income or reintegration support (Bekker et al. 2015). According to the 2012 Work and Social Assistance Act (Wet Werk en Bijstand, WWB), young people (aged younger than 27 years) have to wait 1 month before claiming social assistance for the first time, and they must search for a job (or education/training placement). The aim is to encourage them to either (re)engage with education or attach themselves to the labor market, thus avoiding becoming NEETs. A comparison of unemployment rates and ratios as well as contract types and transition speed between 2007 and 2015 suggests that youth labor demand has been negatively affected by the recent crisis in the Netherlands and even more so in France, leading to lower and more unstable employment. Conversely, Germany has experienced higher youth labor demand as a result of its exceptionally favorable economic situation, with improved labor market conditions in 2015 compared to 2007.

3.3.3. Liberal Cluster

Liberal youth transition regimes—the United Kingdom in this study—are characterized by a comprehensive education system, high flexibility, and fragmentation in post-compulsory education. VET delivery models are not standardized and are accessible through school-based programs combining academic study with vocational elements, broad vocational programs, or specialist occupational programs delivered at both school and the workplace.

VET focuses rather narrowly on delivering particular occupational skills, albeit with less specialization and lower quality standards than in the

employment-centered model. Indeed, the United Kingdom's VET provision has been criticized as being too focused on basic skills and relatively low-level qualifications.

The liberal regime is also characterized by limited employer engagement in VET provision, with employers viewing themselves as “customers” of the education system as opposed to partners (Tassinari, Hadjivassiliou, and Swift 2016). In fact, the decoupling of the education system and labor market—as well as the lack of joint delivery or codesign of VET—has made skill mismatch a recurring concern. A significant minority still leaves secondary education without the necessary skills and qualifications to compete in the labor market.

Recent reforms in the United Kingdom—especially the Apprenticeship Trailblazer reforms—have attempted to increase employer involvement in designing and delivering apprenticeship standards (Hadjivassiliou et al. 2015). Although the policy intention is to foster a major change in the STW transition pattern (expanding apprenticeships and revamping technical education and VET), it is too early to assess whether this initiative will lead to a permanent path shift. Indeed, due its deeply entrenched structural characteristics—that is, a fragmented market-based skills system with high flexibility but variable quality, employer resistance to assuming a more active role as providers instead of consumers of VET, and lack of parity of esteem between vocational and academic qualifications—the United Kingdom's VET-related policy has been suffering from a perennial implementation gap between policy objectives and reality, which is likely to continue (Tassinari et al. 2016).

Despite efforts to expand apprenticeships among young people in recent years, there has been a step-change in growth for those aged 25 years or older, with only a moderate increase in apprenticeship take-up among those aged 19–24 years and a fall in the number of apprenticeships available to 16- to 18-year-olds (Hadjivassiliou et al. 2015). As already argued, this expansion of apprenticeships has so far been more about formalizing adult workers' skills than meeting the youth-related policy objective.

To date, the evidence is unclear as to whether increased employer ownership in the United Kingdom is enough to guarantee quality in the new apprenticeship standards (House of Commons Education Committee 2015). Even so, it is also acknowledged that the ongoing apprenticeship/VET reforms with the new emphasis on, *inter alia*, increased employer involvement in VET provision, greater standardization and coordination, and improved quality of apprenticeships/VET linked to a more general upskilling push—which is likely to become more pertinent post-Brexit—show signs of potential paradigmatic change in the United Kingdom's STW system (Tassinari et al. 2016).

The United Kingdom's educational attainment data reflect this cluster's distinctive feature, namely the relatively minor role of VET. Indeed, “academization” is highest for both 20- to 24-year-olds and 25- to 34-year-olds across all countries reviewed (see Table 3.4). For this reason, employability is an important concern

for the United Kingdom's youth-related policy, as reflected in the work-first focus of youth-related ALMPs.

The liberal cluster is characterized by low EPL: The United Kingdom's EPL is one of the lowest in the OECD, resulting in a less segmented labor market—reflected, for example, in the (lower) proportion of young people in temporary employment, which, in 2014, stood at 14.7% for those aged 15–24 years (as opposed to an EU average of 43.4%; Eurostat 2015). However, weak EPL also helps give rise to hyper-precarious forms of employment such as zero-hours contracts, in which working hours are set by employer demand, leading to unpredictable/unstable income. This transfer of business risk from employer to employee is especially prevalent among young people; indeed, 36% of people employed on zero-hours contracts are aged 16–24 years (Office for National Statistics 2016).

ALMPs are not specifically targeted at young people, apart from some flagship initiatives (e.g., the Youth Contract program) targeting unemployed youth. Unlike the other clusters, subsidies play a minor role, with interventions mainly focused on supply-side measures (Hadjivassiliou et al. 2015). Although the United Kingdom's benefits system is universal, benefit levels are low and subject to increasingly stringent conditionality. Welfare reforms implemented after 2010 are generally aimed at encouraging young people to exit the benefits system quickly and achieve early labor market (re)integration by making rules governing access to benefits stricter and more punitive.

Youth unemployment and long-term unemployment rates (see Table 3.2) are comparatively low, achieved—as explained previously—by low EPL and strong conditionality for benefits. Whereas this reduces rigidities that are harmful for STW transitions, it also creates unstable working conditions: The employment rate 3 years after completing education tends toward the average for all education levels through high job turnover (see Table 3.3). In general, the United Kingdom is characterized by rapid but unstable STW transitions. Due to low EPL for permanent contracts, temporary contracts are rarely used (see Table 3.3). The United Kingdom's labor market seems to have performed relatively well in the recent crisis, although long-term unemployment remains considerably above the precrisis level and is recovering more slowly than short-term unemployment.

3.3.4. Subprotective Cluster

The subprotective model—Spain in this study—is characterized by nonselective and comprehensively structured compulsory education systems, albeit with relatively low-quality, underdeveloped VET and comparatively high early school-leaving (ESL) rates (Eurofound 2014). The structure of educational attainment reflects this cluster's nonselective education system and weak VET role. Indeed, the Spanish education system is rather polarized in that it has the lowest level of ISCED 3–4 attainment for those aged 20–24 years, and especially for those aged 25–34 years (see Table 3.4).

Education and training are centrally standardized, and the incidence of apprenticeships is comparatively low, although there have been efforts to make VET more flexible and more closely aligned to employers' skill needs (González Menéndez et al. 2015b).

The distinctive characteristics of the subprotective model include the relatively high EPL levels for permanent employees, as well as the relatively ungenerous benefits system, which in turn reflects this cluster's traditionally weak welfare state and limited benefit provision, especially to young people (Eurofound 2014). The Spanish labor market is highly segmented, with a high incidence of temporary employment, especially among youth, as a result of the gap in EPL between highly regulated permanent contracts and deregulated fixed-term contracts. However, whereas past reforms only reduced protection at the margins and thus increased segmentation, recent reforms also deregulated EPL for permanent contracts (González Menéndez et al. 2015b).

The employment rate 3 years after completing education in Spain is the lowest among all countries reviewed. In particular, individuals with medium or high educational attainment have to contend with comparatively low employment rates (see Table 3.3). This cluster's institutional features tend to generate the greatest difficulties for labor market entry, given large shares of low-skilled entrants, comparatively high EPL for permanent jobs, and the absence of a comprehensive social safety net (Gangl 2001; Brzinsky-Fay 2007). This makes STW transitions complex, lengthier, and unstable.

ALMPs are relatively underdeveloped, with challenges arising from the weak institutional capacities of the Public Employment Services (PES), although improving ALMP delivery and strengthening activation constitute some of the main areas of recent policy intervention. Spanish ALMPs seek to improve young people's skills or provide them with work experience (González Menéndez et al. 2015b). An increase in the supply of work experience and/or job placements for young people is pursued through hiring subsidies that reduce nonwage labor costs.

Institutional factors are overshadowed by a lack of labor demand in Spain as the main factor explaining poor performance in youth transitions. Indeed, the Spanish labor market was one of the most adversely affected by the recession and the ensuing severe fiscal consolidation efforts, which is why every indicator must be seen in the light of extremely low levels of youth labor demand.

Spain had the highest youth unemployment rate and ratio in 2015. The discrepancy between these indicators is high for those aged 20–24 years, and it is much higher than in 2007. Young people seem to be staying longer in education in view of the economic downturn (see Table 3.2). In addition, long-term youth unemployment, the NEET rate, and temporary employment are the highest in 2015 among the eight countries (see Tables 3.2 and 3.3). Aside from temporary employment, these indicators were close to or below the EU average in 2007, indicating how labor demand fluctuations can change our assessment of STW transition regimes.

3.3.5. Post-Socialist/Transitional Cluster

In both Estonia and Poland, compulsory education systems are comprehensive, with post-compulsory general education remaining a more popular choice than vocational education, partly because of VET's poor reputation and excessive rigidity (Ślęzak and Szopa 2015). In 2015, Poland had the lowest levels of low-qualified youth and the highest rate of medium ISCED attainment among those aged 20–24 years, partly because compulsory education lasts until age 18 years. Educational attainment in Estonia is closest to the EU average (see Table 3.4). In both countries, NEET rates are also slightly below the EU average for those aged 15–24 years. However, NEET rates for 25- to 29-year-olds are close to the EU average in Poland and five percentage points below average in Estonia.

VET in Poland is mostly school based, whereas in Estonia it involves a greater share of company-based training, albeit still within a school-based delivery model. In Estonia, apprenticeships account for only approximately 2% of students, whereas they are marginally more common in Poland (European Commission 2015a). Employer involvement in VET is relatively low, although there have recently been efforts to increase employer engagement in VET. The linkages between the education system and the labor market are also weak, resulting in considerable skills mismatch (McGuinness, Bergin, and Whelan, this volume).

Similar to the United Kingdom, low incidence of work-based training increases the need for ALMPs to enhance youth employability, especially by providing financial incentives for employers to hire young people. Both countries also focus on specializing and standardizing education paths in line with labor market needs (Eamets and Humal 2015; Ślęzak and Szopa 2015). In both countries, the policy instruments used to support STW transitions include training and/or employment subsidies to increase the supply of work-experience placements. Whereas ALMPs in Estonia mainly concentrate on less educated youth, in Poland they also target highly qualified young people, given that graduate unemployment is quite high.

In both countries, welfare benefits are a mix of universal and contribution-based systems without any specific focus on young people. But they differ in relation to EPL: Estonia has relatively low EPL for permanent employment and relatively high EPL for temporary employment; in Poland, EPL is much stricter for permanent as opposed to temporary employment, making the latter more attractive for employers. The incidence of temporary employment in 2015 among 15- to 29-year-olds was extremely high in Poland (54%), whereas it was the lowest (8%) in Estonia among the countries reviewed (see Table 3.3). Institutional rigidity—which hampers adjustments to labor market changes—is one major impediment to smooth STW transition in Poland. The youth employment rate within 3 years after completing education corresponds to the EU average in both countries, when all education levels are considered together.

However, educational attainment in Poland is very important: Those with the lowest levels of educational attainment face similar labor market entry barriers as in France (see Table 3.3). This is related to the Polish education system, which produces the lowest proportion of young people with low educational attainment, who may face a crowding-out effect by more highly educated youth, leading to overqualification (see Table 3.4). In 2015, the Polish unemployment and long-term unemployment rates were close to the EU average. Estonian unemployment rates were among the lowest in the EU in 2015, although they had dramatically increased during the first period of the crisis. Both countries have recovered rather well from the crisis: Unemployment rates in 2015 are similar to those in 2007, and long-term unemployment rates have considerably declined (Table 3.2).

3.4. INSTITUTIONS IN FLUX: HOW ARE YOUTH TRANSITION REGIMES CHANGING?

Although the recession has been a global phenomenon, there are significant differences between countries regarding its depth, duration, and impact on young people (European Central Bank 2014). Whereas Germany, the Netherlands, and Austria consistently recorded youth unemployment rates of less than or approximately 10%, other countries fared much worse (with France and Poland recording rates of greater than 20% and Spain and Greece rates of greater than 50%; Hadjivassiliou et al. 2015).

After the recessionary years (2008–2009), the most important policy prescription recommended (or imposed—in Greece, Ireland, and Portugal) by the EU and the European Central Bank was “fiscal consolidation.” All the countries most severely hit by the economic downturn, notably Southern countries but also some in Central and Eastern Europe, were recommended to combine austerity policies to cut public deficit and debt with structural reforms (including labor market reforms—to introduce more “flexibility” combined with an expansion of ALMPs). This produced contradictory outcomes for young people. The resulting macroeconomic environment generated weak or insufficient labor demand in many member states—or, in the case of the subprotective cluster, dramatically reduced demand for labor—and further exacerbated young people’s labor market situation, given that they face more elastic labor demand relative to adult workers (Eurofound 2014; Eichhorst, Marx, and Wehner 2016; Grotti et al., this volume).

These developments have resulted in (1) a dramatic rise in youth unemployment in most countries; (2) lengthier, unstable, and nonlinear STW transitions; (3) a deterioration of youth employment quality combined with greater precariousness; (4) increased discouragement and labor market detachment; and

(5) greater labor market vulnerability of disadvantaged youth, such as the low skilled, migrants, and the disabled. Although recession-related economic deterioration and subsequent job-poor recovery account for such developments, these are also rooted in persistent structural deficiencies such as poorly performing education and training systems, segmented labor markets, and low PES capacity. The degree to which these deficiencies adversely affect young people varies considerably between and even within clusters, although a general deterioration in the length and quality of STW transitions is observed in all five clusters.

Against this backdrop, it is unsurprising that considerable policy action at the EU and national levels has focused on reforming the institutional arrangements that structure the STW transition process (Smith et al., this volume). In Section 3.4.1, we discuss some of the most notable institutional changes observed in 2007–2015 across the eight countries in the five clusters reviewed, including the implementation of the YG (2013 onward).⁴

In view of this changing policy landscape, some of the characteristics of each regime are in a state of flux, although more in some clusters (subprotective) than in others (universalistic). Moreover, competing trends of convergence and persisting divergence in different policy areas across clusters appear to be emerging. The implications of these ongoing processes of institutional change for the coherence and applicability of the existing typologies of youth transition regimes, as well as the quality of STW transitions, are assessed in Section 3.4.2.

3.4.1. Trends in Institutional Change and Convergence

Between 2007 and 2015, there was a change in governance structures, institutional frameworks, and actual policies and mechanisms associated with each STW transition regime across all countries in the five clusters. In many countries, the introduction of the YG in 2013 acted as a catalyst for structural reforms.⁵ We identify five areas in which institutional change was especially prominent in 2007–2015: the strengthening of ALMP and PES capacity, the decentralization and localization of governance and delivery of youth employment policy, targeting of NEET policies, reforms of VET and apprenticeships, and EPL reforms. Next, we discuss the parallel trends of convergence and persisting divergence in these policy areas across clusters.

3.4.1.1. *Strengthening of ALMP and PES Capacity*

The institutional field of ALMP was a focus of substantial policy innovation between 2007 and 2015, and it was subject to some contradictory trends regarding the trajectory of change. Countries in all five clusters have intervened to strengthen their ALMPs and related infrastructure, most notably PES, although this has not been matched overall by an increase in available resources.

The YG—the EU’s flagship youth employment program—has arguably been a potentially important driver of change in this area. Its implementation combines

measures to help young people into employment in the short term with comprehensive structural reforms aimed at introducing systemic change in the structuring of STW transitions. These include introducing properly designed activation policies, well-functioning PES, cross-sectoral partnerships, multiagency working and outreach measures aimed at NEETs and disengaged youth, and effective VET and apprenticeship policies (European Commission 2015b).

In Estonia, France, Poland, and Spain, the implementation of the YG has involved PES restructuring to provide young people with individualized support, foster better links with both employers and education and training providers, and adopt a more targeted and proactive approach toward supporting NEETs (European Commission 2015b). It seems that the YG has improved the capacity of the Spanish PES to play a more active role in addressing youth unemployment (González Menéndez et al. 2015b).

The countries reviewed have also introduced new or have strengthened existing ALMPs and brought about changes in their activation models. In some cases, this emanated from the YG's focus on properly designed activation policies, whereas in others such reforms were enacted independently. For example, the YG's specific focus on young people's integrated STW transitions represents a departure from Estonia's traditional lack of labor market policies targeted at youth. As such, it arguably represents a "new way of doing things," especially by focusing on increasing the combined effect of different measures for vulnerable youth (Eamets and Humal 2015). Focusing even more on early intervention and activation, Sweden's government has reinforced its YG with a gradual introduction of a 90-day guarantee (Wadensjö 2015; Forslund 2016). Moreover, there is a much stronger focus on closer cooperation between Swedish central and local government (and PES) to ensure that youth-related ALMPs have greater impact at the local level.

Independent of the YG, the United Kingdom also implemented a raft of youth-related ALMPs such as the Youth Contract, introduced in 2012 with a strong focus on early activation and/or education and training. Similarly, in the Netherlands, there has been a distinct reinforcement of activation combined with severe restrictions to benefit access for youth aged 18–27 years following the 2009 Investment in Youth Act (Eichhorst and Rinne 2014).

Although the YG concept—including its focus on early, personalized, and integrated interventions—has been welcomed, its implementation across the EU has unsurprisingly been patchy and uneven (Bussi 2014; Eurofound 2015; Eichhorst and Rinne 2017). Reflecting the different institutional setups, labor markets, and economic structures and performance, the scope for YG-related change at the national and/or regional level has varied considerably. In Germany and the Netherlands (employment-centered cluster) and Sweden (universalistic cluster), the focus of the YG has been on the continuation, upscaling, and improvement of existing measures, as well as on improved cooperation and cross-agency working, rather than on any major change (Weishaupt 2014; Düll 2016).

In Spain (subprotective cluster), the YG led to some policy innovation and provided the framework whereby local initiatives already in place were formalized as part of its implementation (Petmesidou and González Menéndez 2016; see also Petmesidou and González Menéndez, this volume).

However, the EU funds earmarked for the YG are viewed as being inadequate for its effective implementation (Dhéret and Morosi 2015; Eurofound 2015; International Labour Organization 2015; Eichhorst and Rinne 2017). The uneven absorption capacity of these funds across the EU—especially at the regional level—combined with a lack of mobilization of some countries has cast further doubt on their ability to successfully implement the YG (Bussi 2014; ETUC 2016).

These examples point to the emergence of a partly contradictory trend, in which changes in policy design to strengthen ALMPs' effectiveness have not been matched by adequate increases in capacity. With the exception of Germany and—to some extent—Sweden, in most other countries reviewed (EE, ES, NL, PL, and UK), such efforts have not been accompanied by an increase in funding commensurate to the magnitude of youth unemployment. In Spain—where youth unemployment rose dramatically during the Great Recession—substantial fiscal consolidation linked to its austerity program has led to PES recruitment freezes and thus affected PES capacity to help increasing numbers of young jobseekers (European Commission 2016). Likewise, the Polish PES did not receive additional funds (Ślęzak and Szopa 2015). Estonia, one of the countries with the most severe austerity, experienced adverse implications for PES capacity (Eamets and Humal 2015).

This focus on PES capacity indicates potential convergence regarding policy objectives across clusters. However, the ability of a PES to actually strengthen links and cooperation with both employers and education and training institutions is highly variable, often limited, or even missing (Dhéret and Morosi 2015). In both Spain and France, there has been concern about PES's capacity to adequately service the large number of unemployed young people (European Commission 2016). However, concerns about capacity in the delivery of ALMPs extend beyond PES. In Sweden, there are concerns that reinforced municipal responsibility for youth-related activation measures has not been accompanied by a commensurate realignment between municipalities and centrally financed PES for financial incentives for ALMPs, thus limiting the municipalities' outreach capacity (European Commission 2016).

3.4.1.2. Decentralization and Devolution of Responsibility

The extent to which major changes regarding governance structures and/or institutional frameworks underpinning STW transitions were implemented as a result of the YG varied across contexts, largely depending on the pre-existing institutional setup. However, across the clusters we can observe convergence in terms of greater decentralization and devolution of responsibility for supporting

effective STW transitions at the local level, combined with greater autonomy and flexibility in addressing the specific needs of young people, especially NEETs.

In Germany and the Netherlands, where the YG can be considered an upscaling of existing measures, change has mainly occurred in the form of ongoing decentralization and localization of the responsibility for supporting STW transitions from the national to the local level. The objective is to enhance the cooperation and cross-agency working of local partnerships and to provide more integrated services to disadvantaged youth (Düll 2016). In the Netherlands, the responsibility for delivering employment and youth care services has shifted since 2015 to local authorities (Bekker, van de Meer, and Muffels 2015; Bekker et al. 2015). In Germany, municipal-level initiatives such as the *Jugendberufsagenturen* in Hamburg have developed effective local models of one-stop shops offering integrated, multiagency services to young people (Gehrke 2015).

Although municipalities (and the state) have always been the main actors for youth-related policies in Sweden (Wadensjö 2015), their activation responsibility has been strengthened since January 2015, as they are now directly responsible for activating early school-leavers and following up on NEETs for targeted support (Forslund 2016). Devolution is also occurring in the United Kingdom, where local authorities now have formal responsibility for tracking young people's participation in education or training and for supporting NEETs in finding suitable training (Hadjivassiliou et al. 2015).

There seems to be convergence—sometimes instigated by YG implementation rules—in setting up broader stakeholder partnerships to offer integrated services, especially to youth at risk. Most countries are improving or setting up new governance structures, such as stronger partnership working arrangements and broader stakeholder engagement to address fragmentation in youth-related policies (Eurofound 2015; International Labour Organization 2015). For example, the introduction of the YG in Spain has led to better PES coordination between different levels of government and improved interregional cooperation (European Commission 2016) while providing a new framework for policy transfer across several government levels (González Menéndez et al. 2015a; Petmesidou and González Menéndez, this volume). Nonetheless, such broader stakeholder involvement and partnership working is not always easy to achieve in contexts with no tradition, structures, or mechanisms for cross-agency collaboration (e.g., France and Poland).

Both Estonia and France have strengthened partnership working across government agencies (European Commission 2016). For example, *Pôle emploi* (French PES) and *missions locales* (local PES for youth) are negotiating an agreement to improve their partnership working and provide adequate services to young people (European Commission 2016). How successful this attempt will be is debatable. The coordination of actors has historically been problematic within the fragmented French STW transition system, which lacks an overarching coordinating structure and integrative logic (Smith, Toraldo, and Pasquier 2015;

European Commission 2016). Similarly, in Poland, the YG has stimulated enhanced cooperation between local-level employment offices (*Powiat*) and a wide range of organizations, such as academic career centers, local Voluntary Labor Corps (*Ochotnicze Hufce Pracy* (OHP)) units, social welfare centers, and schools (Weishaupt 2014). However, effective cooperation between PES and OHP regarding youth-related ALMPs remains a challenge (European Commission 2016). Early indications regarding YG implementation show that social partner and youth organizations' involvement has been very limited in most countries (Dhéret and Morosi 2015; Eurofound 2015).

3.4.1.3. Targeting of NEET Policies: Addressing Low Skilling and Early School Leaving

Another common pattern across clusters has been a stronger focus on NEETs, early school-leavers, and other at-risk youth groups (low qualified, from an ethnic minority/migrant background, or from a lower socioeconomic/disadvantaged background).

Education-related reforms have addressed low educational attainment. Policy interventions across all clusters have focused on reducing ESL age so that young people obtain the minimum labor market entry requirement of at least an upper secondary education qualification (European Commission 2015a; Hadjivassiliou 2016). In Spain, the 2013 education reform (*Ley Orgánica para la Mejora de la Calidad Educativa*) sought to reduce ESL by allowing those aged 15–17 years to enroll in basic professional training to obtain the upper secondary school qualification and eventually access higher level training (González Menéndez et al. 2015a, 2015b). In Sweden, given the large share (approximately 25%) of youth who have not successfully completed upper secondary education, so-called “education contracts” were introduced in 2015 to encourage unemployed young people aged 20–24 years to complete their upper secondary education (Wadensjö 2015; Forslund 2016).

There has also been an increased focus on targeting NEETs across all clusters (Mascherini, this volume). Training and education or activation measures, rehabilitation programs, more integrated services, and outreach activities to identify, register, and (re-)engage NEETs have all been used. This is crucial given the large numbers of NEETs who are not registered with PES and cannot access YG-related and other supportive interventions. Although many countries—including Spain and Germany—have set up online outreach tools, the engagement of unregistered, “hardest-to-reach” youth through grassroots actions (e.g., street outreach work) and multiagency working remains less common (Eurofound 2015; Hadjivassiliou 2016). This constitutes a serious limitation because online outreach tools (e.g., using Facebook and other social media and/or designated online platforms/portals to reach out to NEETs) cannot replace face-to-face interaction, especially when it comes to youth with more complex problems (International Classification of Functioning 2015).

Overall, it is fair to say that in many cases, the YG has provided an additional impetus in focusing on NEETs, although the actual implementation in countries with high youth unemployment falls short of initial expectations.

3.4.1.4. VET and Apprenticeships

VET and apprenticeships suggest elements of convergence across clusters, although changes may be confined to policy objectives rather than actual outcomes. There has been a universal effort to reform or strengthen the role of VET/apprenticeships in STW transitions, although the extent of change seems to be more far-reaching—at least in terms of policy intention—in the subprotective cluster (European Commission 2015a; González Menéndez et al. 2015b). Spain has recently embarked upon a major education reform to improve the links between its education system and the labor market. Royal Decree 1529/2012 laid the foundations for the gradual introduction of the dual-training principle in Spain's VET and sought to foster greater participation by companies (González Gago 2015; González Menéndez et al. 2015b). Recent education reform introduced more vocational pathways in lower secondary education and a new 2-year VET module to address ESL (González Gago 2015).

Since 2013, the United Kingdom (liberal cluster) has been implementing a major VET and apprenticeship reform. Apprenticeship Trailblazers seek to put employers at the heart of the apprenticeship system, representing a potential paradigm shift within the UK context (Tassinari et al. 2016). The reforms aim to promote VET and associated career pathways as a high-quality option and to expand apprenticeship take-up (Hadjivassiliou et al. 2015). Similar VET/apprenticeship reforms have been introduced in Estonia (2013), Sweden (2014), and France (2013 and 2014).

VET and apprenticeships may potentially become more important STW transition mechanisms, even in the liberal (UK) and the subprotective (ES) clusters, where they have traditionally been underdeveloped. However, introducing apprenticeship/VET reforms at the policy design level is not sufficient to bring about deep-seated institutional change. This requires a change in the attitude of training providers and employers, as well as increased partnership working between the two, which is not easily achieved in countries lacking such a tradition of cooperation, such as France, Poland, Spain, and the United Kingdom (Eurofound 2015; Hadjivassiliou, Tassinari, and Swift 2015; Ślęzak and Szopa 2015; Smith et al. 2015).

VET reforms also require strong and unequivocal employer support in terms of offering an adequate supply of quality placements and associated training (Eichhorst 2015). Change is also required in the attitude of young people and their families, whereby apprenticeship/VET is not viewed as a second-best option. Nonetheless, VET still suffers from a rather poor image in the subprotective (ES), post-socialist (EE and PL), and liberal (UK) clusters (Eamets and Humal 2015; González Menéndez et al. 2015b).

There is also concern about the education and training systems' ability to quickly adapt in line with the new VET/apprenticeship reforms to deal effectively with the current cohort of unemployed youth, as well as the gap between employer demand and the VET system's ability to respond satisfactorily (Eurofound 2015). These factors may act as barriers to deep institutional change in this policy area.

3.4.1.5. Flexibilization of Youth Labor Markets and EPL Reforms

Persistent labor market segmentation is evident across all five clusters, although the trajectory of change seems to be one of convergence toward greater "flexibilization," along with the loosening of EPL for prime-age workers rather than greater security. Reforms of EPL have focused on achieving a better balance in protection between those on permanent and those on temporary contracts, thus reducing existing dualisms. In the Netherlands, EPL changes since July 2015 seek to strengthen the position of workers on temporary contracts (Bekker et al. 2015). Similarly, in Spain, following the 2010 and 2012 labor market reforms, the deregulation of EPL for permanent contracts has reduced the dualism between temporary and permanent employment protection (González Menéndez et al. 2015a). The Estonian Employment Contracts Act (2009) introduced major reforms aimed at increasing labor market flexibility. In France, highly controversial and politically difficult EPL changes have proved to be more limited but in any case have sought to reduce labor market dualism.

However, it is too soon to gauge the impact of these changes on youth labor markets, especially against a backdrop of limited labor demand in some of the countries examined. More worryingly, existing evidence suggests that the share of temporary contracts among youth has even increased in countries (FR and ES) that deregulated EPL during the crisis (Eichhorst et al. 2016; Grotti, Russell, and O'Reilly, this volume). The available evidence suggests that attempts to loosen EPL for permanent contracts in highly dualized labor markets (FR and ES) are likely to result in worsening working conditions and more unstable employment for all workers rather than in easier STW transitions (Eichhorst and Rinne 2014; González Menéndez et al. 2015a, 2015b). Even the traditionally better performance of some STW regimes seems to come under question, with temporary, precarious employment rates increasing among young people in countries such as the Netherlands, thus pointing to a potential convergence toward lower quality of transitions across the board.

3.4.2. Assessing the Impact of Institutional Change on Youth Transition Regimes

The ongoing processes of institutional change in the targeting, design, and governance of ALMPs, the status of VET systems, and the design of EPL institutions are leading to a reconfiguration of European youth transition regimes. The five convergence trends in the trajectory of policy change during the crisis are

accompanied by persisting divergence in institutional and fiscal capacity across countries that—together with dynamics of institutional path dependency—affect the depth and effectiveness of reform implementation and thus raise doubts about the possibility of substantial institutional change occurring in the short term.

Nonetheless, our analysis suggests that the STW transition regimes defined by Pohl and Walther's (2007) typology may be in a state of flux as a result of policy developments during the recent crisis. Rubery's (2011) "regime hybridization" concept is relevant here for capturing the nature of the ongoing institutional changes affecting the structure of youth transition policy regimes in Europe. Indeed, recent policy developments are blurring the distinctions between regimes and potentially altering the underlying logic structuring youth transitions in each cluster. Countries across all regimes have recently adopted reforms in regulation and policy instruments that do not belong to their "traditional" institutional legacy as captured by Pohl and Walther's typology. Furthermore, a tendency toward greater liberalization of employment regulation has been accompanied by increased policy activity in "new" areas, such as ALMPs, to address existing gaps in support and protection, in line with the trajectory identified by Rubery for European welfare regimes as a whole.

For example, reforms of VET and apprenticeship systems have achieved prominence in countries in the liberal and subprotective clusters, where these instruments have traditionally been secondary in importance, while at the same time the sustainability and effectiveness of VET have faced challenges in the employment-centered and universalistic cluster countries, where VET has traditionally been more established. The increased focus on "supportive" and targeted ALMPs—traditionally characteristics of the universalistic cluster—is now spreading to countries where such instruments were considerably less developed, such as those belonging to the subprotective and post-socialist clusters, largely as a result of the policy convergence process driven by the YG. At the same time, processes of labor market flexibilization are changing the institutional architecture of employment regulation toward greater liberalization across the board, including in countries traditionally characterized by entrenched dualisms in protection (i.e., subprotective or employment-centered clusters).

Although developing revised typologies was not an objective of our analysis, our findings show that it is necessary to consider institutional configurations and "clusters" as being dynamic, while continuing to devote attention to processes of institutional and structural change that may be altering the underlying logic of distinct youth transition regimes over time.

Although the limited number of countries in our sample did not allow us to systematically explore the internal "coherence" of the different youth transition regimes outlined by Pohl and Walther (2007), our analysis has shown that considerable variation exists across countries, even within clusters that share common underlying logics of institutional configuration. This suggests that

although the “youth transition regime” concept can act as a useful heuristic, analytical device, generalizations at the cluster level in terms of performance need to be examined judiciously.

In terms of impact on performance, most reforms introduced in the aftermath of the Great Recession are very recent, making it difficult to estimate their potential to contribute to positive changes in the future quality and speed of STW transition to tackle performance challenges. However, some preliminary remarks can be made. In the universalistic cluster, where the main challenge arises from the difficult labor market integration of specific groups of disadvantaged youth, current efforts to improve the speed and targeting of activation measures may prove helpful. In the employment-centered and subprotective clusters, where a key youth-related challenge arises from high levels of labor market segmentation, the current policy trend of greater labor market flexibilization may actually be counterproductive in ensuring fast and secure transitions. Indeed, it has already resulted in higher levels of temporary and precarious employment—at least in the short term (Eichhorst et al. 2016).

Increasing PES capacity and strengthening ALMP comprise another fundamental area of intervention to help disadvantaged youth across clusters, especially in the subprotective and post-socialist regimes. Likewise, reforming VET to increase linkages between education and the labor market could help address the skills mismatch pervasive in the subprotective and liberal clusters. However, the depth of policy change in these areas remains limited by dynamics of institutional path dependency and the low availability of resources for effective implementation. The overall emerging picture is thus one in which policy changes aimed at strengthening *supportive* policy instruments—such as expanding ALMP and PES capacity and strengthening VET systems—are currently limited in their reach and potential effectiveness. At the same time, the trends of *liberalization and deregulation* of protective institutions, such as EPL, contribute to making young people’s STW transitions potentially more unstable, at least in the short term.

3.5. CONCLUSIONS

Our comparative analysis has shown that countries’ institutional configurations matter considerably in shaping the structure of young people’s STW transitions and in mediating the impact of the Great Recession on youth unemployment. Drawing upon Pohl and Walther’s (2007) concept of “youth transition regime” as a heuristic framework for comparison, we have assessed the performance of countries belonging to different clusters regarding the speed, ease, and quality of STW transitions. The divergence in performance between countries belonging to different regimes—which had already started in 2007 and has accelerated

since 2009—shows the important role of institutional arrangements in shaping STW transitions in the fields of employment regulation, education and training, and ALMP.

In line with existing evidence, well-integrated VET systems with strong employer involvement and clear labor market connections alongside supportive ALMPs have emerged as important institutional characteristics that have historically facilitated the comparatively better performance in STW transitions of the universalistic (SE) and employment-centered (DE and NL) clusters. Therefore, it is unsurprising that recent policy interventions introduced by European countries during austerity, including the YG initiative, have focused on strengthening these two institutional areas. In VET, the focus has primarily been on expanding apprenticeships as a transition route and increasing linkages between training systems and the labor market by enhancing employer involvement. In ALMP, policy intervention has focused on improving PES capacity and diversifying existing activation measures to provide more personalized support to unemployed youth, including NEETs. Given the well-documented “scarring” effects of NEET status, this renewed NEET focus is welcome, as is the tailoring of responses across clusters in recognition of the NEET population’s heterogeneity (Mascherini, this volume; Zuccotti and O’Reilly, this volume).

These areas of policy change could be viewed as a potential sign of convergence across regimes in terms of their underlying logic of STW transitions. However, the extent to which such policy changes can become embedded in other contexts crucially depends on existing institutional and coordination capacity, as well as the availability of resources. Indeed, VET systems are complexly interwoven within the broader institutional fabric, with the evidence suggesting that the potential for far-reaching change may be limited by dynamics of institutional path dependency (e.g., the lack of established mechanisms for social partner engagement and coordination). Likewise, the absence of pre-existing institutional infrastructures of coordination in numerous countries jeopardizes the success of attempts to improve PES capacity and establish effective partnership working between different agencies to engage difficult-to-reach youth.

Resource limitations—both fiscal and in terms of actors’ capacity—also act as a barrier to more deep-seated institutional change, potentially making the transfer of “good practice” across regimes inherently difficult. Despite EU funding, in most cases reforms are being introduced against a backdrop of tight public finances and spending cuts, which undermines the effective implementation of policies such as the expansion of ALMP and PES capacity. Moreover, in the context of a fragile economic recovery in many countries—or second-dip recession in a few—employer capacity to provide training places (e.g., apprenticeships) and jobs to young people may be limited (Eurofound 2015).

Employment regulation has also emerged from our analysis as a key factor affecting the quality and nature of STW transitions. Differential levels of EPL

between temporary and permanent employment have led many countries—especially in the subprotective and employment-centered clusters—to entrenched labor market segmentation, with young people being increasingly confined to the labor market’s temporary segment. Since 2010, many countries have tried to tackle segmentation by deregulating permanent contracts (Eichhorst et al. 2016). Despite being more pronounced in the most segmented countries, such as France and Spain, this has also occurred in better-performing countries such as the Netherlands. While reducing segmentation, excessive flexibility can lead to low employment quality and high precariousness, as the experience of the liberal and post-socialist clusters shows. The trend emerging from reforms implemented during the Great Recession thus seems to point toward greater labor market flexibilization, which is not promising in terms of ensuring that transitions are stable and secure in the long term. Balancing flexibility and security in youth labor markets represents a key outstanding challenge that is yet to be fully confronted in all clusters.

Although institutional configurations are very important in shaping the structure, nature, and effectiveness of STW transitions, the performance of countries is also significantly shaped by macroeconomic trends, especially by levels of demand for youth labor. Divergence between countries in economic performance accounts for many of the observed differences with regard to the performance of youth labor markets. The comparatively positive performance of the Polish youth labor market is largely explained by the fact that Poland did not fall into a recession. Likewise, Germany, the Netherlands, and Sweden started recovering from the recession relatively sooner compared to the other countries, accounting for their comparatively better performance in youth employment.

In a context in which youth labor demand remains low, policy interventions focused solely on the supply side or that encourage flexibility will remain limited in their effectiveness. Our analysis illustrates how the institutional configurations of STW regimes in Europe are “in flux.” The validity and applicability of established typologies, such as that of Pohl and Walther (2007), are limited in the present historical phase because of ongoing dynamics of regime hybridization (Rubery 2011). Current trends of emerging “convergence” across clusters in the design of youth-transition policy instruments may alter the logic of transition systems across regimes in the long term, making a new conceptualization of youth transition regimes necessary. However, currently, this institutional change remains limited in terms of impact and superficial in terms of actual implementation. Differences in performance across regimes persist, with some faring better than others, although at the same time a common, worrying trend can be identified across clusters: a progressive deterioration of the quality of youth transitions across the board, despite the positive policy intentions to strengthen and improve the efficacy of transition regimes.

NOTES

- 1 Although we are aware of the importance of other policy instruments such as in-work benefits, which may act as pull factors for what concerns the labor market transitions of young people, we are unable to address them in this chapter due to space constraints (see Smith et al., this volume).
- 2 This chapter is based on seven in-depth case studies completed in 2015. See STYLE Working Papers, WP3, Country reports, CROME. <http://www.style-research.eu/publications/working-papers>.
- 3 The different indicators capture different aspects of youth labor market performance. High youth unemployment rates reflect young people's difficulties in securing employment. However, this does not mean that the number of unemployed young people (aged 15–24 years) is large, because many in this age group are in full-time education (i.e., inactive). This may make meaningful comparisons between different countries difficult (Wadensjö 2015). A more reliable indicator is the youth unemployment ratio (O'Reilly et al. 2015).
- 4 Although the introduction of the YG by the European Commission in 2013 has been welcome, it has been subject to a number of criticisms, not least that it was introduced quite late and was accompanied by inadequate financial resources (Dhéret and Morosi 2015). According to International Labour Organization (2015) estimates, the proper implementation of the YG in EU28 requires spending of approximately €45 billion, whereas the available EU financial support—under the Youth Employment Initiative, which is funding the implementation of the YG across the EU—amounts to €6.4 billion.
- 5 All the country reports on the YG mentioned here were published by the European Commission in 2016 on the website <http://ec.europa.eu/social/main.jsp?catId=1161>.

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4

STRESSED ECONOMIES, DISTRESSED POLICIES, AND DISTRAUGHT YOUNG PEOPLE

EUROPEAN POLICIES AND OUTCOMES FROM A YOUTH
PERSPECTIVE

Mark Smith, Janine Leschke, Helen Russell, and Paola Villa

4.1. INTRODUCTION

This chapter assesses recent labor market policies and outcomes in Europe, with a focus on the impact upon young people.¹ Our point of departure is the inadequacy of moribund “flexicurity” policies that lost both their political sponsors and their credibility during the Great Recession.² These weaknesses were compounded by an overemphasis on flexibility measures, a gender-blind approach to policy, and limited consideration for the impact on young people.

The crisis facing young people on the labor market has become a growing concern for both policymakers and academic researchers. Whereas some of these concerns reflect long-standing challenges faced by young people entering the labor market, other issues are linked more specifically to outcomes and policy changes resulting from the severe economic downturn. These challenges have short-term (rising unemployment), medium-term (long-term unemployment and precariousness), and long-term consequences (scarring and delayed family formation) for the generation of youth that entered working life in the years of the Great Recession (see Part II of this volume).

Our critique of policies and outcomes is based on extensive analysis—as part of the STYLE project—of recent European and national policies for youth at the flexibility–security interface. This includes studies tracing and scrutinizing policy

reforms—in particular, developments in active labor market policies (ALMPs) and unemployment insurance—using, among other sources, European comparative policy databases such as the Labour Market Reforms Database (LABREF) and the Mutual Information System on Social Protection (MISSOC) (Eamets et al. 2015; Smith and Villa 2016; also see Leschke and Finn, this volume). Another study under the project used quantitative analysis on European Social Survey (ESS) data to analyze the impact of flexicurity on young people’s insecurity and subjective well-being (Russell, Leschke, and Smith 2015). Based on these studies and previous research by the authors (e.g., Smith and Villa 2013; Leschke, Theodoropoulou, and Watt 2014), we demonstrate in this chapter four key weaknesses in employment policy related to young people in Europe. First, there has been an over-reliance on supply-side policies and on quantitative targets. Second, labor market reforms have been driven by external pressures of macroeconomic stability rather than by a coherent strategy toward sustainable labor market outcomes. Third, reforms have been based on a downward pressure on job security and a strengthening of employability security through ALMPs, despite slack labor demand. Fourth, due to the over-reliance on quantitative targets, there is a lack of consideration by policymakers of the wider (subjective) impact of precariousness and early career insecurity on young people and their life courses. In identifying these four elements, we argue that employment policy, both European and national, has not been well adapted to the needs of young people. The consequences of all these four weaknesses in policymaking are particularly acute for young people and are frequently not taken into consideration.

The remainder of this chapter is divided into three sections. Section 4.2 explores the context of European employment policymaking, with a particular focus on the evolution of the European Employment Strategy (EES) and the position of young people within this pan-national framework for policy learning and development. Section 4.3 explores, in turn, the four key critiques of European employment policy and their impact on young people. Section 4.4 concludes with a consideration of the policy implications and a call for a renewed perspective on durable and resilient labor markets for young women and men transitioning from school to work.

4.2. YOUTH AND EUROPEAN UNION EMPLOYMENT POLICY

Within the European Union (EU), the most direct way to influence member states’ employment policy is via labor law directives, which are often negotiated autonomously by the social partners in the area of working conditions. These initiatives, however, have been rather ineffective in setting EU-wide minimum standards during the past 15 years—at least at a cross-sectoral level (Falkner 2016). The EES has provided a framework whereby the EU exerts a soft influence on member states’ employment policy.³ The aim has been to achieve broadly

defined European-level goals in terms of labor market performance—in particular, a high level of employment—by way of benchmarking and best-practice learning. These ideals were proposed in order to help member states improve their labor market policies (including structural reforms) and achieve shared goals—articulated through the “employment guidelines” and the “country-specific recommendations” (CSRs). The extent to which the EES—based on the voluntary open method of coordination (OMC)—influences national employment policies has been a question for researchers over the life of the strategy as this innovative form of policymaking has evolved (Heidenreich and Zeitlin 2009; de la Porte and Pochet 2012; Copeland and ter Haar 2013; Smith and Villa 2013). Although direct links between European-level analysis and prescription on employment policy, on the one hand, and national-level implementation, on the other hand, have been difficult to draw, there is evidence of a number of mechanisms whereby EU policy formulations have some influence on national policymaking (Heidenreich 2009; de la Porte and Heins 2015).

The EES operates on the basis of employment guidelines and quantitative headline targets to be achieved by the EU as a whole. These guidelines provide concise and general guidance in terms of what is “expected” of member states regarding the achievement of the different targets set within the general goal of “high employment,” as established in the Amsterdam Treaty. Over this period, EU influence has been exercised via the OMC framed by the employment guidelines, which form the basis for the country-specific reporting in the so-called National Reform Programmes; specific guidance on national employment policy is provided via CSRs (issued by the European Commission (EC) and endorsed by the Council of Ministers). These processes have been complemented by best-practice events between national policymakers and the EC. Moreover, this has also been a period in which European countries have been encouraged (by the EC and the Organization for Economic Co-operation and Development (OECD)) to make their labor markets more flexible (i.e., more responsive to changes), with an emphasis on moving from job security (i.e., employment protection legislation (EPL)) to employment or employability security (i.e., smooth transitions from unemployment to employment or directly between different jobs through ALMPs), under the assumption that an increase in flexibility should lead to more employment opportunities for all.⁴ At the heart of the EES, there has been an idealized view of the employment relationship and of good labor market performance, based on freeing up supply-side constraints. Indeed, flexibility has been a theme of the EES since its early formulation, albeit with limited recognition of the impact on youth in its diverse effects for insiders and outsiders. However, as the economic context and the political leadership of member states have changed, the policy buzzwords and foci on particular labor market problems, key labor supply groups, and core solutions have also shifted. Over time, the policy tools proposed for reaching the goals of the EES have evolved, shifting from flexibility toward flexicurity (for a critique, see Hansen and Triantafyllou 2011).

The promotion of flexicurity was the policy approach that marked the period directly prior to the crisis (Wilthagen and Tros 2004), although without an explicit target group and with blindness toward differences in age and gender (Jepsen 2005; Plantenga, Remery, and Rubery 2008). The shift from “security of the job” to “security on the labor market” suggested by Wim Kok’s (2003) report was often interpreted by policymakers at the national level as a prescription for reducing EPL and flexibilizing labor markets. This resulted in an underdevelopment of the security dimension⁵—at least before the crisis kicked in—which was also implied by an overemphasis on flexibility vis-à-vis security in the EU version of flexicurity (Heyes 2011).

Young people have not always been visible in the various formulations of the EES framework and have mainly been included where there have been chronic problems in certain member states. One of the most significant lines of action of the EES highlights the need to improve the quality of human capital through education and continuous training, in particular that of the most “disadvantaged” groups (women, older workers, low-skilled, migrants, and the disabled). Thus, education, particularly important for young people, has been a central plank of the EES since its inception and was further strengthened in 2010 when the new strategy, Europe 2020, was launched, providing guidelines for the new decade. In particular, Europe 2020 included some revisions of the EES by way of introducing two explicit headline targets on education. Indeed, an underlying principle of the “ideal labor market” proposed by the EES (throughout its many reformulations) has been the provision of high-quality education and skills. This should equip young people with the appropriate characteristics to enter employment; hence, failures in this area may result in high drop-out rates; youth unemployment; and not in employment, education, or training (NEET) status (see Mascherini, this volume).

Despite the position of education in the EES, analysis of the 477 CSRs issued by the EC over time (2000–2013) shows that young people were not identified as a group in need of specific employment policies.⁶ Indeed, mention of younger workers was rather rare, likewise in the documentation and other mechanisms of the EES (Smith and Villa 2016). For example, in the early years of the EES (2000–2002) there were, on average, just 5 CSRs per year linked to youth out of the 50–60 issued each year. By contrast, older workers and women received more CSRs: 8–9 and 12–13, respectively. Only when the situation on the youth labor market deteriorated did we witness a greater focus on young people in the CSRs. In 2011 and 2012, there were 15 and 17 CSRs, respectively, that explicitly considered young people (Smith and Villa 2016, 19–20).

The impact of labor market reforms on young people received little attention before the economic recession of 2008–2009. So-called “reforms at the margin” in the name of flexicurity had been recommended and implemented in a number of member states—with dramatic consequences for young people, not taken into account by policymakers. Prior to the economic recession, several member states

started deregulating their labor markets: Although this move enabled the entry of many young people into employment when the economy was growing, it turned into something of a boomerang effect when these young workers became among the first to lose their jobs during the severe recession (European Commission 2010; Leschke 2012; O'Reilly et al. 2015). As a result, the subsequent call to member states was to strengthen ALMP and to intervene with individualized and well-targeted policies of activation to prevent long-term youth unemployment (e.g., the Youth Guarantee (YG) in 2013). The evolving economic crisis meant that the emergence of high youth unemployment became a key theme. Against the backdrop of the EES, member states also responded to their own priorities (and political constraints) as well as to the various recommendations for reform from the EC.

The 2010 Youth on the Move flagship policy of Europe 2020 did place young people in a more prominent position within the employment strategy as one of the seven flagship policy areas. This followed the publication of the Youth Strategy Communication a year earlier, which again placed a heavy emphasis on education and training opportunities but also highlighted the principles of flexicurity as a means to ease youth transitions (European Commission 2009). The Youth on the Move policy documentation did recognize the risks associated with segmentation of young people on temporary contracts (European Commission 2010), but there were few targeted initiatives in this regard. Furthermore, the gender dimension to these policy proposals was almost completely absent, reflecting a long-term decline in the position of gender equality and gender-mainstreaming mechanisms within the EES (Villa 2013). The Youth Opportunities Initiative (2012–2013) led to more action as the effects of the crisis on young people became clear (European Commission 2011). The main area of action for this initiative was supporting the transition from school to work, particularly for those young people falling out of the system having failed to achieve an upper secondary education. But it also included intra-EU mobility and the use of the European Social Fund to support youth labor markets. Although these initiatives represented an increased focus on young people, an integrated approach to youth transitions and the challenges young people face on the labor market was still absent (Knijn and Plantenga 2012). These initiatives coalesced around the YG—an EU-wide scheme aimed at providing employment or training opportunities for all young people before they experience 4 months without work or training, in order to avoid the risk of long-term unemployment. The scheme was bold in its ambitions, reflecting acknowledgment of the scale of the problem facing European youth, but it was weak in its implementation (Bussi and Geyer 2013).

The somewhat ambivalent position of the EES toward youth has been mirrored in national policy priorities, leading to a situation in which concerns about the position of young people on the labor market have not been widely considered. Responses were reactive rather than proactive, and they often materialized only in the face of the deterioration of youth labor market prospects created by the

Great Recession. In Section 4.3, we explore in more detail the consequences of the relatively scant attention given to young people in European employment policymaking.

4.3. FAILED POLICIES AND OUTCOMES FOR YOUNG PEOPLE

4.3.1. Over-Reliance on Supply-Side Solutions and Quantitative Targets

Employment policy guidance from the EC and national-level policy implementation have been characterized by an over-reliance on supply-side solutions to high unemployment and low employment rates, with emphasis being placed on the activation of unemployed and inactive people and on the need for new forms of “flexible” contracts to encourage employers to recruit. The 2015 revised guidelines do call for “boosting demand for labor,” but they focus on reducing “barriers” to job creation rather than on aggregate demand (see Section 4.3.3). Yet the subsequent guidelines call for “enhancing labor supply, skills and competences,” underlying the ongoing reliance on supply-side approaches. In a sovereign debt crisis (that followed the 2008–2009 recession), there may well be constraints on policymakers’ options (which are focused on labor market policies rather than on expansionary macroeconomic policies), but it is then also necessary to acknowledge the limitations of those options that, by definition, rely only on supply-side policy measures. For young people, the activation approach has been evident in the emphasis on educational investment, highlighting the idea that failings have been linked to inadequate qualifications rather than to the functioning of the labor market or to a lack of demand. Indeed, the reformulation of the EES under the Europe 2020 strategy reinforced this position, with the inclusion of education headline targets (reducing early school leaving and, in particular, raising the share of young people with tertiary education to 40%),⁷ as well as the new skills and jobs agenda.

The emphasis on labor market flexibility could be considered to have been optimistic before the crisis and to have been unrealistic during the crisis and austerity period (Lehndorff 2014). The weaknesses of the supply-side philosophy were exposed during the crisis, with the consequences falling on young people. The EES has also been heavily focused on increasing the quantity of people in employment, with a limited (and then invisible) focus on job quality. This is most evident in the strong priority given to quantitative targets over quality outcomes and the creation of new atypical contracts. Also, the focus has been on soft law under the OMC in employment; indeed, the past decade and a half has seen very few labor law directives with binding and sanctionable content.⁸ An exception is the 2008 Temporary Agency Work Directive—an issue that had long been in stalemate due to disagreement between the European-level social partners.

The employment rate headline target (75% of 20- to 64-year-olds to be employed in 2020, with specific national targets reflecting their current situation)⁹ illustrates the dominance of quantitative over qualitative ambitions. In order to assess the development of employment in the EU and the member states, the employment rate indicator from the EU Labour Force Survey (EU-LFS) is used, which records any employment in the interview reference week of 1 hour or more. This implies that the employment rate headline indicator does not differentiate between regular full-time employment and employment with few hours, including marginal employment or involuntary part-time work. The heterogeneity of employment forms means that a single measure is inadequate for capturing and measuring experiences on the labor market. For example, Eurostat does not publish the full-time equivalent (FTE) employment rates on its web page, although using FTEs provides a very different picture—in particular, the (qualitative) employment integration of women and young people. The contrast is clearest in the Dutch case, in which female employment rates in the Eurostat definition are close to 70% and thus among the highest in Europe, whereas FTEs are only approximately 48% for 2015 and thus at the bottom of the European ranking.¹⁰

European initiatives establishing a complementary set of quality-of-work indicators include the 2001 Laeken indicators (with 10 quality-of-work dimensions) and the more recent deliberations of the Employment Committee of the Council, aimed at rendering these indicators more concise. Yet these initiatives have not been very fruitful in terms of visibility (for an extensive discussion, see Peña-Casas 2009; Bothfeld and Leschke 2012). A stronger focus on work-quality issues was first “overshadowed” by the flexicurity drive in European policies and then by the urgency of the economic crisis and rising unemployment (Bothfeld and Leschke 2012). On a more general level, even though there exist several European-level social indicator systems and scoreboards that include more qualitative indicators, when it comes to using them in a more concrete manner, they usually disappear into annexes or complementary assessment documents; also, the fact that there are several parallel social indicator systems and scoreboards does not make coherent reporting easy (Leschke 2016).

4.3.2. External Pressures on Employment Policy

The external pressures on national employment policymakers have been rising for all member states and have been very intense for those under financial assistance and experiencing the worst of the sovereign debt crisis (Scharpf 2011; de la Porte and Heins 2015). There has been a resulting high intensity of policymaking across the EU, as well as widespread reforms that have not necessarily been coherent with the founding vision of the EES or the aims of improving labor market performance—not least among those countries suffering most as a result of the Great Recession. Indeed, there are some member states that demonstrate

a particularly high intensity of policymaking and appear to be struggling in the more turbulent waters created by the changing economic conditions. Both policy and youth labor market outcomes suggest that these countries are finding it difficult to “swim” in these shifting waters of the European economic and policy environment (Smith and Villa 2016). Equally, Hasting and Heyes (2016) suggest that these conditions have made it more difficult to develop security policies associated with the flexicurity approach. Contrariwise, there are some countries that seem to have developed policy more incrementally and to have refined their “swimming technique” in these choppy waters; these countries have more stable institutional environments and have had some success on youth labor markets (Smith and Villa 2016). The uneven distribution of these external pressures may lead to a further variety of outcomes across youth labor markets and poorer chances of convergence toward stronger labor market performance.

The contradictory outcomes of pressure for change due to high youth unemployment during the crisis, on the one hand, and austerity pressure for fiscal consolidation, on the other hand, can be illustrated by the developments in unemployment benefits over the course of the Great Recession (for other examples of incoherent developments in welfare policies, see Heise and Lierse 2011; Lehndorff 2014). Young workers are subject both to explicit disadvantage in terms of differential rules of access to unemployment benefit and to implicit disadvantage in access through their over-representation in temporary contracts and shorter tenure. Reliable unemployment benefits of sufficient generosity and duration render it possible to search for an adequate job, facilitating a better match between education and jobs (Gangl 2004), instead of forcing unemployed youth to take the first-best option. Indeed, the limited access of youth to unemployment benefit schemes in many countries has appeared on the national, international, and supranational agendas in light of high and rising (youth) unemployment in the early years of the economic recession (OECD 2011; European Commission 2011; Dullien 2013; Del Monte and Zandstra 2014). The previous focus on supply-side measures was no longer deemed effective because of the lack of realistic possibilities to bring large numbers of youth back into employment quickly. A number of European countries accordingly improved the situation of youth and other weakly covered groups—such as temporary workers—by permanently or temporarily increasing access, benefit levels, or benefit duration; lump-sum and one-off payments were also common instruments (Leschke and Finn, this volume). However, the initial positive developments in terms of benefit coverage were no longer visible in 2014 when the effects of austerity had kicked in. During the stimulus period (2008–2009), the focus in several countries was on relaxing eligibility and increasing benefit levels. Reforms relating to eligibility, in particular, even when not explicitly geared toward youth, usually have a disproportionate effect on the young unemployed given their shorter average tenure. The austerity period (2010–2014), in contrast, was characterized by tightening of eligibility and decreasing of benefit levels. However, there was still a

limited number of countries that relaxed the qualifying criteria for youth during the austerity period; these reforms usually stipulated a strong link between passive benefit entitlements and participation in education and training programs (for details on institutional changes and outcomes, see European Commission 2014; MISSOC 2014; Leschke and Finn, this volume). Obviously, cutting income security in times of crisis is problematic because alternative income sources both in terms of job opportunities and wider household income are scarce (Mazzotta and Parisi, this volume).

Another example of external pressure on more inclusive employment policies is inherent in the way the EES has operated since the mid-2000s. The coordination of employment policy under the EES takes place together with the macroeconomic coordination. Since 2010, this is done in the framework of the so-called “European Semester,” in which the countries submit both the National Reform Programme—as part of the EES—and a Stability and Convergence Programme. This implies that there is a general danger that qualitative employment and social targets may be subordinated to budgetary discipline, particularly in times of austerity. The fact that at the height of the crisis the Council of Ministers put fiscal discipline first on the list of country-specific recommendations confirms this view. We can observe a similar “hierarchy” in the 2010 guidelines, in which guidelines 1–3 deal with macroeconomic stability and guidelines 7–10 with employment and social policy (European Commission 2010). Leschke et al. (2014) demonstrate the contradictions between the recent EU economic governance reforms and the austerity measures, on the one hand, and the Europe 2020 inclusive growth target, on the other hand. Their analysis shows that the fiscal austerity bias, as evident in the national social spending projections, makes it very difficult to reduce poverty and social exclusion. Indeed, further doubts are raised by the fact that the national-specific targets on poverty reduction do not add up to achieve the EU-wide 2020 headline target and that countries use different poverty indicators in their reporting, ranging from at-risk-of-poverty after social transfers to low work-intensity households and long-term unemployment.

4.3.3. Mixed Implementation of Flexicurity Measures

The direction and tone of both EU and national policymaking have often been characterized by a downward pressure on EPL. In recent years, the focus has been, in particular, on decreasing EPL for permanent contracts, thereby narrowing the gap between EPL for permanent and temporary workers. Between 2008 and 2013 (most recent data), 12 out of 22 EU countries included in the OECD EPL database lowered EPL on permanent contracts (OECD 2016). Three countries (Greece, Portugal, and Spain) lowered EPL also for temporary contracts between 2008 and 2013; in all three of these countries, there were also reductions in EPL for permanent contracts (i.e., further increasing labor market flexibility). Although at times there have been measures to promote security, such measures were often triggered by situations of urgency (i.e., the youth unemployment

crisis) and usually did not follow a steady upward logic. This reflects the mixed implementation of flexicurity measures and an ethos of deregulation. During the period of EU-led structural reform, much policy (and much research) has been driven by a focus on downward pressure on EPL. The declining position of job quality as a goal and the increasing emphasis on quantitative employment targets testifies to the increasingly explicit focus on liberalization of the labor market in order to raise the number of people in employment. Some authors claim that this has long been the goal of European employment policy (Hermann 2007; Amable, Demmou, and Ledezma 2009; Van Apeldoorn 2009), whereas others suggest that the changing political, economic, and social climate have reduced the scope for policies associated with a more secure and inclusive labor market (Villa and Smith 2014; Hastings and Heyes 2016).

The debate between the merits of more flexible hire-and-fire labor markets and more regulated protection of labor markets is not new and has driven policy and research debates for many years (OECD 1994). Comparisons of EPL over time and across countries are central to this debate. The evidence for the effects of EPL reduction is at best contradictory (Solow 1998, 2000; Simonazzi and Villa 1999; Freeman 2005; Aleksynska 2014). However, although the research suggests that there are limited effects of EPL reduction on “performance” and that the impact varies by specific target group (even proponents of the deregulation agenda admit that it is not easy to predict the impact of EPL reforms on young people (OECD 2004)), the propagation of the reform agenda in EC and European Central Bank (ECB) documents has continued. For example, recent ECB analysis of the limited impact of labor market reforms calls for more time, more reforms, and greater inter- and intracountry mobility (European Central Bank 2014, 67). This commitment on the part of European institutions reflects the hegemony of macroeconomic policy linked to monetary union, defining labor market policy in relation to its response to macro/finance shocks (European Commission 2012) rather than gearing labor market policy toward quality outcomes for participants. Indeed, closer reading of these documents shows that rather than being based on empirical evidence, the case continues to be made on the basis of economic theory and on prior expectations regarding the outcomes of EPL reduction.¹¹ Furthermore, some evidence shows the increasing inefficiency of labor markets, as measured by an outward-shifting Beveridge curve—a sign of declining “efficiency” in matching jobs to workers (Simonazzi and Villa 2016), with increasing risks for young people scarred by the crisis and the reform agenda. In addition, there is evidence of a strong divergence in the performance of EU labor markets despite a common reform agenda (Hastings and Heyes 2016).

Much of the reform agenda around reducing EPL has been conducted in the name of flexicurity as policymakers focus on the flexibility rather than the security dimension to the portmanteau (Eamets et al. 2015). Others have noted that flexicurity policies can have a disproportionate impact on young people,

especially measures to reduce job security (Madsen et al. 2013). The youth labor market may have much to gain from effective balancing of flexibility and security (O'Reilly et al. 2015), but “reforms at the margin” (i.e., increasing flexibility for outsiders) risk increasing segmentation of youth labor markets and rising precariousness.

In order to illustrate the uneven implementation of flexicurity measures, we present here results from an analysis of the LABREF database to chart policy activity categorized as affecting different elements of the flexicurity model (see Smith and Villa 2016). In particular, we identify a subset of LABREF policy domains that fall under the three conventional flexicurity categories (see, e.g., Wilthagen and Tros 2004):¹² job security (i.e., EPL),¹³ employment security (i.e., ALMP),¹⁴ and income security (i.e., unemployment benefits and other welfare support measures).¹⁵ In short, these policies were categorized according to whether they are *ex ante* likely to promote or diminish job security, employment security, and income security.¹⁶ The focus is on the explicit intention of policymakers (as recorded in LABREF), not the actual impact of the measures enacted.

Figure 4.1 illustrates the intensity in policymaking categorized under the three elements of the flexicurity model by direction of policy (increasing or decreasing protection or coverage). The data demonstrate significant policy activity in the areas of both job security and employment security and less activity regarding income security. It is worth noting that whereas employment security measures are almost exclusively categorized as “increasing” (i.e., promoting employment security through changes in ALMP), job security measures and income security measures go in both directions (increasing and decreasing security)—not only over time but often also within the same year. This result holds across country groups and years.

When we focus on measures linked to job security (EPL), we observe that the Mediterranean group stands out with significant policy activity reducing job security; this is particularly stark during the austerity years. After the Mediterranean group, this pattern is most notable in the Central and Eastern European (CEE) countries. Elsewhere, there is evidence of policy activity reducing the level of job security across most country groups during the austerity years (least among the Nordic countries). However, the English-speaking countries have marked policy activity reducing income security in the austerity period. This is in contrast with the income security measures showing an increase in intensity in the crisis and austerity subperiods in all the other country groups—that is, Continental, Nordic, CEE, and Mediterranean.

The policies in Figure 4.1 relate to the whole labor market because young people are affected by wider changes in employment policy. However, it is also possible to analyze these flexicurity measures concentrating only on policies identified in LABREF as relating to young people. This focused policy activity

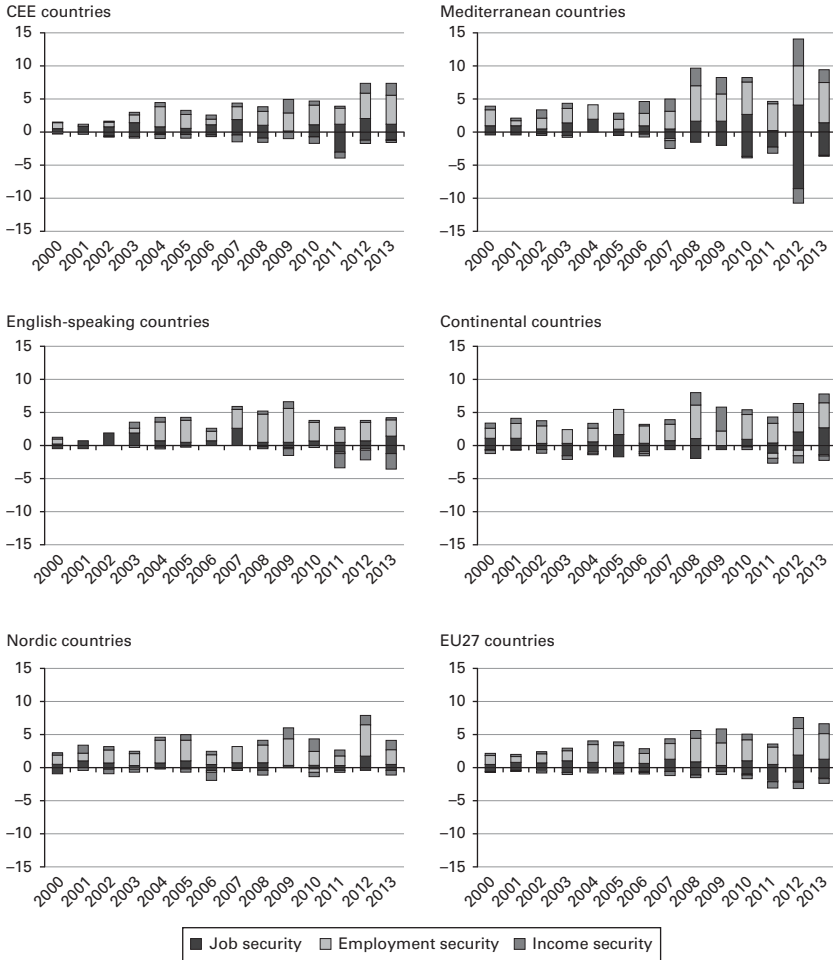


Figure 4.1 Flexicity policy intensity by direction of policy (increasing/decreasing) and country group, 2000–2013 (average number of policies enacted per country).

Note: Figures below the Y axis (<0) indicate the average number of policies decreasing security, while those above the Y axis (>0) show the number of policies increasing security.

Source: LABREF database; authors' analyses.

shows an increasing share of flexicity policies targeted at young people as the economic conditions deteriorated, rising from just 6% in the precrisis subperiod to 12% in the crisis subperiod and to 15% in the austerity subperiod.

This subset of policymaking for young people is almost exclusively focused on increasing employment security, but in the austerity subperiod we not only see a greater intensity of measures but also a greater diversity. In the final period, the promotion of employment security for young people accounts for approximately four-fifths of new policies (Table 4.1). The Nordic and Mediterranean countries stand out, with certain measures aimed at reducing job security for young people.

Table 4.1 Distribution of youth-focused flexicurity policies by country group and subperiod, 2000–2013 (% and number of policies)

	Job security (%)		Employment security (%)		Income security (%)		Total (%)	No.
	Increasing	Decreasing	Increasing	Decreasing	Increasing	Decreasing		
2000–2007								
Continental	–	–	100.0	–	–	–	100	26
Central and Eastern	–	–	100.0	–	–	–	100	20
Nordic	–	–	100.0	–	–	–	100	13
Mediterranean	–	–	100.0	–	–	–	100	10
English-speaking	–	–	100.0	–	–	–	100	7
EU27	–	–	100.0	–	–	–	100	76
2008–2009								
Continental	–	–	76.9	–	23.1	–	100	13
Central and Eastern	–	–	100.0	–	–	–	100	5
Nordic	–	–	100.0	–	–	–	100	7
Mediterranean	–	–	100.0	–	–	–	100	13
English-speaking	–	–	100.0	–	–	–	100	15
EU27	–	–	94.3	–	5.7	–	100	53
2010–2013								
Continental	–	–	84.0	4.0	8.0	4.0	100	25
Central and Eastern	4.0	2.0	84.0	2.0	6.0	2.0	100	50
Nordic	–	11.1	77.8	5.6	–	5.6	100	18
Mediterranean	1.8	12.7	80.0	1.8	3.6	–	100	55
English-speaking	–	–	80.0	10.0	–	10.0	100	20
EU27	1.8	6.0	81.5	3.6	4.2	3.0	100	168

Note: See Chapter 3, Section 3.3 for details.

Source: LABREF database; authors' analysis.

Overall, we see the main element of youth-focused policymaking in the area of ALMP, which we have broadly categorized as promoting employment security (i.e., security in the labor market through ALMP) in line with the conventional flexicurity model. However, during the austerity subperiod, we observe other measures too, and at the margins these policies appeared to be weakening rather than strengthening the “principles” of flexicurity. The concentration of reforms in countries subject to “Euro Pact” pressure increases the risks for already vulnerable workers in weak labor markets, particularly the young. In this context, it is important to expand the metrics for judging labor market performance and to go beyond shifts in much-criticized EPL measures.

4.3.4. Consequences of Early Career Insecurity and Precariousness

Although quality of employment and the wider consequences of insecurity have been neglected in policy developments, these are nevertheless crucial issues for understanding the impact of the crisis on young people in Europe.

Poor labor market integration and precariousness have negative consequences for all labor market participants, but for young people, early career insecurity can create longer-term consequences with regard to both labor market outcomes and family formation. The scarring effects of early unemployment for later career prospects and earnings have been found in many countries (Ackum 1991; Arulampalam, Gregg, and Gregory 2001; Burda and Mertens 2001). Precarious employment may have similar consequences. Chung, Bekker, and Houwing (2012) argue that the low and decreasing rate of transition from temporary jobs means that the current youth cohort may be facing long-term labor market risks and scarring processes. As our results show, there is also growing evidence that early career employment precariousness may have persistent effects on psychological well-being and health (Clark, Georgellis, and Sanfey 2001; Bell and Blanchflower 2011). In addition, McGuinness and Wooden (2009) show that skill mismatches in the early career can lead to a pathway of mismatched jobs, lower returns to qualifications, and unfulfilled potential (McGuinness, Bergin, and Whelan, this volume). Moreover, poor labor market integration of youth can also lead to delayed family formation or unfulfilled plans for having children (Scherer 2009).

There is evidence of a deterioration in the quality of work across a range of dimensions for young people who entered the workforce during the Great Recession. The proportion of young people working part-time involuntarily increased very substantially. Between 2007 and 2014, involuntary part-time work increased across the EU from 27% to 35% among those aged younger than 30 years, and this figure rose to 69% in Spain, 82% in Italy, 75% in Greece, and 72% in Romania.¹⁷ Temporary contracts also became increasingly widespread and in some countries became the norm for young people (OECD 2014). Across

the EU27, temporary employment among young people grew from 29% in the first quarter of 2005 to a peak of 34% in the third quarter of 2015.¹⁸

These objective trends in precarious work have other consequences, too. Feelings of subjective insecurity also increased among employed young people as a result not only of rising temporary work but also of perceived vulnerability to job loss and underemployment, as well as concerns about future prospects (Peiró, Sora, and Caballer 2012; Green et al. 2014). Data from the ESS show that across Europe between 2006 and 2008–2009, the proportion of the employed who believed it was “likely” or “very likely” that they would become unemployed in the next 12 months rose from 17% to 27% among those aged younger than 30 years, whereas the figure for those aged 30 years or older rose by 7 percentage points (Figure 4.2).¹⁹ The rise in insecurity was particularly sharp in Estonia, Ireland, Portugal, and Spain, and young women experienced a greater increase in perceived insecurity than young men. As a consequence of these trends, the age gap in subjective insecurity widened, reflecting the disproportionate effect of the crisis on young people. Perceptions of wider employment security, or the extent to which employees perceive there to be opportunities outside their current job, were also adversely affected by the economic crisis (Russell et al. 2015).

In addition to increased insecurity and underemployment, labor market entrants are also particularly vulnerable to pay adjustments. In Ireland, for example, the austerity measures included significant cuts in entry-level salaries for public-sector workers such as nurses and teachers. Results from the Structure of

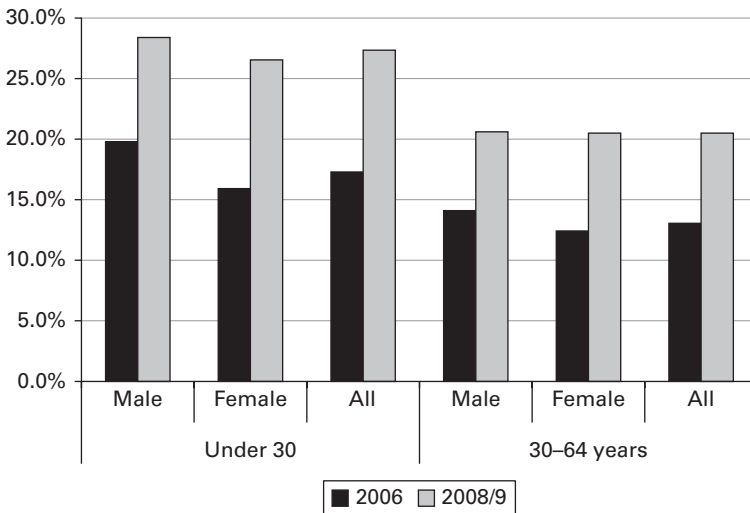


Figure 4.2 Subjective job insecurity, 2006 and 2008–2009: percentage of the employed who think it is “likely” or “very likely” that they will become unemployed in the next 12 months. *Source:* ESS Round 3 and ESS Round 4. Average across 20 countries; weighted by post-stratification weights.

Earnings Survey (SES) show that the ratio of youth earnings (aged younger than 30 years) to average earnings declined across 20 of 23 European countries between 2006 and 2014, illustrating that pay for young people fell further below the average.²⁰ These figures provide some examples of the range of quality-of-work impacts that are hidden in figures or targets that only measure employment rates and the quantity of jobs.

The effects of unemployment and insecurity on well-being are also invisible in the policy discussions described previously. The impact of both unemployment and job insecurity on psychological well-being is very well established, with longitudinal studies demonstrating a causal link (for reviews, see De Witte 2005; McKee-Ryan et al. 2005; Paul and Moser 2009). However, it is sometimes argued that labor market instability will have a weaker effect on well-being among young people because employment is less central to their self-identity or because they have fewer financial responsibilities and may have access to parental support (Jackson et al. 1983). Furthermore, the argument may be particularly relevant for young people that when unemployment becomes a social norm, the psychological impact is reduced (Clark 2003). The normalization of unemployment, inactivity, and temporary employment for younger workers could mean that the stigma attached to these statuses is reduced. A number of studies have found that the effect of unemployment on psychological well-being is greatest for prime-age workers and is weaker for young people and workers closer to retirement (Theodossiou 1998; Nordenmark and Strandh 1999), although this finding is not universal (McKee-Ryan et al. 2005). Our analyses of the ESS data showed that although overall the satisfaction gap between the employed and the unemployed was narrower for younger people, the effect was nonetheless significant and substantial (Russell et al. 2015). Unemployed young people had significantly lower life satisfaction compared to their employed peers in all but 1 of the 20 countries analyzed, and they had significantly lower well-being—measured by items in the WHO-5 Well-Being Index—in all but 4 countries.

Reduced life satisfaction is also observed among those who believe their job is insecure compared to those who feel secure. Figure 4.3 illustrates the gradient in life satisfaction scores by employment status. A significant difference in the life satisfaction of securely employed and insecurely employed young people is observed across all but six of the countries in the study,²¹ and statistical models reveal that the relationship is just as strong for those aged younger than 30 years as for those aged 30 years or older (data not shown; available from authors upon request). In a number of countries—namely Belgium, Finland, Greece, and Norway—insecurely employed young people are just as dissatisfied as the unemployed (Figure 4.3).

The impact of unemployment and insecurity on the psychological well-being of individuals is often neglected by policymakers. Yet the costs for individuals and their families (Scherer 2009) are high. At the extreme, a number of studies have established a relationship between unemployment and increased suicide

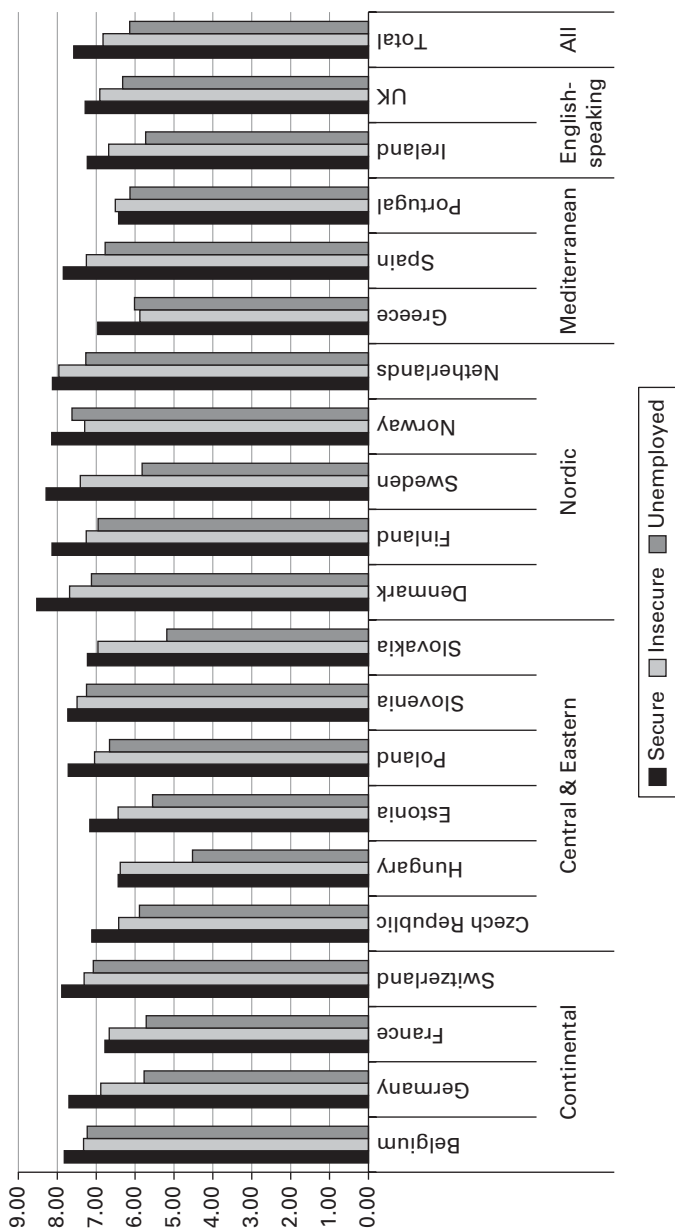


Figure 4.3 Life satisfaction among securely employed, insecurely employed, and unemployed young people younger than age 30 years, 2010.
 Source: ESS 2010; authors' analysis.

rates among young men (Walsh 2011). The existing evidence suggests that young people struggling to gain a foothold in the increasingly precarious labor market may also pay a longer-term price for entering the labor market at the “wrong time.” The longer-term consequences of precariousness for young people will partly depend on policy responses to assist transitions out of unemployment and out of temporary/insecure work into sustainable work.

4.4. CONCLUSIONS

This chapter develops a critique of EU and national employment policies in relation to young people, highlighting the results and outcomes for their labor market experiences and drawing on research conducted for the STYLE project. We identify four main areas of critique:

1. Employment policy has been strongly focused on supply-side measures that highlight the responsibility of individuals to equip themselves for jobs, with little consideration for the quality of employment.
2. Labor market policymaking has been driven largely by the external pressures of austerity, fiscal consolidation, and monetary stability rather than by coherence and a strategy aimed at a sustainable healthy labor market for participants.
3. There has been a partial implementation of flexicurity principles with a heavy focus on reductions in EPL for outsiders—a precrisis trend—without wider consideration of the consequences for young people, who were disproportionately affected by labor market flexibility during the crisis (via the heavy destruction of jobs held by young people and with the dissolution of temporary contracts). In the face of the youth unemployment crisis, the focus then turned to strengthening employment security by way of increasing ALMPs and also (temporarily) income security.
4. The focus on quantitative measures of labor market performance has meant that the subjective outcomes and quality measures have become something of a blind spot for policymakers, yet these outcomes are crucial for young people.

The EC’s response to the declining position of flexicurity has been to call for a “healthy and dynamic” labor market model as the new framework for labor market policy in the Europe 2020 period (European Commission 2014, 75). However, the commitment of the EC and the ECB to the structural reform agenda suggests that the prospects for a healthy labor market—from the perspective of good matches with quality jobs and, more broadly, the well-being of young people—are likely to be limited, not least because an apparent underlying

neoliberal agenda has increasingly dominated the EC employment project, pushing social goals down the agenda (Villa and Smith 2014): Young people have been a casualty of this policy direction.

Before the crisis, flexicurity was seen as the ideal institutional setting that could be viewed as a beacon for policymakers and the problems faced by European labor markets (O'Reilly et al. 2015). The so-called flexicurity model was a key element of the EES, though with an overemphasis on flexibility components compared to security dimensions. Also, there was something of a blind spot with regard to the consideration of young people within flexicurity models (Eamets et al. 2015), just as was the case for gender (Jepsen 2005). Moreover, flexicurity-driven policies faced a major challenge with the onset of the crisis (Hastings and Heyes 2016). Overall, young people tend to have worse flexibility–security outcomes in that their labor market situation is more precarious and they benefit less from income security, especially in the fiscal consolidation period. This is in line with previous literature indicating that vulnerable groups on the labor market, such as youth, the elderly, women, the long-term unemployed, and temporary employees, do not experience the same wins that regular employees might gain from flexibility–security policies (Leschke 2012).

The YG was a major policy initiative at the EU level, but it was based on a delayed recognition of the scale and consequences of the problems facing the youth labor markets (Bussi and Geyer 2013). The YG made a number of bold commitments designed to address the challenges facing a subsection—the so-called NEETs—of young people entering the labor market. Yet the implementation of the YG did not meet expectations (Dhéret and Morosi 2015). The question remains whether this was the embryo of a future policy for young people that lacked support or an inappropriate idea for the time, especially given financial constraints, poorly equipped public employment services to take on the task, and, importantly, poor labor demand in several member states. Part of the explanation rests with an employment policy that remains reactive and subservient to macroeconomic stability measures, but it is also important to consider the limits of European coordination. Policymaking in relation to employment at the European and national levels struggles to find a voice in turbulent economic times, and some countries are finding it difficult to implement coherent and durable reforms and instead are “splashing around,” to use the words of Smith and Villa (2016). At the same time, young people are learning to swim at the start of their active economic life, and in some contexts the waters are very turbulent. The long-term consequences for national labor markets and individual young women and men are potentially severe.

Thus, the challenges in relation to employment policy for young people, in particular, remain. Flexicurity was a much-criticized concept, but for a while it provided a common theme around which guidance and justification for labor market reform could be grouped (Bekker 2012). The weaknesses were an overemphasis on the implementation of flexibility measures, coupled with

economic circumstances creating slack demand when security, through employability on labor markets, was being promoted. These factors were compounded by an absence of a gender and life course perspective, including the perspective on youth in the original formulation. The economic circumstances will remain challenges for employment policy, but intelligent policy development that reflects the realities of generational and gender differences on modern European labor markets and addresses security measures more comprehensively and permanently can help address the policy weaknesses outlined here. Postcrisis, post-austerity, and post-flexicurity Europe requires the development of the “next big idea” around how to develop employment policy that is coherent, impactful, and relevant for young women and men as new entrants to the labor market, while capturing the imagination and commitment of policymakers at the European and national levels. This may require a return to hard-law measures, as evident in the labor law directives of the late 1990s and early 2000s, but it would be a considerable challenge to obtain sufficient support given the underlying policy approach of recent years. However, perhaps more important, the limitations of a primarily supply-side approach need to be addressed so that policymakers can place the promotion of quality employment opportunities at the heart of macro policymaking.

Based on this picture of incoherent policymaking and uncertain youth labor market outcomes, there is a need to (re)integrate the concept of quality into policies addressing the trajectories of young people (Berloff et al., this volume), including school-to-work transitions. In this sense, with a view to longer-term outcomes, the notion of efficiency on the labor market needs to be expanded to consider not only quantity or speed in finding jobs but also quality outcomes (e.g., good matching, job stability and/or continuity in employment, and decent earnings). As with gender inequalities, an impact assessment for generational differences is required to insure against unintended consequences of labor market policies that are not focused on youth but still have an effect on weaker participants because of subsequent changes in the overall institutional settings. At stake are lifelong consequences for today’s young people.

NOTES

- 1 We thank Brendan Burchell, Jochen Clasen, Ruud Muffels, Magnus Paulsen Hansen, the participants at the STYLE meetings in Turin and Krakow, as well as Martin Seeleib-Kaiser and Jackie O’Reilly from the editorial team for critical comments on earlier versions of this chapter.
- 2 See Section 4.2 for an overview of flexicurity. For a critical discussion of the European Union approach to flexicurity, see Smith and Villa (2016) and Leschke and Finn (this volume).

- 3 The Open Method of Coordination (OMC) in employment policy, for simplicity termed European Employment Strategy (EES) in this chapter, was launched in 1997 and was formally included in the Amsterdam Treaty. From 2000, it was conducted as part of the Lisbon strategy, which was replaced in 2010 by the Europe 2020 strategy.
- 4 See the communication on the common principles of flexicurity (European Commission 2007). Also see the approach proposed in the European Commission's report, *Employment and Social Developments in Europe 2014*, for "a healthy labor market: Balancing employment protection legislation, activation and support" in the analysis of the impact of the recession on labor market institutions (European Commission 2015, 75).
- 5 The four EC flexicurity principles are flexible and reliable contractual arrangements, effective active labor market policies, comprehensive lifelong learning strategies, and modern social security systems.
- 6 Smith and Villa (2016) chart the evolution in the EES through a detailed analysis of the content of the 477 CSRs on employment policy issued over the period 2000–2013, identifying the CSRs directly and indirectly focused on young people. In the early years, only a limited number of countries received a recommendation that explicitly considered young people. It was subsequently acknowledged that young people were at a disadvantage in some countries, but the recommendations issued were rather generic. In 2007–2009, only three countries received a simple generic mention of the young without any precise suggestion as to what policy action to follow. It was only in 2011–2013 that the deterioration of youth employment opportunities was reflected in an increasing number of CSRs directly focused on policy recommendations for youth.
- 7 This despite the problem of "brain overflow" (Kaczmarczyk and Okólski 2008), particularly in the new member states, implying that high-skilled young workers from new member states are migrating to EU15 countries, where they often work under precarious conditions and below their skill levels (see Spreckelsen, Leschke, and Seeleib-Kaiser, this volume).
- 8 Although, even with regard to binding labor law directives, derogations are possible with regard to specific roles or activities or by means of collective agreements (e.g., on the working-time directive, see Eurofound 2015).
- 9 In contrast to the Lisbon strategy, there are no longer subtargets for women and older workers.
- 10 FTEs are only presented in the statistical annex of the specialized annual publication *Employment and Social Developments in Europe 2015* (European Commission 2016) and are thus not made widely available.
- 11 So-called "priors" are used as part of the justification for a further deregulatory agenda (see European Commission 2012).
- 12 Also see the chart reproduced in the *Employment and Social Developments in Europe 2014* report, illustrating the balance between EPL, ALMP, and unemployment benefits (European Commission 2015, 75).

- 13 This captures changes in EPL impacting on permanent and temporary, as well as individual and collective, contracts (Smith and Villa 2016).
- 14 ALMP measures were the only policies in LABREF that mapped clearly onto the employment security dimension of flexicurity.
- 15 This subset accounts for 2,216 policies (approximately two-thirds of all policies recorded in the database between 2000 and 2013). Using the additional information in the LABREF database on the direction of policy (i.e., increasing or decreasing), we can further categorize policies according to whether they strengthen or weaken different elements of the flexicurity model.
- 16 Information on the direction of reforms (whether they are ex ante likely to have an impact by increasing or decreasing security) is codified in LABREF by means of binary indicators. The taxonomy developed to construct the indicator of the direction of reforms (built on existing economic literature) needs to be interpreted with caution because some simplifications are inevitable. However, an indicator of direction is necessary when analyzing reforms in order to avoid mixing reforms bringing opposing changes in the policy settings (European Commission 2012, 66).
- 17 Eurostat database: “Involuntary part-time employment as percentage of the total part-time employment for young people by sex and age” (yth_empl_080) (Eurostat 2016).
- 18 Eurostat database: “Temporary employees as a percentage of the total number of employees, by sex and age (%)” (lfsq_etpga) (Eurostat 2016).
- 19 The analysis is based on 20 countries: BE, BG, CH, CY, DE, DK, EE, ES, FI, FR, HU, IE, NL, NO, PL, PT, SE, SI, SK, and UK. Each country was weighted to receive equal representation in the results (i.e., N is constrained to be equal for each country so that more highly populated countries do not dominate). Just under half of the ESS Round 4 interviews were carried out in 2009. The question in ESS Round 4 adds the qualification “unemployed and looking for work.”
- 20 Authors’ analysis of SES published results for 2006 and 2014. Table available from the authors on request. The SES excludes those employed in small establishments and those in the public administration/defense.
- 21 The difference between subjectively securely and insecurely employed young people is not statistically significant in BG, FR, HU, NL, PL, and CH. In the UK and CZ, the difference is only significant at the 10% level.

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5

LABOR MARKET FLEXIBILITY AND INCOME SECURITY

CHANGES FOR EUROPEAN YOUTH DURING THE GREAT RECESSION

Janine Leschke and Mairéad Finn

5.1. INTRODUCTION

This chapter examines how young people have been affected by the Great Recession. In particular, it analyzes the relationship between labor market flexibility and the income security of youth in Europe. Given the exponential increase in youth unemployment during the Great Recession, a specific focus is placed on institutional developments regarding unemployment benefits—a topic that has remained under-researched to date.¹

To provide some context, young people in most European countries are more likely than adults to be working on temporary contracts with limited job security, and they are also likely to move in and out of unemployment more frequently (*external numerical flexibility*) (Organization for Economic Co-operation and Development (OECD) 2014; Flek, Hála, and Mysíková, this volume). At the same time, young people tend to have less access to unemployment benefits compared to adults, given that eligibility for such benefits (*income security*) usually depends on a certain minimum amount of time spent in employment within a specific reference period, often with additional requirements regarding thresholds for earnings or working hours. Unemployment benefits and social assistance are frequently means tested at the household level. Adequate unemployment benefit coverage not only renders young people more financially independent of their parents but also been shown to lead to better post-unemployment outcomes,

including earnings and job stability (Gangl 2004). Moreover, there is evidence that due to (on average) lower tenure and work experience (important assets when employers are deciding who to retain and who to fire), young people do not benefit as much as adults from subsidized short-time working (Arpaia et al. 2010)—a measure that grants *internal numerical flexibility* to employers and at the same time (at least to a certain degree) sustains the income security of employees. Youth are thus faced with a situation in which they bear the brunt of a disproportionate share of external numerical labor market flexibility and at the same time lack income security.

Income security during unemployment has received considerable policy attention at the international, European, and national levels throughout the Great Recession, but particularly during the first years, as certain groups—such as youth and nonstandard workers—have suffered a disproportionate share of job losses. Prior to the Great Recession, little attention was paid to this issue (Eurofound 2003; Leschke 2008; Schulze Buschoff and Protsch 2008), particularly at the practical policy level.² More comprehensive unemployment benefit coverage for youth and nonstandard workers can be achieved by ensuring the availability and adequacy of lower tier schemes, such as social assistance, and via permanent or temporary changes to the eligibility criteria under unemployment insurance schemes.³

Particularly during the early years of the crisis, serious efforts were made in several countries to improve the income security of those groups that had been disproportionately hit by unemployment, including youth and temporary workers. These efforts focused both on sustaining employment (introduction of state-subsidized short-term working schemes or expansion of existing schemes to new groups) and on cushioning unemployment (more inclusive unemployment benefits). There was also increased concern about the income security of nonstandard workers and youth at the European and international levels, as evidenced by a number of publications (OECD 2010a; European Commission 2011a) and the explicit mentioning of the need for adequate social protection for fixed-term and self-employed workers under guideline 7 of the 2010 European Employment Strategy (Council of the European Union 2010). Moreover, a basic unemployment insurance for the Euro area, which could serve as an automatic stabilizer in downturns, has been discussed (Dullien 2013; Del Monte and Zandstra 2014). By contrast, austerity measures often targeted employment and social policies (Heise and Lierse 2011; Lehndorff 2014), which impacted on the initial expansionary adjustments to unemployment benefits in some countries.

Against this background, this chapter adopts a comparative European approach. It traces developments at the interface between numerical flexibility (both internal and external) and income security for youth during different phases of the Great Recession. We examine young (aged 15–24 years) and older (aged 25–29 years) youth separately so as to explore differences between these age groups. Older youth were also affected by the crisis, but given that

they typically have more work experience, and thus longer tenure, we can expect them to do better than younger youth at the flexibility–security interface. Section 5.2 frames the chapter by discussing the European Union’s approach to flexicurity and by describing possible interactions between labor market flexibility and income security. Section 5.3 briefly discusses developments in external and internal numerical flexibility for youth during different phases of the Great Recession. Section 5.4, the core of the chapter, examines income security during unemployment—a dimension that has thus far remained underexplored. First, we map the institutional changes occurring in the design of unemployment benefits in a number of European countries during the Great Recession, with the intention of making benefits more inclusive for youth and other particularly affected labor market groups. Second, we analyze benefit coverage for young and older youth compared to adults—based on special extracts of aggregate European Union Labour Force Survey (EU-LFS) data. The chapter concludes that youth are doing worse than adults on all examined dimensions of the flexibility–security interface. Despite initial expansionary measures regarding income security in a number of countries, it emerges that income security has been undermined for youth overall when the austerity period is taken into consideration.

5.2. RELATIONSHIPS BETWEEN LABOR MARKET FLEXIBILITY AND INCOME SECURITY

In examining the type of relationship that exists between labor market flexibility and income security, previous research has shown that nonstandard employment does not always act as a stepping stone to regular employment. On the contrary, nonstandard employment is often permanent or recurring, and—due to more limited job security—is frequently associated with transitions out of employment into either unemployment or inactivity (Anxo and O’Reilly 2000; Gash 2008; Muffels 2008; European Commission 2009; Leschke 2009; Berloffia et al., this volume). What little research is available on the income security of flexible workers shows that nonstandard workers are more likely to be excluded from access to unemployment benefits (to varying degrees, depending on the country and the group of workers in question). Once they qualify for access, they may actually be in a position to receive proportionately higher benefit levels because of the progressive nature of some of the systems (low benefit ceilings, flat-rate schemes, etc.; see Grimshaw and Rubery 1997; Talós 1999; Klammer and Tillmann 2001; Eurofound 2003; Leschke 2008; Schulze Buschoff and Protsch 2008), although in absolute terms the levels might not suffice to make ends meet.

Turning to the literature on flexicurity, there has been enduring criticism of the flexicurity concept as proposed by the European Commission during the second half of the Lisbon Strategy (European Commission 2007).⁴ The European Trade Union Confederation (ETUC) has repeatedly questioned the shift in focus

from job security granted by strict employment protection legislation (EPL) to more labor market flexibility combined with employment or employability security—to be achieved, for example, through active labor market policies (ALMPs) and lifelong learning measures. ETUC has also questioned the framing of flexibility and security as trade-offs, as well as the one-sided attribution of flexibility needs to employers and of security needs to employees (ETUC 2007). The Great Recession has put the flexicurity concept under further pressure (Heyes 2011; Ibsen 2011) and—in view of the youth unemployment crisis and the fact that workers with temporary contracts have been disproportionately affected—has also called into question the strong focus on labor market flexibility as opposed to cushioning security measures (Tangian 2007; Burrioni and Keune 2011). In view of this criticism and in particular of the experience of the crisis, the Europe 2020 strategy has somewhat modified the EU's take on flexicurity. Under Europe 2020, the EU places more emphasis on the role of job security for those countries that have very segmented labor markets and thereby removes the focus from labor market adaptation via increasing external numerical flexibility.⁵ Europe 2020 also calls attention to the importance of income security during transitions. More adequate social security benefits for some groups of nonstandard workers, namely fixed-term workers and the self-employed, were specifically mentioned in the 2010 integrated guidelines on economic and employment policies (Council of the European Union 2010, guideline 7). The most recent guidelines have returned to a rather vague formulation stipulating a design of social protection systems that “facilitates take-up for all those entitled to do so . . . and helps to prevent, reduce and protect against poverty and social exclusion through the life cycle” (Council of the European Union 2015, guideline 8). In addition, the positive role of internal flexibility devices—such as short-time working measures and working-time accounts—in buffering employment shocks is emphasized by the Commission in its agenda for new skills and jobs (European Commission 2010a).

A critical use of the flexicurity concept is particularly important with regard to youth, who—even more so since the onset of the crisis—tend to accumulate negative flexicurity outcomes (Madsen et al. 2013). Young people are more prone than adults to moving between fixed-term jobs (with limited job security) and unemployment (see Section 5.3); at the same time, because of contracts of shorter duration and thus greater difficulties in fulfilling the eligibility requirements for unemployment benefits, their access to benefits is considerable weaker than that of adults (see Section 5.4). Thus, the flexibility–security interface could be described as vicious (young people lose out on both dimensions because higher contractual flexibility means more frequent unemployment, which is less often covered by benefits).

As we show in this chapter, the crisis has not only triggered a change in discourse at the EU and international levels but also facilitated institutional change (although often only of a temporary nature), making unemployment benefits

for youth and temporary workers more inclusive in a number of countries. In the second part of the crisis, some of these developments have been reversed again, or benefit eligibility for young unemployed has been made more conditional on participation in education or training measures. Wilthagen and Tros (2004), building on the concept of transitional labor markets developed by Schmid and Gazier (2002), have proposed a matrix combining different forms of flexibility, on the one hand, with different dimensions of security, on the other hand. Leschke, Schmid, and Griga (2007) and Schmid (2008)—working within the framework of transitional labor market theory—propose exploring the links between these dimensions more comprehensively by going beyond trade-offs and also examining cases in which both flexibility and security can be improved (termed *virtuous relationships*) and in which both can be undermined (termed *vicious relationships*). In this chapter, we focus in particular on the interface between numerical flexibility (both internal and external) and income security for youth, given that these dimensions have seen dynamic changes during the Great Recession.

5.3. TRACING CHANGES IN LABOR MARKET FLEXIBILITY FOR YOUTH DURING THE CRISIS

In this section, we examine developments regarding different components of labor market flexibility for youth during the crisis. Labor market transitions are a common phenomenon among young people. School-to-work transitions are often characterized by moves in and out of the labor market before a stable job is found (OECD 2010a). These transitions are a result of rather unstable first-time jobs (e.g., temporary contracts for probationary periods) or jobs that by definition are of shorter duration (e.g., training contracts). Some youth withdraw from the labor market for prolonged periods of time—for example, to return to education. Spells of unemployment (and inactivity) are therefore a frequent phenomenon among young people.

Figure 5.1 illustrates for the EU as a whole the disproportionate levels of unemployment and the different forms of nonstandard employment (temporary employment and part-time work) experienced by youth (aged 15–24 and 25–29 years). It shows data for the precrisis period (2007), stimulus period (2009), and austerity period (2013). Young people both started from higher levels (with the exception of part-time employment for the older youth group) than adults and were more affected by increases in unemployment and nonstandard employment over the course of the crisis. During the austerity period, unemployment lies at 23.3% for the younger and at 14.6% for the older youth group, compared with 8.8% for adults. The spread across Europe is large, with an unemployment

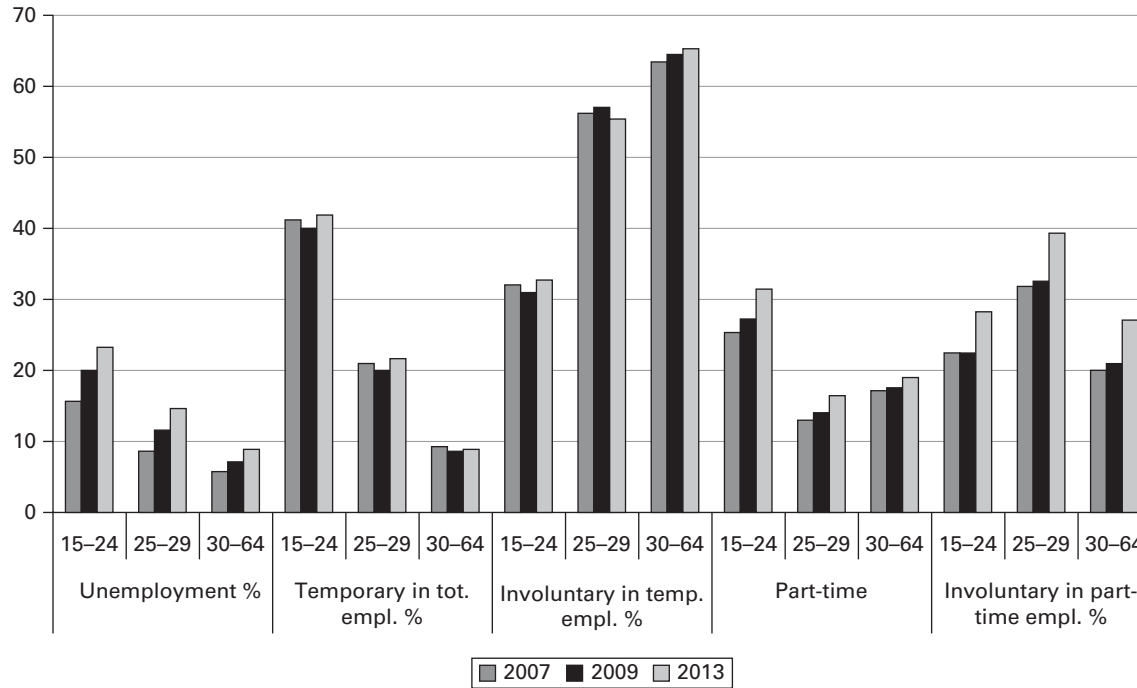


Figure 5.1 Development of unemployment and nonstandard employment in EU27 by age group and year (2007, 2009, and 2013).
 Source: Eurostat EU-LFS, special extracts.

rate of 58.3% for youth (aged 15–24 years) in Greece and of 7.8% for youth in Germany. Temporary employment is the prime example for external numerical flexibility—here the share in 2013 lies at 42% for young youth and at 21.7% for older youth, while the adult share stands at 9%. Both youth groups have slightly higher temporary employment shares during the austerity period than before the crisis (2007), whereas the adult temporary employment rate in 2013 is still slightly below its 2007 level.

Temporary employment is often involuntary (inability to find a permanent job), and this is on average more pronounced among older youth and adults (approximately 55% and 65%, respectively) than among younger youth (approximately 33%) across the EU27. In most EU countries, more than half of the respondents in the age group of 15- to 24-year-olds are involuntarily in temporary employment. Only in Austria, Germany, and Denmark are the majority of temporary contracts of young youth composed of training contracts (Eurofound 2013).

There is a direct trade-off between external flexibility (in the form of temporary contracts) and job security because temporary employment by its nature enjoys less protection than regular employment. As a result of notice periods and severance pay, among other components, permanent employment is more protected than temporary employment. Temporary employment usually runs out after a predefined period based on a legal maximum number of successive fixed-term contracts and a maximum cumulated duration, as regulated by the European fixed-term work directive and other regulations. Countries vary substantially in the strictness of EPL for both permanent and temporary contracts (for details, see OECD 2013). Countries with lax rules regarding the dismissal of workers on permanent contracts usually have comparatively lower shares of people in temporary employment because labor market flexibility can already be achieved through hire-and-fire policies around permanent jobs—the United Kingdom is a case in point. Schömann and Clauwaert (2012), drawing on country studies, identify a clear trend during the Great Recession of many member states making their labor markets more flexible by changing the rules governing atypical contracts. They highlight, in particular, the trend toward increasing the maximum length of fixed-term contracts or the maximum possible number of renewals of such contracts. They also point to the creation in several member states of new types of contracts that are often less protected and are frequently targeted explicitly at young people (Schömann and Clauwaert 2012, Section 2.2 and Table 1). Reforms of rules on redundancy that undermine the protective role of individual and collective dismissal are also highlighted by Schömann and Clauwaert for a substantive number of European countries (Section 2.3 and Table 1). The latter trend is confirmed by a comparison of the 2008 and 2013 OECD indicators on strictness of EPL for individual

and collective dismissals pertaining to regular contracts (OECD 2016; see also Berloff et al., this volume).

Working-time accounts or short-time working measures also create flexibility for employers in times of slack demand. Both have been used during the Great Recession and particularly the economic recession of 2008–2009, with a slightly stronger focus on short-time working: Almost all countries that already had these publicly funded schemes in place before the crisis expanded the schemes to increase their reach,⁶ while some other countries (BG, CZ, HU, NL, PL, SK, SI, LV, and LT) newly introduced such schemes temporarily during the crisis. Newly introduced schemes are usually less generous in terms of duration and benefits than those that are already established; however, they also usually cover a broader range of employees (Arpaia et al. 2010). Since the crisis, some countries have introduced temporary schemes covering specific types of firm or sector.⁷ No such schemes exist in Cyprus, Estonia, or Malta, which suggests that in these countries, working-time reductions usually go hand in hand with wage cuts of the same proportion. In contrast to temporary employment, which is often involuntary (as noted at the beginning of this section), short-time working measures carry advantages for employees in that they have enabled job preservation and the avoidance of unemployment during the crisis (Hijzen and Martin 2012). Short-time working schemes partially compensate for lost wages through the unemployment benefit fund—topped up in some countries (e.g., Belgium) by sector-level funds either directly or via the employer.

In the past, short-time working measures were restricted in many countries to core workers—either explicitly by requiring that temporary workers be released first or implicitly by offering participation in these schemes only to workers who were eligible for unemployment benefits. During the crisis, however, several of these countries (e.g., AT, BE, FR, DE, and LU) deliberately opened up their schemes—either temporarily or permanently—to new groups of workers (for country details, see Arpaia et al. 2010; European Commission 2010b). The available empirical evidence indicates, however, that the positive impacts were limited to permanent workers (Hijzen and Venn 2011; Hijzen and Martin 2012).

Figure 5.2 illustrates the evolution of short-time working for both youth and adults before and during the Great Recession. It shows, on EU27 average, the share of people working fewer hours than usual during the interview reference week because of slack demand for technical or (usually) economic reasons as a share of total employment. In all years, adults emerge as being more likely than young people to participate in short-time working measures. In line with the expansion of these schemes to new groups of workers, among them the temporarily employed, participation peaked in 2009 for all groups (somewhat more pronouncedly for adults and older youth). The share subsequently declined, although it still stands at a higher level in 2013 than before the crisis for all three groups.

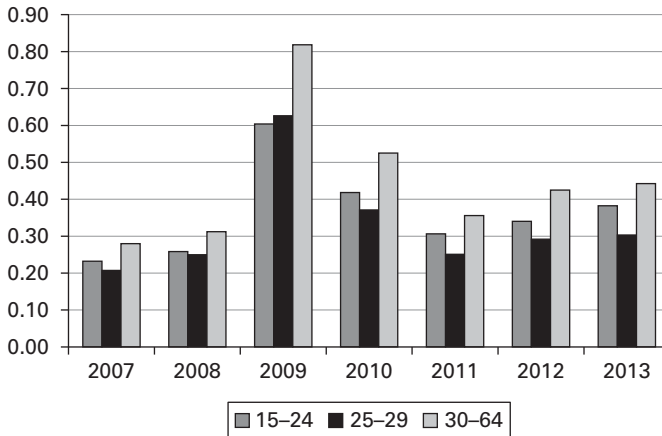


Figure 5.2 Evolution of short-time working (with or without partial benefits) in EU27 by age group, 2007–2013 (% of total employment).

Source: Eurostat EU-LFS, special extracts.

Figure 5.3 provides information on short-time working by country and age group for the year 2009 when stimulus measures peaked. The EU-LFS data have the advantage that they are comparable across countries; they do not, however, tell us anything about whether short-time working is compensated by partial unemployment benefits.⁸ Using the information provided in Arpaia et al. (2010), we therefore group countries into those without compensation (*/*), those with long-standing and usually more generous schemes (*\$*), and those with new, temporary, and usually less generous schemes (*α*). Figure 5.3 illustrates that young youth (aged 15–24 years) were considerably more likely to participate in short-time working measures in 2009 in Denmark, the Netherlands, Latvia, Malta, and Lithuania—albeit with considerable variation in overall participation across these countries. In Belgium, Bulgaria, Greece, and Hungary, the participation of young youth was slightly higher than that of adults.

In conclusion, overall, in contrast to external numerical flexibility, in which youth (and particularly younger youth) are considerably over-represented, internal numerical flexibility, as captured here by short-time working, is less segmented than initially expected—at least when the EU-LFS indicator is used. It is younger rather than older youth who seem to have been over-represented in short-time working. Note that a positive assessment of short-time working only holds as long as it has prevented even sharper increases in unemployment. Also, in countries or sectors where no partial compensation of working-hour reduction is available, short-time working will have more adverse effects on the economic situation of affected workers.

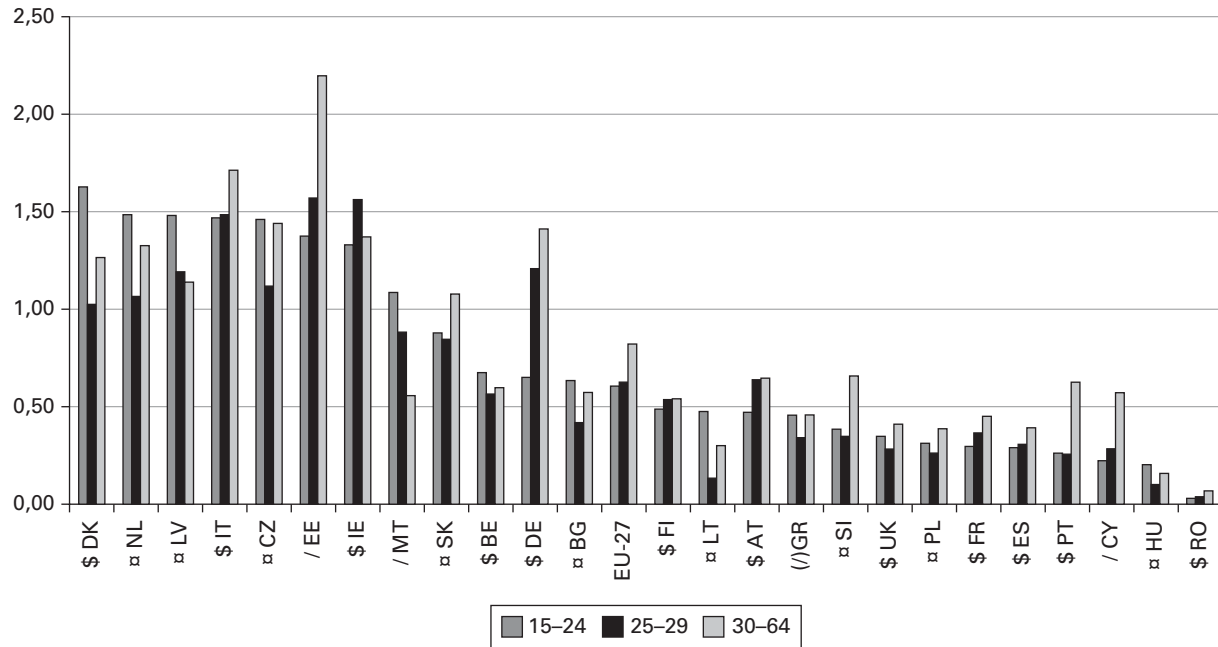


Figure 5.3 Short-time working (with or without partial wage replacement) by age group and country in EU27, 2009 (% of total employment).

Source: Eurostat EU-LFS, special extracts.

5.4. EVOLUTION OF INCOME SECURITY FOR UNEMPLOYED YOUTH DURING THE GREAT RECESSION

Turning to income security, substantial shares of unemployed people do not have access to unemployment (insurance) benefits. In part, this is deliberate policy (i.e., a link between contributions and benefits is intended), whereas in other cases there is “implicit disentitlement” (Standing 2002) whereby, as a result of the trend away from dependent, permanent, and full-time “standard employment relationships,” growing numbers of unemployed workers cannot fulfill the qualifying criteria for unemployment insurance benefits.

Unemployment insurance benefits are the first tier of provision and are usually based on contributions from employers and employees. All EU countries have unemployment insurance schemes, although their eligibility conditions and benefit rates (generosity) differ substantially (Kvist, Straubinger, and Freundt 2013; OECD *Benefits and Wages*). In order to contextualize the following analysis of reforms of unemployment benefits during the stimulus and austerity periods of the crisis, Table 5.1 provides an overview of benefit generosity during an individual’s initial phase of unemployment (1 or 2 months of unemployment). We depict benefit generosity using net replacement rates for single persons at 67% of average wages because this likely comes closest to the situation for an average young person. Table 5.1 does not take access to benefits into account in any way: Generous benefit levels can easily go hand in hand with exclusive benefits and vice versa (see Table 5.3).

An unemployed person who is not eligible for unemployment insurance or whose entitlement has been exhausted may be entitled to unemployment assistance, which is typically less generous, noncontributory, means tested at the household level, and financed by general taxation.⁹ The fact that unemployment assistance is assessed at the household rather than the individual level implies

Table 5.1 Unemployment insurance benefit generosity of EU27 countries (in order of generosity) in 2013

Generosity (NRR)	Benefit insurance NRR for single person at 67% of average wage in initial phase of unemployment
Most generous (NRR > 71%)	Belgium, Slovenia, Denmark, Latvia, Luxembourg, Spain, Bulgaria, Portugal, Netherlands, Italy, Finland
Mid-level generous (NRR = 55%–70%)	France, Hungary, Czech Republic, Slovakia, Sweden, Germany, Austria, Estonia
Low-level generous (NRR = 41%–54%)	Lithuania, Ireland, Poland, Romania, Malta
Least generous (NRR < 40%)	Greece, United Kingdom

NRR, net replacement rates.

Source: OECD *Benefits and Wages*, 2013; authors’ compilation.

that young people living at home have broader household means taken into consideration as part of their assessment (Eurofound 2013). Typically, unemployment assistance does not require qualifying periods; in cases in which it operates with qualifying periods, these are laxer than those for unemployment insurance benefits.¹⁰ In some cases, unemployment assistance is restricted to certain categories, such as unemployed people with dependent family members; in some cases, youth or specific types of youth are explicitly excluded (see OECD *Benefits and Wages*).¹¹ In almost all EU countries, as a last tier, tax-funded social assistance subject to means testing exists.

This section seeks to highlight the exclusion of youth from access to unemployment benefits, which is an underexamined topic in comparative welfare-state research (Van Oorschot 2013). Our analysis makes special reference to changes during the first period of the crisis (2008–2009) and to developments throughout the austerity period (2010–2014). Given that unemployment benefit systems are designed to meet complex (and fast-changing) conditions, there is no room here to specify the different qualifying conditions and other design features, although some details are provided as they relate to youth (also as temporary workers).¹² Regularly updated comparative information on the design of unemployment benefit systems can be found in the European Commission’s Labour Market Reforms (LABREF) database (2015), the European Commission’s Mutual Information System on Social Protection (MISSOC) Comparative Tables database (2014), and the OECD *Benefits and Wages* series. Detailed comparative information on unemployment benefit schemes, particularly with regard to part-time workers, is also available from a special OECD (2010b) survey.

5.4.1. Review of Youth Integration in Unemployment Benefit Schemes

Young workers are subject to both explicit exclusion in terms of differential rules of access to unemployment benefits and implicit exclusion (Standing’s (2002) “implicit disentitlement”) from such benefits through their over-representation in temporary contracts and an average shorter tenure. Earnings or hours thresholds directly exclude those who work on low-hours, part-time contracts, while the qualifying period (usually a minimum contribution period within a given reference period) can further restrict the access of young people whose contracts are of short duration (for details and specific country examples, see Eurofound 2013; Leschke 2013). There are also rules affecting youth directly with both positive and negative consequences for benefit coverage. We provide some concrete examples in the following discussion.

Three countries explicitly exclude certain types of temporary workers from eligibility for unemployment benefits: the Czech Republic, Poland, and Slovakia (for details, see Eurofound 2013). In Slovakia, for example, all temporary workers were excluded from unemployment benefits until January 2013;

now temporary workers above a certain earnings threshold qualify more easily than permanent workers (2 years of employment within a reference period of 4 years, compared to a reference period of 3 years for permanent workers; Eurofound 2013).

In general, it is easier for young people (and temporary workers) to access unemployment benefits in countries that have short contribution periods within a long reference period (however, this says nothing about the generosity of the benefits received). According to Eurofound (2013), in practice it seems to be easiest for workers with short contract duration, in particular temporary workers, to qualify for unemployment benefits in France, Spain, Greece, Malta, and Finland. Qualifying conditions are likely to be most difficult to meet in the Netherlands, Ireland, Latvia, Poland, and Bulgaria (for details, see Eurofound 2013, 20–21).

Age also plays a role in access to benefits and is an explicit factor that can negatively impact on the access of young people. In the United Kingdom, for example, those younger than age 18 years are not entitled to any form of benefit, irrespective of what type of contract they have had (European Commission 2011a). On the other hand, the qualifying criteria for unemployment benefits in some countries can be more relaxed for youth or can include criteria other than a certain contributory period. In Finland, for instance, youth (aged 17–25 years) wishing to access unemployment insurance benefits can have a vocational qualification, 5 months' work history, or 5 months' participation in ALMPs. Romania grants graduates who are looking for work an exemption from qualifying periods for unemployment benefits (MISSOC 2014).

Young people can also be entitled to lower amounts and shorter benefit duration. In Italy and Ireland, for example, younger workers' benefit rates are lower than those of older workers (European Commission 2011a). Several countries make benefit duration dependent on the length of the contribution period (e.g., AT, BG, DE, and NL), which disproportionately affects younger workers with shorter employment tenure (MISSOC 2014).

5.4.2. Recent Reforms of Unemployment Benefit Schemes Affecting European Youth

This section examines reforms in unemployment benefit schemes throughout the crisis, dealing separately with the first (“stimulus”) period (2008–2009) and the second (“austerity”) period (2010–2014). The focus during the stimulus period was predominantly—although not exclusively—on opening up access to unemployment benefits, whereas during the austerity period, unemployment benefits were among the targets of austerity measures in several countries. A number of benefit reforms were explicitly geared toward youth, usually comprising direct links to education and training programs (see examples discussed later). The majority of reforms, however, were of a more general nature and were related to

relaxing or tightening up qualifying conditions or to increasing or decreasing benefit levels that indirectly impact on youth. Here, we review the changes to unemployment benefit systems in the EU27 with regard to qualifying criteria, benefit levels (including one-off payments), and duration.¹³ For country examples of these reforms, see the remainder of Section 5.4 and Table 5.2.

Table 5.2 Initial typology of EU27 countries with modifications in unemployment benefit systems directly or indirectly targeted at youth during the first period of crisis (2008–2009) and during the austerity period (2010–2014)

(Temporary) Modifications of	Direction of change	2008–2009	2010–2014
Eligibility (qualifying conditions)	Relaxed	Finland, Italy*, Latvia, Portugal, Sweden(*)	Portugal, Slovenia(*), Spain*
	Tightened	Ireland	Belgium*, Czech Republic, Denmark*, ¹ , Greece, Hungary, Romania
	Explicitly opened up to new groups of workers	France*, Italy(*), Spain	Czech Republic*, Italy*, Slovenia
Benefit levels	Increasing	Belgium, Bulgaria, Czech Republic, Netherlands, Poland, Slovenia	Belgium, Bulgaria, Slovenia
	Lump sum/one-off payment	France*, Greece, Italy, Spain	Spain
	Decreasing	Ireland(*)	Greece, Ireland*, Latvia, Poland, Portugal, Romania, Spain
Benefit duration	Increasing	Finland, Latvia, Lithuania, Portugal, Romania, Spain	Denmark
	Decreasing	Czech Republic, Denmark, France, Ireland, Poland	Greece

Notes: Because of the complexity and the variation of benefit systems, some of the changes are difficult to classify. In 2013, for example, the number of days for which unemployment benefit could be paid was capped in Greece. The maximum of 450 days within a 4-year period now cannot be extended if one becomes unemployed again, and this affects both benefit duration and general eligibility. We have therefore listed Greece in both rows. In addition, in some cases there are uncertainties as to the exact year in which the reforms became active.

* = Reform explicitly relating to youth.

(*) = Parts of the reform explicitly relating to youth.

¹ = Refers to social assistance.

Source: Authors' depiction based on European Commission (2011a, 2011c), Eurofound (2013), Leschke (2013), MISSOC (2014), and LABREF (2015).

5.4.2.1. Stimulus Period (Economic Recession of 2008–2009)

In the first part of the recession (2008–2009), which was characterized in most countries by a number of measures to stimulate the economy, *qualifying criteria* were relaxed in Finland, France, Italy, Latvia, Portugal, Spain, and Sweden (Latvia and Portugal previously had rather strict qualifying criteria), with positive impacts on employees with short tenure (for details, see European Commission 2010c, 137; European Commission 2011a, 18–24). The relaxation was achieved by reducing contribution periods, increasing reference periods (or both), or opening up schemes explicitly to new groups of workers. Sweden, for example, temporarily lowered the condition of membership (in an unemployment insurance fund) for income-related unemployment benefits from 1 year to 6 months and—by abolishing the work requirement—made it possible for students to join an unemployment insurance fund (European Commission 2011a). In Italy, from 2009 to 2011, ordinary unemployment allowance was extended to apprentices with at least 3 months' tenure, while a broad group of employees—including fixed-term, temporary agency workers, and apprentices—was allowed to apply for exceptional unemployment benefits (European Commission 2011a). France made means-tested welfare benefits available to jobseekers aged between 18 and 25 years, who had previously been excluded. To prevent students from gaining access to this benefit, a relatively strict qualifying condition of 2 years' employment within 3 years was added, taking into account all types of employment contract (LABREF 2015). Several of the measures introduced in this time period were temporary.

A number of countries, including France, Greece, Italy, and Spain, granted temporary *lump-sum* or *one-off payments* to unemployed workers not eligible for regular unemployment benefits. In France, these were directly targeted at youth who did not fulfill the eligibility criteria for unemployment benefits (LABREF 2015).

Unemployment benefit levels were increased in Belgium, the Netherlands, Bulgaria, the Czech Republic, and Poland, as well as in Latvia and Finland (European Commission 2011b, 76–78). As an exception to this trend of improving the situation of groups with less coverage, Ireland substantially reduced the benefit level for young claimants (aged 18–24 years) in 2009. However, these reduced benefit rates did not apply to those participating in training or education programs (European Commission 2011c).

Benefit duration of unemployment insurance or assistance was increased in Finland, Romania, Latvia, and Lithuania, although in the latter case only in municipalities that had been hit particularly hard by the crisis (European Commission 2011b, 76–78). Targeting the benefit duration of persons already eligible for unemployment benefits, the Spanish government approved a temporary flat-rate unemployment assistance benefit payable for 6 months to all persons whose unemployment insurance benefits had expired.¹⁴ A similar reform was carried out in Portugal. Conversely, Ireland, the Czech Republic, Poland, France, and Denmark decreased the maximum duration of unemployment

benefits.¹⁵ The Irish reform explicitly targeted young youth (aged <18 years) by reducing the duration of Job Benefit from 12 to 6 months for this age group (European Commission 2011a).

Second-tier systems such as social assistance were improved in a number of countries, as evidenced by increases to housing support, for example. Some countries (e.g., Estonia) had planned improvements to their unemployment benefit systems, which then were not implemented or were postponed because of the crisis. Only a few countries had reduced benefits during this initial crisis period as a part of fiscal consolidation measures (e.g., Ireland); in most cases, these reductions concerned benefit duration.

5.4.2.2. *Austerity Period*

During the economic recession (2008–2009), the focus was often on relaxing eligibility criteria and increasing benefit levels. The austerity period (2010–2014), by contrast, was characterized by tightening eligibility and decreasing benefit levels (see Table 5.2). Reforms relating to eligibility, even when not explicitly geared toward youth, have a particularly disproportionate effect on young unemployed given their shorter average tenure. However, there were also a few countries that relaxed qualifying criteria during this period, often with a view to supporting young people. These reforms usually stipulated a link between passive benefit entitlements and participation in education and training programs (European Commission 2014; MISSOC 2014).¹⁶ Here, we provide details regarding a number of reforms explicitly targeting youth (marked with an asterisk in Table 5.2).

In Ireland, *benefit levels* for those aged 22–26 years were reduced further (a first reduction had already taken place in 2009). Higher rates apply if the jobseeker participates in education or training or has dependent children. Belgium and Denmark tightened *qualifying criteria* for youth: In 2012, Belgium increased the waiting period before benefit allowance is granted to 12 months for all recipients (previously it had stood at 6, 9, and 12 months). The Belgian benefit is now called “vocational development benefit” and requires proactive steps with regard to finding employment. In Denmark, since 2013, people younger than age 30 years and without education no longer receive social assistance.¹⁷ There is an equivalent student benefit if youth embark on education, whereas those not ready for education will still receive social assistance if they participate in activation measures geared at inclusion in education. In Spain, Slovenia, and Italy, on the other hand, qualifying criteria for youth were relaxed during this period—the benefits to be accrued are usually short term and/or means tested. In Spain, for example, a temporary program was introduced in 2011 geared toward youth, long-term unemployed, and other vulnerable groups, making a means-tested flat-rate unemployment subsidy of 6 months dependent on participation in individualized training actions (European Commission 2011a). In Slovenia, qualifying conditions were relaxed for all unemployed in 2011 and were further

relaxed for those younger than age 30 years in 2013. In Italy, since 2013, young people on apprenticeships are eligible for regular unemployment benefits. The Czech reform shortened the reference period for eligibility (making benefits more difficult to access) but at the same time opened up unemployment benefits to students fulfilling the eligibility criteria (Eurofound 2013). Table 5.2 provides a summary overview of countries that modified their unemployment benefit schemes during the stimulus and austerity periods.¹⁸

Clearly, Southern European and Central-Eastern European welfare systems show more activity in relation to changing policies for youth, particularly—but not exclusively—in the austerity period. Thus, it seems that the trend is for greater change in countries that were affected more severely by the Great Recession. At the same time, these countries had a tradition of benefit provision that was not as long-standing or as robust as in corporatist or Nordic countries—traditions that were more neoliberal or relied on familial ties. Moreover, Greece, Ireland, and Portugal—which received bailouts in exchange for implementing programs of economic adjustment described in the so-called Memoranda of Understanding—all feature in Table 5.2, with Ireland and Greece showing a profile of tightening conditions, whereas Portugal has a more mixed profile. Spain and Italy experienced more informal pressure to implement structural reforms. According to our analysis, Spain shows a mixed profile, whereas Italy has an expanding profile, albeit from a very low starting point in terms of benefit coverage, in particular.

5.4.3. Income Security: Access to Unemployment Benefits for Youth During the Crisis

The remainder of Section 5.4 examines the access of youth versus adults to unemployment benefits during different stages of the Great Recession. The aim is to explore the question as to whether youth were disproportionately affected during the crisis. Special extracts from aggregate EU-LFS data are used, and we present figures regarding persons who are registered with the Public Employment Service (PES) and are in receipt of unemployment benefit or assistance. We examine here exclusively the short-term unemployed (1 or 2 months).¹⁹ Given that the EU-LFS information on people in receipt of unemployment benefits has been identified as unreliable as a result, among other things, of under- and misreporting (Immervoll, Marianna, and Mira D'Ercole 2004, 58–67),²⁰ when we report country results, we show relative distributions and changes over time in benefit coverage rather than absolute levels (for a similar strategy, see OECD 2011). It is unlikely that reporting errors will vary substantially between different age groups in the same country or over time. Table 5.3 uses ranges on benefit coverage in 2013 with regard to the adult population (aged 30–64 years) in order to put the following analysis into perspective.

As a first indication, Figure 5.4 highlights differences in unemployment benefit coverage for the EU27 by previous contract type, age, and for three time

Table 5.3 Coverage with unemployment insurance or assistance benefits as share of all unemployed adults (aged 30–64 years) in EU countries, 2013 (EU27 = 44.7%)

Coverage (%)	Countries
<20	Italy, Malta, Romania
≤ 20 < 35	Bulgaria, Lithuania, Poland, Slovakia
≥35 to <50	Cyprus, Estonia, Greece, Hungary, Latvia, Luxembourg, Portugal, Slovenia, Sweden, United Kingdom
≥50 to ≤65	Austria, Czech Republic, France, Spain
≥65	Belgium, Denmark, Finland, Germany

Notes: Duration of unemployment 1 or 2 months. Registered with PES and receiving benefits or assistance as percentage of all unemployed.

Source: Eurostat EU-LFS, special extracts.

points, using the main reason for having left the previous job as a proxy for permanent or temporary job prior to being unemployed. We calculate the coverage rate as those registered with the PES and receiving benefits or assistance as a percentage of all unemployed. Older youth (although only limited data are available) are doing better than younger youth in this respect, and if they have been on a permanent contract prior to unemployment, their coverage rate is

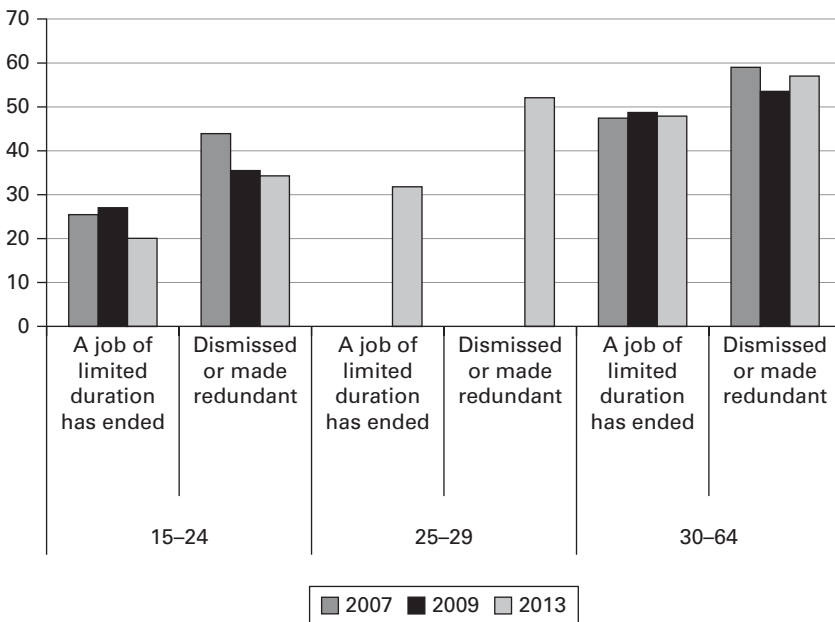


Figure 5.4 Short-term unemployed in receipt of unemployment benefit by previous contract type (temporary vs. permanent), age group, and year (2007, 2009, and 2013) in EU27 (% of all unemployed).

Source: Eurostat EU-LFS, special extracts.