in fact close to that for adults. Distinguishing now by previous contract type, temporary workers in all age groups are less likely than permanent employed to have access to unemployment benefits if they become unemployed. Previous temporary workers in the young youth group are least likely to have access. The differences across age may be due either to the explicit difference in youth access to benefits or to variations across age groups in the distribution of different types of temporary contracts or both. In line with the improvements in benefit design during the stimulus period, the situation of temporary workers seems to have improved somewhat in the first years of the crisis. However, the positive development stalled and indeed turned negative during austerity. This confirms our previously mentioned findings that national and supranational responses to the exclusion of certain labor market groups from benefit access were not sustained.

Figure 5.5 shows the benefit coverage of youth as a share of adults for all EU27 countries with complete data for 2013. With a few exceptions (RO, LT, and EE), in the majority of countries youth are considerably less likely to receive unemployment benefits than adults. On average, younger youth have a coverage rate corresponding to 30% of that of adults. Coverage for older youth corresponds to 70% of the adult rate. Regarding young youth in Germany, the United Kingdom, Belgium, and Austria, the coverage is approximately one-half that of adults. The examples of the United Kingdom and Germany show that for youth coverage, universal basic benefit schemes (as second-tier benefits) work relatively well. However, the benefits payable under these schemes are means tested and relatively low. In all other countries with available information, the younger youth share compared to adults lies under 40%, while it is below 20% in eight countries. Among the countries with very low youth coverage, the majority also have high temporary employment shares among youth, which points to a vicious relationship between flexibility and security. It is important to square these findings with youth unemployment rates, generosity of benefits, and other transition options such as apprenticeships or training or education with compensation.

Figure 5.6 shows relative changes in benefit coverage during the crisis period for young youth using 2007 as the basis. For ease of readability, we only display data for 2009 (the year of the recession when most money was spent on stimulus measures) and the most recent available year, 2013. The majority of countries with available information saw an increase in unemployment benefit coverage of youth during the first part of the crisis, with the most pronounced increases occurring in Slovenia, Portugal, Denmark, and Spain. Both improvements in access to unemployment benefit systems and also, importantly, changing characteristics of newly unemployed during the crisis will have played a role here.[21] When we compare 2007 precrisis data with 2013 austerity-period data, we see

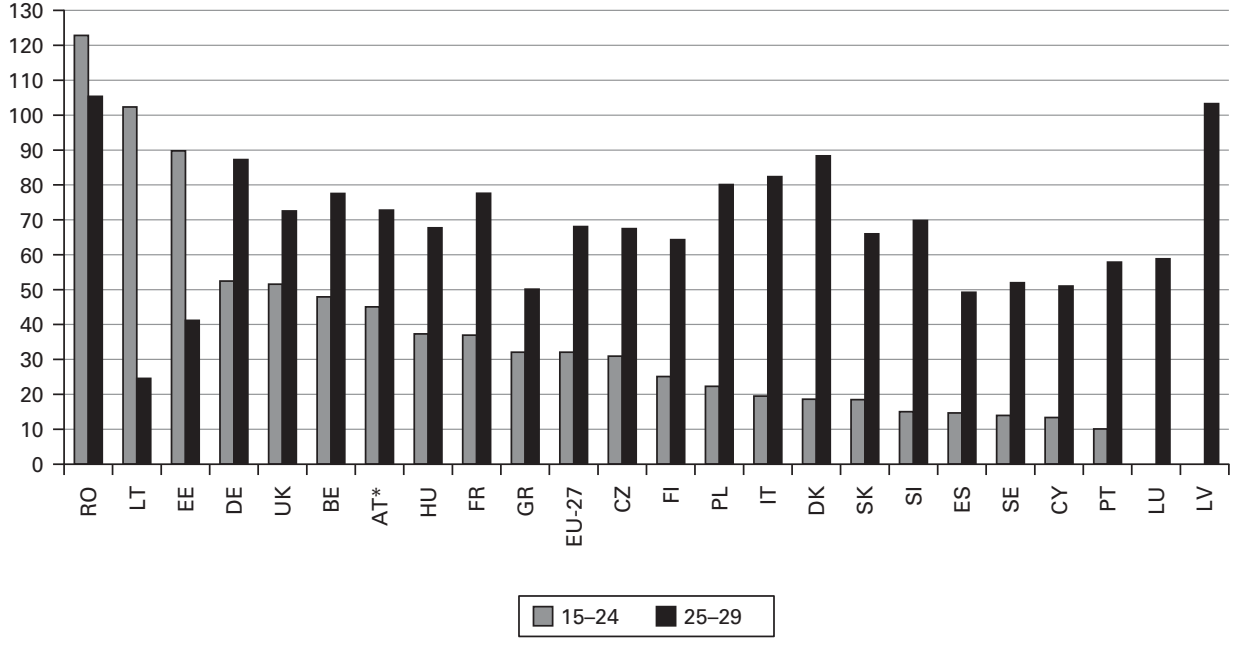

Figure 5.5 Benefit coverage of youth (aged 15–24 and 25–29 years) as share of adults (aged 30–64 years) by country, 2013.
Source: Eurostat EU-LFS, special extracts.

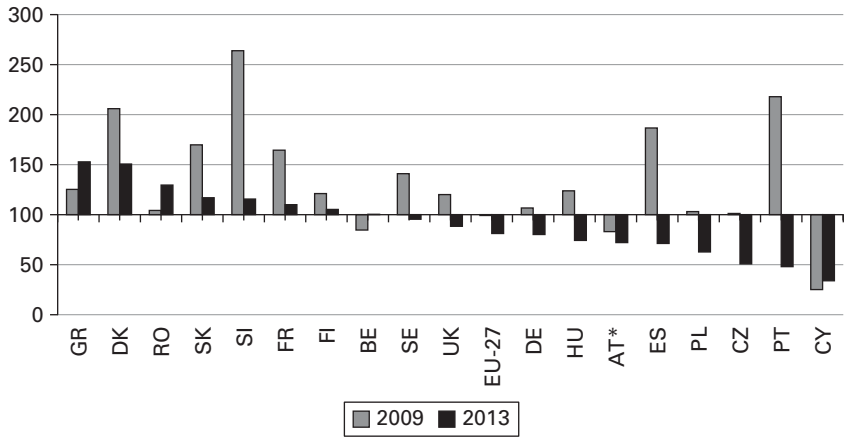

Figure 5.6 Evolution of benefit coverage for youth (aged 15–24 years) by country during crisis (stimulus and austerity periods); 2007 = 100.
Source: Eurostat EU-LFS, special extracts.

that only for a limited number of countries is this positive coverage trend still visible. It is most pronounced in Italy (not included in the figure), Greece, and Denmark—countries that have medium to low relative coverage rates of youth as compared to adults (see Figure 5.5). Benefit coverage was lower in 2013 than in 2007 in Spain, Portugal, and Cyprus, among others.

Table 5.4 summarizes the findings of the previous analysis, also including information for older youth and adults.

The analysis in this chapter has highlighted two important issues. First, it has emerged that it is important not to limit such a study to youth between ages 15 and 24 years or to merge the younger and older (aged 25–29 years) youth groups. Older youth have been shown to be better off than younger youth in terms of external (but not internal) numerical flexibility, although we still lack detailed and age-specific information on compensation during short-time working. Older youth are also better off with regard to income security. At the same time, both youth groups differ from adults in that they are more affected by external numerical flexibility and are less likely to enjoy internal numerical flexibility or income security. Second, this analysis has highlighted the complexity of unemployment benefit schemes; how greatly they vary across Europe in terms of both access and generosity, as well as availability of secondary schemes; and their frequent adjustment (not always in a strategic way, as seems to have been the case during the economic recession of 2008–2009). In this regard, comparative analysis on the dimension of benefit access is difficult. Attempts to create "simple" indices for benefit coverage—as they exist for benefit generosity—have so far not been successful (Alphametrics Ltd. 2009). The data testify to this complexity. Indeed, because the EU-LFS (in addition to

Table 5.4 Relative change in access to unemployment insurance and assistance benefits for EU27 countries before crisis (2007) and in stimulus (2009) and austerity (2013) periods

Age group (years)		Substantial decrease in access	Substantial increase in access	Missing data	EU27 (relative)	EU27 (absolute)
15–24	2009	CY	EL, SE, FR, SK, ES, DK, PT, SI, IT	IE, NL, BG, EE, LT, LU, LV, MT	99	–0.1
	2013	CY, PT, CZ, PL, ES, AT (2012), HU	RO, DK, EL, IT		81	–3.3
25–29	2009	EL	PL, UK, PT, CY, ES, SI, IT, RO	IE, NL, BG, EE, LT, LU, MT	100	0.1
	2013	EL, SE, AT (2012)	UK, PL, RO, SI, IT		85	–5.4
30–64	2009	LU	IT, PT, BG, LV, ES, EE, LT, MT	IE, NL	102	0.9
	2013	MT, RO	UK, ES, IT		104	1.7

Notes: Cut-off point for substantial decrease is <75% on 2007 value and for substantial increase is >125% on 2007 value. 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.

other potential comparability weaknesses) does not allow a distinction between insurance and assistance benefits, we questioned the reliability of the information on benefit coverage rates in a cross-national perspective and therefore only used relative change within countries in our analysis.

5.5. CONCLUSIONS

The previous analysis has illustrated that youth are not only more likely to hold temporary contracts with limited job security and to experience unemployment with potential long-term scarring effects but also less likely to have access to unemployment benefits than adults. Limited unemployment benefit coverage comes about due to their lacking, or shorter-term, labor market experience, which translates into difficulties in fulfilling the eligibility conditions for access to unemployment benefits, given that these schemes are still predominantly modeled on so-called standard employment. This combination of external numerical flexibility and lower income security during unemployment can be termed a vicious relationship between flexibility and security and seems to be the predominant long-term trend despite temporary improvements during the economic recession (2008–2009).

In light of surging youth unemployment—and indeed a youth unemployment crisis—in a number of European countries, concern about the previously overlooked explicit or implicit limited access of youth to unemployment benefit schemes emerged on the international and supranational agenda (e.g., of the OECD and the European Commission). The previous focus on supply-side measures was no longer deemed very fruitful, given the lack of realistic possibilities to include large numbers of youth in employment again within a reasonable period of time. Several European countries—particularly, but not exclusively, during the economic recession (2008–2009)—accordingly improved income security for youth. More generally, temporary workers also experienced improvements with regard to access to and the generosity of unemployment benefit schemes. This was achieved by relaxing qualifying criteria, offering lump-sum or one-off payments, and increasing benefit levels or benefit duration. However, already during the economic recession (2008–2009), the reforms in terms of unemployment benefits not only took the direction of greater generosity. Although no countries restricted access to benefits during the stimulus period, and only Ireland cut benefit levels, a sizable number of countries shortened the duration of benefits. In the second crisis period (2010–2014), characterized by austerity policies, eligibility was tightened and benefit levels were reduced in many countries. There was still a focus in a few countries on improving the income security of youth, though usually conditional on participation in education or training. Increased coupling of benefit receipt with enforcement of education or training components for youth seems to be a more general recent trend according to our analysis. These developments have been summarized in Table 5.2.

More activity in relation to changing unemployment benefit policies is recorded for Southern European and Central-Eastern European welfare systems, the bulk of which were affected more severely by (youth) unemployment and at the same time had more limited unemployment benefit provisions than corporatist and Northern European countries. Several of the countries that were recommended to implement fiscal consolidation and structural reforms feature in Table 5.2 and for the most part show a profile of expanding eligibility during the severe recession of 2008–2009 and tightening conditions again at least on some dimensions thereafter, illustrating the short-term nature of upward adjustments.

Using the EU-LFS data on access to unemployment benefits and notwithstanding the limitations of these data (especially compositional effects, besides changes in access due to changing eligibility), our analysis reveals—in line with the institutional changes outlined previously—an improved situation in coverage for both the youth and adult groups during the economic recession of 2008–2009 (for details, see Table 5.4). When we take into account the austerity period, we see that on European average, both younger and older youth are worse off than before the Great Recession. This is not the case for adults. Accordingly, we can see that the benefit coverage of youth, which is considerably lower than that of adults to start with, has decreased further in a number of countries. This

outcome highlights the weaknesses in the system for protecting against shocks and illustrates that the current design of unemployment benefit systems—despite short-term adjustments—tends to protect older workers with more secure employment contracts as opposed to younger workers, who carry the bulk of labor market flexibilization and at the same time lack an income-security cushion. This finding corroborates longer term dualization trends in labor market and social security systems between those who are well protected (more often people in standard employment) and those who are poorly protected (more often people in nonstandard employment), including along the lines of age, as highlighted, for example, by Seeleib-Kaiser, Saunders, and Naczyk (2012) for Germany and the United Kingdom.

Reliable unemployment benefits of a certain generosity and duration make it possible to search for an adequate job. Income security during transitions thus can facilitate a better match between skills and occupation instead of forcing unemployed youth to take the first best option—including informal or casual labor that will not contribute to increasing the tax and contribution base for funding social security schemes in the future. More comprehensive and reliable unemployment benefit coverage can also have other positive effects—both from the viewpoint of the individual and from that of wider society—in that it might place youth in a situation of independence from their families, in which they can consider forming families of their own. The trends we are witnessing and that were already evident before the Great Recession imply, however, that these functions of social protection are being weakened.

When examining the interface of flexibility and security in a comparative perspective, it is important to consider the context and potential functional equivalents. A case in point here are countries such as Spain, Portugal, Cyprus, and Slovakia, which combine very high youth unemployment and high temporary employment shares (external numerical flexibility) with very low relative benefit coverage rates (income security). On the other hand, the low benefit coverage rate for young youth in Denmark might be less problematic in light of Denmark's relatively small youth unemployment population and its generous education allowance and comparatively generous social assistance—both of which can act as functional equivalents. Similarly, short-time working measures also acted as functional equivalents to unemployment benefits during the period under observation, and young people were relatively well represented. Short-time working measures were newly introduced in a number of countries (often temporarily) and were also expanded to include new groups of workers. Such measures are an instrument of internal numerical flexibility that enables job preservation while at the same time often cushioning working-time reductions to a certain degree and thereby granting some income security.

In summary, although virtuous relationships between flexibility and security were strengthened for youth and other disadvantaged labor market groups in the first part of the crisis—when these groups had been severely

affected by unemployment—this remained a short-term trend in most cases. In overemphasizing labor market flexibility to the detriment of income security, the more recent developments point again to trade-offs and vicious relationships and thereby continue the precrisis trend toward dualization and segmentation in accordance with age, gender, and other sociodemographic characteristics.

NOTES

1 We thank Ute Klammer, Igor Guardiancich, Martin Seeleib-Kaiser, Paola Villa, and Traute Meyer, as well as the participants at the Turin and Krakow STYLE meetings, for very comprehensive and useful comments on earlier versions of this chapter.

2 Notable exceptions are two studies commissioned by the European Parliament on indicators for monitoring the coverage of social security systems for people in flexible employment (Alphametrics Ltd. 2005, 2009).

3 Clasen and Clegg (2011) and Lefresne (2008), for example, provide country case studies addressing the extent to which benefit schemes have adapted—or have failed to adapt—in recent decades to the major changes affecting labor markets.

4 The Lisbon Strategy was launched by the European Commission in 2000, listing among its aims the generation of growth and of more and better jobs; in 2010, it was replaced by the Europe 2020 strategy for "smart, sustainable and inclusive growth."

5 See, for example, the discussion on the single open-ended contract, which, however, has been ardently criticized by ETUC.

6 For instance, opening them up to more firms than previously; less bureaucratic access conditions; and temporary increases in the level, duration, and/or coverage of public financial support.

7 Greece has introduced such schemes for small and medium-sized enterprises, while Sweden has for manufacturing, for example (LABREF 2015).

8 Note, however, that because of differences in the definition and delimitation of short-time working, the EU-LFS figures diverge somewhat from other available figures, including OECD and national-level data.

9 Based on country-specific information from OECD *Benefits and Wages*, 12 EU countries have unemployment assistance schemes (AT, DE, EE, EL, ES, FI, FR, IE, MT, PT, SE, and UK). However, in countries that do not have an unemployment assistance scheme, social assistance can act as a functional equivalent, although it is potentially more stigmatizing.

10 Examples are Estonia, Greece, and Portugal (OECD Benefits and Wages).

11 For example, in Ireland, Job Allowance is not available to those who are younger than age 18 years or who have been out of school for less than 3 months. It can, however, be paid to those in ALMPs or with dependents

(European Commission 2011a). In both Austria and Ireland, unemployment assistance cannot be accessed directly but, rather. only after unemployment insurance benefits have been exhausted.

12 EPL is another area of reform that is important for understanding this topic. However, we confine ourselves here to an analysis of policies and practices related to income security because this in itself is quite voluminous and complex. Furthermore, focusing on income security measures prioritizes the security offered to people outside of the working relationship and not just to those in work (as in the case of EPL).

13 Changes with regard to contributions that took place in a number of countries are not reviewed here because they do not usually have a direct impact on the coverage of nonstandard workers. They can, however, have an indirect impact if they create incentives to hire individuals on standard rather than nonstandard contracts (see, e.g., Spain, where in the past the government has tried to encourage employers to hire individuals on regular contracts by reducing related contributions).

14 Unemployment assistance in Spain is usually restricted to specific labor market groups, such as unemployed persons with family responsibilities or older workers. The special benefit introduced in January 2009 was abolished in February 2011; it had covered approximately 700,000 unemployed people (Sanz de Miguel 2011).

15 Denmark formerly had a comparatively long universal duration of unemployment insurance benefits of 4 years; in 2010, this was reduced to 2 years.

16 Labor market integration, for example, is promoted through one-off benefits, special benefits for the young, and benefits for partial and temporary employment (for details, see MISSOC 2014).

17 Given its level, Danish social assistance can be viewed as a functional equivalent to unemployment benefits.

18 It is important to note here that it is challenging to compile extremely comprehensive data on these developments. The difficulty lies in the frequent changes to policy, in the time limits imposed on some policies, and in the time that is needed to establish the impact of general policies on youth. Here, we draw on MISSOC and LABREF as sources, in addition to all publications that to our knowledge are available on the topic at the time of writing. However, our study represents a first effort at mapping this policy landscape, and we believe that more work is needed to fully complete the analysis. We do not distinguish between different causes for unemployment benefit reforms; although most will have been directly linked to the (unemployment) crisis, in some countries changes might also be part of a longer term reform agenda.

19 This allows us to get around issues such as varying average duration of unemployment (different long-term unemployment rates), differences in duration of unemployment insurance benefits, and timing of granting of unemployment assistance benefits across countries.

20 Differences in the wording of survey questions across countries play a crucial role here. Immervoll, Marianna, and Mira D'Ercole (2004) show for selected countries that the figures on unemployment benefit receipt rates from administrative data sources differ substantially from those from labor force surveys, with no clear direction in difference.

21 For instance, men were more affected by unemployment than women in the first part of the crisis, whereas—due to being more often in standard employment—they are usually more likely to fulfill eligibility criteria for unemployment benefits.

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6

POLICY TRANSFER AND INNOVATION FOR BUILDING RESILIENT BRIDGES TO THE YOUTH LABOR MARKET

Maria Petmesidou and María González Menéndez

6.1. INTRODUCTION

The Great Recession has significantly aggravated problems with the labor market integration of youth that have been evident for several decades in some areas of Europe. The need to develop effective measures for sustained school-to-work (STW) transitions has become a paramount political concern on the European Union (EU) policy agenda. It has generated EU initiatives for a common focus among member states on comprehensive and integrated policies for youth at risk. This has accelerated mutual learning, policy transfer, and experimentation with new practices in order to build resilient bridges to the youth labor market. Drawing on the policy learning and transfer literature, we test the hypothesis that a distinction can be made between countries with policy machineries that facilitate both learning and experimentation with new, proactive youth employment measures and those exhibiting considerable inertia.

Our analysis covers eight EU member states (Belgium, Denmark, France, Greece, the Netherlands, Slovakia, Spain, and the United Kingdom) and one accession state (Turkey).[1] They represent a range of STW transition regimes (Walther and Pohl 2005; Hadjivassiliou et al., this volume) and welfare regimes exhibiting different levels of national performance relating to youth unemployment and its gender dimension (Gökşen et al. 2016a). The primary research consists of interviews conducted in each of the nine countries with policy

experts, officials, academics, and researchers. It is complemented by an analysis of available secondary data.

We find that local/regional administrations and agencies are more likely to exchange knowledge on policy processes and tools among themselves and also to get involved in cross-country mutual policy learning. Most important, a mode of policy governance based on regional/local partnerships and networks of public services, professional bodies and education/training providers, employers, youth associations, and other stakeholders tends to stimulate policy experimentation. The role of policy entrepreneurs in promoting policy learning and transfer has also been ascertained in a few cases. However, for these manifestations of learning and innovation to yield results of sustained labor market integration of youth, a national policy environment is required that is conducive to coordinated sharing and diffusion of information and experience between different levels of administration and joint stakeholders' bodies.

Our hypothesis is proven true in this respect in that it brings to the fore a distinction between countries with more or less systematic interaction and feedback between all levels of administration—from the bottom up and vice versa—and those with poor channels of sharing and diffusion of policy knowledge. The factors accounting for the latter are, among others, overcentralized administrative structures, fragmentation/overlapping of competences, and bureaucratic inertia.

The remainder of this chapter consists of four sections. The first frames the research question and presents our conceptual and analytical framework, and the second lays out the research methodology. The third section assesses, at a macro level, the relevance of policy learning in the political/policy agenda of the countries studied and also examines the most significant channels of policy influence, transfer, and diffusion within and across various levels of governance (including the supranational level). It additionally provides a microanalysis of specific cases of more or less successful policy innovation with regard to the Youth Guarantee (YG; or a similar program) and apprenticeship schemes. We also reflect on the extent to which the gender dimension in STW transitions is taken into account in policy learning and innovation. The final section discusses the conclusions deriving from our findings.

6.2. RESEARCH QUESTION AND ANALYTICAL FRAMEWORK

Labor market and welfare policy arrangements in European countries are increasingly open to "recalibration" and transformation through complex policy learning and policy transfer routes that, as Dwyer and Ellison (2009, 390) state, "undermine traditional welfare regime characteristics, and both pluralise and deinstitutionalise sources of policy making." Available literature on policy transfer regarding work transitions has so far focused on globalization influences

and transatlantic policy transfer with respect to welfare-to-work schemes and on the "iterative process" across Europe involving the adoption of "workfare" elements in social welfare policies and their subsequent adaptation within national traditions (Peck and Theodore 2001; Fergusson 2002; Dwyer and Ellison 2009). A systematic examination of policy learning and transfer across STW transition regimes at different levels of governance and with respect to the role and influence of key actors (state and nonstate, as well as supranational actors) is lacking. There has also been little research on the degree to which EU-level youth strategies since the late 2000s (particularly the Youth Opportunities Initiative) have been a "leverage" for policy learning and change—assessed in terms of the extent, direction, and effectiveness of policy innovation.

The presence of policy learning and transfer cannot be assumed to lead automatically to successful outcomes (Dwyer and Ellison 2009). Similarly, not all policy innovations are necessarily effective, and there is no clear evidence of an association between policy innovations' effectiveness and the type of policy transfer and learning, be it voluntary or coercive (Dolowitz and Marsh 2000) or soft or hard (Stone 2004). Nonetheless, some literature supports the hypothesis of a positive association between the degree of innovation/experimentation in employment policy and the strength of established processes of policy learning and transfer (Evans 2009; Legrand 2012). Accordingly, countries frequently experimenting with new, proactive youth employment measures and those exhibiting path dependence and inertia (European Commission 2011; Organization for Economic Co-operation and Development (OECD) 2015) appear to respectively exhibit stronger and weaker established processes of policy learning and transfer. In this chapter, we test this hypothesis with the aim of highlighting, for a number of European countries, institutional and governance aspects of STW transition policies that facilitate or hinder learning and innovation. We also examine EU influence in this respect.

We are interested in effective innovations, which we define as policy changes in objectives, programs, and delivery processes that are conducive to positive results with regard to the labor market and the social inclusion of youth (particularly of the most disadvantaged/disaffected young people). Our definition of (effective) innovation is in agreement with the European Commission's social innovation concept, defined as the development of "new ideas, services and models to better address social issues."[2]

Crucial, as a point of departure, is Hall's (1993, 278) definition of policy learning "as a deliberate attempt to adjust the goals or techniques of policy in response to past experience and new information." Hall further distinguishes between radical changes in the basic instruments of policy and in policy goals (second- and third-order changes, respectively), on the one hand, and piecemeal changes in the levels or settings of these instruments (first-order changes), on the other hand.[3] Also key are Streeck and Thelen's (2005) concepts for understanding institutional change, namely "layering" and "conversion." Here, we

pay greater attention to the former, defined as "grafting of new elements onto an otherwise stable institutional framework," which—if it takes place for prolonged periods—can "significantly alter the overall trajectory of an institution's development" (Thelen 2004, 35; see also Hacker 2004). Streeck and Thelen's approach seeks to show that significant innovative, path-departing reforms can occur beyond "critical junctures" and/or strong "outside pressures." In this sense, it provides an insight into how Hall's first- and second-order changes may, in the long term, extensively alter the core objectives and role of an institution—resulting in radical change. These approaches identify major mechanisms of change and develop partly overlapping, partly complementary typologies.

In addition, we refer to a range of pathways along which policy change takes place: (1) through a more or less intentional policy learning and transfer process that—according to Dolowitz and Marsh (2000)—could consist in "copying," "emulation," and/or "inspiration" drawn from abroad; (2) in a context in which outside triggers may open up "windows of opportunity" for domestic policy entrepreneurs to push forward reform agendas (see Kingdon 1984; Roberts and King 1996); and (3) as a more or less coerced policy change and transfer (e.g., where EU funding or bailout deals are provided subject to certain conditions). The combination of mechanisms and pathways of policy change and innovation provide our analytical framework.

6.3. SELECTION/GROUPING OF COUNTRIES AND METHODOLOGY

We used a combination of three criteria for selecting the nine countries under study. First, we included countries that joined the EU at different stages of enlargement, and we also added an accession country. Second, drawing on Walther and Pohl's (2005) study of STW transition regimes and Gangl's (2001) analysis of labor market entry patterns, we selected countries spanning the entire range of categories differentiated by these authors. Walther and Pohl identified five STW transition regimes: the universalistic regime of Nordic countries, the employment-centered regime of Continental countries, the liberal regime of Anglo-Saxon countries, the subprotective regime of Mediterranean countries, and the post-socialist or transitional regime (with subprotective traits) in Central and Eastern European countries. In our study, these categories are represented, respectively, by Denmark; the United Kingdom; Belgium, France, and the Netherlands; Greece, Spain, and Turkey; and Slovakia. Labor market entry patterns provide a cross-cutting dimension: In Belgium, France, Spain, and the United Kingdom, labor market entry is driven by internal labor markets (ILM); in Denmark and the Netherlands, it is driven by occupational labor markets (OLM); and in Greece, it is driven by a mix of very high employment risks at

the outset of careers with little volatility once in employment. The stronger role of job experience and worker mobility in ILM- compared to OLM-driven labor markets makes youth labor market outcomes much less favorable in the former case (Gangl 2001).

The third criterion concerns the scale of the youth problem in Europe, assessed in terms of the total and long-term youth unemployment rates and the poverty and social exclusion risks faced by youth not in employment, education, or training (NEETs). According to the STW transition regime literature, the severity of the youth problem varies significantly across regimes, as does the propensity to engage in policy experimentation at the national and local levels of government. This is the case even though innovative practices do not always imply successful youth employment outcomes—either in terms of efficiency (achieving the highest possible youth employment rate) or in terms of equity (significantly lowering the incidence of NEETs and the risk of poverty). Our aim is to highlight the factors driving or hindering effective innovation in terms of youth labor market outcomes.

As shown in Figure 6.1, Greece and Spain exhibit youth unemployment rates of greater than 50% and also experience comparatively high long-term youth

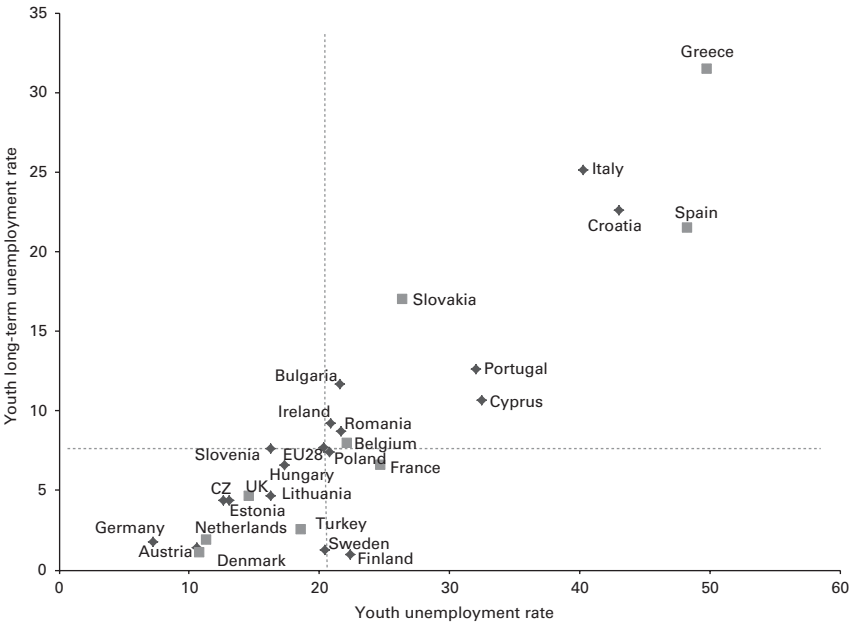

Figure 6.1 Comparison of countries on the severity of the "youth problem," as indicated by youth total and long-term unemployment rates (aged 15–24 years), 2014/2015. The youth unemployment rate refers to the 2015 annual rate, whereas the youth long-term unemployment rate refers to the 2014 rate. Unemployment is considered long term if its duration exceeds 12 months.
Note: We focus on the youth age range 15–24 years because this is the most commonly used age bracket in the youth unemployment official statistics of most EU countries.
Source: Figure drawn by the authors on the basis of Eurostat's EU-LFS and YOUTH data.

unemployment. Slovakia shares some similarities with Greece and Spain in that it scores highly on both these indicators. Denmark, the Netherlands, Germany, and Austria exhibit the lowest youth unemployment and long-term unemployment rates. Belgium and France have higher rates than the latter countries because they have been affected by rising total and long-term youth unemployment, although not as acutely as is the case in Southern Europe. The United Kingdom performs better than the previously mentioned two Continental countries but less well than the best performers (Germany, Austria, Denmark, and Netherlands).[4] In Turkey, the youth problem appears to be less severe than in most Continental, Eastern, and Southern European countries.[5]

Regarding NEETs and the at-risk-of-poverty and/or social exclusion rates (particularly among young females), the United Kingdom performs worse than the Continental and Scandinavian countries (Figures 6.2 and 6.3), with young women facing a higher risk of poverty and social exclusion and of being NEET. Belgium, Denmark, and France exhibit no substantial gender differences. In fact, in Denmark, young women fare slightly better than men in terms of these dimensions. In Greece and Spain, the "youth problem" in terms of disengagement from education, training, and employment is most acute. Greece is an outlier because it exhibits one of the highest NEET rates and risk of poverty and/

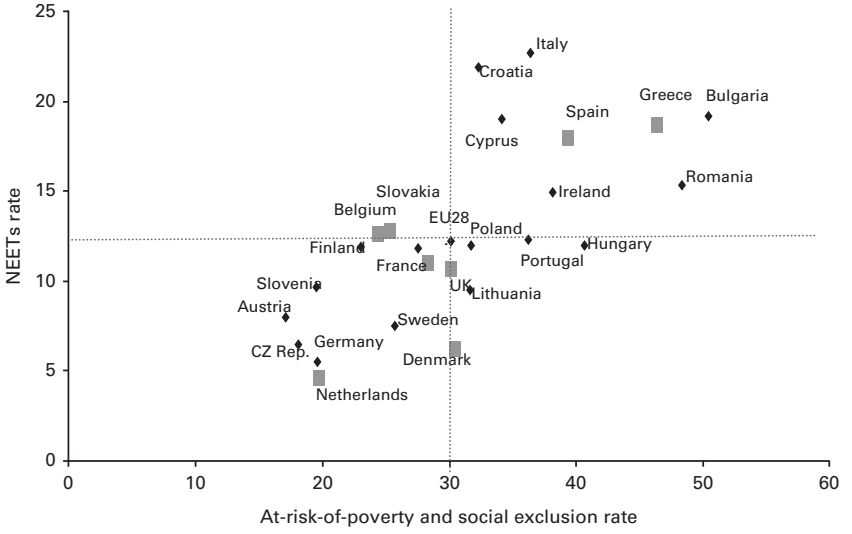

Figure 6.2 Comparison of countries on the severity of the "youth problem," as indicated by the NEET rate and the at-risk-of-poverty and/or social exclusion rate (males aged 15–24 years). The NEETs rates refers to 2014 and the at-risk-of-poverty and/or social exclusion rates to 2013; there are no data for Turkey on youth at-risk-of-poverty or social exclusion.
Note: The poverty and/or social exclusion indicator refers to the share of youth in at least one of the following conditions: (1) living below the poverty line (defined as 60% of median equivalized income); (2) experiencing severe material deprivation; and (3) living in a household with very low work intensity. This is a household indicator that is sensitive to cases where young people leave the parental home early (e.g., in Denmark).
Source: Figure drawn by the authors on the basis of the Eurostat YOUTH data.

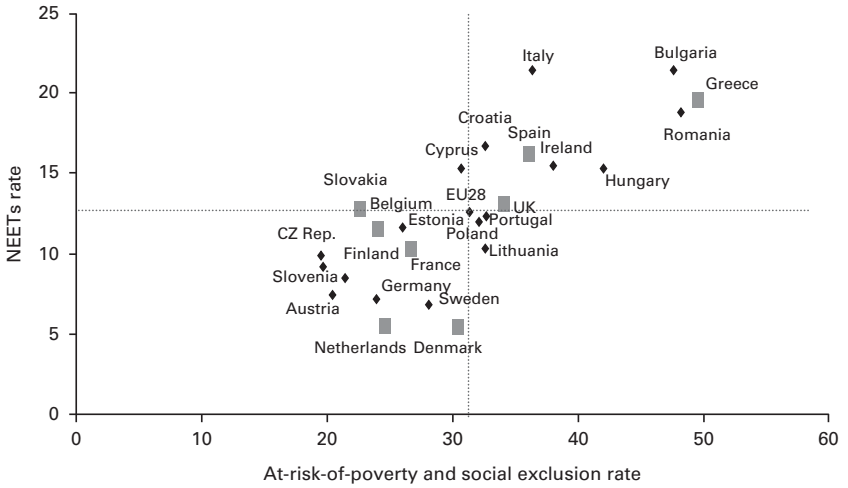

Figure 6.3 Comparison of countries on the severity of the "youth problem," as indicated by the NEET rate and the at-risk-of-poverty and/or social exclusion rate (females aged 15–24 years), The NEETs rates refers to 2014 and the at-risk-of-poverty and/or social exclusion rates refer to 2013; there are no data for Turkey on youth at-risk-of-poverty or social exclusion.
Note: The poverty and/or social exclusion indicator refers to the share of youth in at least one of the following conditions: (1) living below the poverty line (defined as 60% of median equivalized income); (2) experiencing severe material deprivation; and (3) living in a household with very low work intensity. This is a household indicator that is sensitive to cases where young people leave the parental home early (e.g., in Denmark).
Source: Figure drawn by the authors on the basis of the Eurostat YOUTH data.

or social exclusion among the young (particularly among young women) (see Mascherini, this volume).

Denmark, the United Kingdom, and the Netherlands exhibit the shortest (first) job search periods for the young, with no significant gender differences (approximately 5–11 months for 75% of the examined youth cohorts who had entered the labor market). Belgium and France follow with 16–27 months, with no significant gender differences either. The longest search periods are found in Greece and Spain (36–38 months, with a significant gender gap—in favor of men—in Spain). The transition to a first job is shorter in Slovakia, albeit with very pronounced gender differences (17 months for men and 29 months for women) (see Flek, Hála, and Mysíková, this volume).[6]

The nine countries we selected on the basis of the three criteria mentioned previously were divided into two groups. Group A is composed of Denmark, the Netherlands, and the United Kingdom, whereas Group B is made up of Belgium, France, Greece, Slovakia, Spain, and Turkey. Group A countries have lower youth unemployment rates and shorter job search periods for first entry into the labor market compared to Group B.

In the light of the analytical framework discussed previously, we examine differences and similarities between (and within) the two groups of countries. The analysis draws on data and information obtained through semistructured,

in-depth interviews carried out in each of the nine countries with key stakeholders involved in the design and implementation of youth-related policies (high-ranking officials in ministries and relevant public services; in trade unions and employers' associations; in vocational education and apprenticeship services; and in youth organizations, firms, and other major relevant bodies), as well as with academics and researchers with a good grasp of policy issues and challenges regarding youth labor markets; policy learning and transfer within and across countries; and policy negotiation, planning, and implementation.

In countries with highly centralized policymaking processes, the majority of interviewees were selected from among officials and other stakeholders at the national level, whereas in countries with devolved power in policymaking, the interviews were conducted with informants at the regional/local level. A common template laid out the issues to be covered, but the interviews were adapted to each specific national case.

Table 6.1 depicts the number of interviews conducted in each country.[7] These took place in two rounds (June–September 2015 and December 2015 to January 2016). In the second round, case studies of schemes with an innovative potential were carried out. Because a comprehensive and integrated approach to STW transition (including apprenticeships) is at the forefront of EU initiatives providing a (more or less) convergent trend among member countries (Hadjivassiliou et al., this volume), the case studies selected in each country consisted of interventions under the YG (or similar scheme easing transition to the labor market) and apprenticeship schemes introducing innovation in the structure, management, and knowledge base of vocational education and training (VET). In some cases, persons interviewed during the first phase of the study were also included among the interviewees of the second phase. In the light of our thematic focus, the national teams also scrutinized the available literature for each country with the aim of understanding the major planks of academic and public debate on facilitators of or constraints on policy innovation.

6.4. THE DYNAMICS OF POLICY CHANGE AND INNOVATION

In this section, we lay out and compare the major channels of policy influence, transfer, and diffusion within and across various levels of governance (including the supranational level) in the countries studied. Specific instances of innovative schemes in each country are also analyzed. The aim is to highlight major aspects of institutional structures, governance patterns, and interactions among main players in policy design and delivery that facilitate or hinder policy learning and innovation.

6.4.1. "Enablers" of and "Barriers" to Policy Learning and Innovation

Institutional (and process) "enablers" and "barriers" in the sphere of policy learning and innovation are examined in the nine countries with regard to whether the political/policy environment is conducive or not to learning and

Table 6.1 Countries examined by STW regime, interviews conducted, and in-depth studies of specific schemes with innovative potential

	No. of (semistructured) interviews[a]		Schemes studied in Phase 2	
Countries and STW transition regimes	**Phase 1**	**Phase 2**	**Schemes with holistic approach**	**Innovative apprenticeship schemes**
Group A				
DK *Universalistic*	6	4	YG (in place before launching of EU initiative)	Operation Apprenticeship
UK *Liberal*	11	7	Youth Contract (similar to YG)	Apprenticeship Trailblazers
NL *Employment-centered (OLM)*	25		Pact for Youth-Unemployment-Free Zone in Mid-Brabant (South Netherlands)	Collaborative initiative in Amsterdam region
Group B				
FR *Employment-centered (ILM)*	8	8	Schemes integrated into YG	Second Chance Schools
BE *Employment-centered (ILM)*	3	4	Regional schemes for YG	JEEP (Jeunes, École, Emploi) program
Subprotective				
ES[b]	11	14	YG in three localities (Avilés, Gijón, Lugones)	Pilots of dual training in Asturias region
EL	14	7	Voucher for Labor Market Entry (main strand of YG so far)	Experimental Vocational Training Schools (tourism sector)
SK[c]	7	6	National Project Community Centers (Roma communities)	Dual VET initiated by Automotive Industry Association
TR	11	3	On-the-Job Training Program	Apprenticeship Program (dual system)

[a]The number of interviews varies depending on the scope of the literature available on the issues studied (for each country) and from which valuable information could be obtained.
[b]According to Gangl (2001), Spain clusters with the Northern European ILM countries (with high labor mobility), but it also shares the characteristic of family support to the young with the other Southern European countries under the subprotective regime.
[c]Post-socialist, but similarities with Southern European countries.
ILM, internal labor markets; OLM, occupational labor markets; STW, school-to-work.

innovation; the main mechanisms of policy change and innovation; and the pathways of learning and transfer. The information is presented schematically in Tables 6.2 and 6.3.

Denmark and the United Kingdom stand out as the countries whose policy environments are most oriented toward evidence-based policymaking. In Denmark, corporatist learning supports a highly coordinated sharing and diffusion of knowledge between different levels of administration and joint stakeholders' bodies. Recent reform in the apprenticeship-based VET system responds to the pressure for employment-relevant education and training in line with the requirements of the flexicurity model,[8] which—in a context of high reservation wages and collectively agreed minimum wages—creates strong pressures for young workers to perform productive work immediately after being hired. The strengthening of the link between benefit provisions to the young and the obligation to participate in education—in parallel with the introduction of a grade requirement for entering vocational education—placed VET at the center of the growth agenda of Danish politics.

Denmark is more of an exporter of policy ideas to other EU countries, particularly with regard to active labor market policies (ALMPs) and the concept of flexicurity. However, soft forms of learning across countries and through supranational channels are also important; for example, inspiration from the Swiss VET model has influenced reform in Denmark. As to the mechanism of change, the 2014 reform of the Danish VET system constitutes a case of institutional "layering," in which an element of "merit" (namely the "grade requirement") is attached to the existing institutional setup. The aim is to improve the quality and the perceived value of VET at the expense of its social integration role regarding youngsters who fail to achieve mainstream education standards. The latter function is undertaken by other programs targeted at disadvantaged youth (immigrants and youth with working-class backgrounds). In this way, however, disadvantaged young people run the risk of leaving education with inadequate qualifications. Gender considerations with regard to policy innovation play a minor role in Denmark, given the limited differences in unemployment rates for young men and young women. Recently, information campaigns and the use of student counselors have sought to address gender differences in educational choice. Additional mentoring services for young mothers have also been introduced (Gökşen et al. 2016a, 48–50).

In the United Kingdom, a strong liberal tradition impedes coordinated policy diffusion and feedback. Instead, we find high reliance on voluntarist learning (peer-to-peer learning, codes of conduct, etc.). EU initiatives and program-funding eligibility criteria are not a major stimulus of policy innovation. Cross-country learning and emulation concern mostly Anglo-Saxon and OECD countries. However, devolution of powers to the home nations has arguably created favorable conditions for the diffusion of good practices and has promoted a closer dialogue with EU policy initiatives by the devolved entities

Table 6.2 Aspects of policy learning and innovation (Group A countries)

	Political/policy environment conducive to policy learning, transfer, innovation (A)		Pathways of learning and transfer (B)				Mechanisms of policy learning and transfer (C)		
	"Enablers"	"Barriers"	Within-country policy learning		Cross-country mutual learning (inspiration, copying, experimental emulation, etc.)	EU influence (OMC, European Semester, funding conditionality, "bailout" deals)	Incremental adjustment, fine-tuning, "layering," and/or redeployment of old institutions/ measures for new purposes	Changes in policy instruments; new innovative schemes	Changes in specific or broad policy goals
Country			Coordinated learning	Voluntarist learning (peer-to-peer, codes of conduct, etc.)					
Denmark	Robust evidence-based policymaking under corporatist governance	Weakening corporatist governance	Systematic bottom-up/ top-down policy learning	Some evidence	Some inspiration (e.g., Swiss model for VET reform in Denmark) "Exporters" of policy ideas in the EU (ALMPs, flexicurity model)	EU program funding conditionality not a major stimulus "Exporters" of ALMPs	Strong evidence (e.g., of "layering")	—	Strengthening effectiveness of VET in meeting skills needs (at the expense of social integration role)
Netherlands	No strong tradition of ex-ante or ex-post evaluation research	Centralized youth policy governance cannot address regional/ local challenges	Influence goes both ways, but more bottom-up initiatives through networking	As above	As above	As above	Evidence of incremental adjustment	Experimentation with network governance	"Triple helix" form of governance

(*continued*)

Table 6.2 Continued

Country	Political/policy environment conducive to policy learning, transfer, innovation (A)		Pathways of learning and transfer (B)				Mechanisms of policy learning and transfer (C)		
	"Enablers"	"Barriers"	Within-country policy learning		Cross-country mutual learning (inspiration, copying, experimental emulation, etc.)	EU influence (OMC, European Semester, funding conditionality, "bailout" deals)	Incremental adjustment, fine-tuning, "layering," and/or redeployment of old institutions/ measures for new purposes	Changes in policy instruments; new innovative schemes	Changes in specific or broad policy goals
			Coordinated learning	Voluntarist learning (peer-to-peer, codes of conduct, etc.)					
United Kingdom	Robust evidence-based policymaking—Use of piloting, controlled experiments, etc.	Liberal tradition and market competition do not favor diffusion or feedback for strategic decision-making	Evidence used for fine-tuning—Devolution facilitates policy learning cross-regionally	High reliance on voluntarist learning—Dense network of think tanks and policy communities	Influence of OECD and other Anglo-Saxon countries—Apprenticeship Trailblazer initiative may imply emulation of other EU countries	As above	Strong evidence of incremental adjustment and fine-tuning	—	Apprenticeship Trailblazers: Shift of focus from education providers to employers

OMC, open method of coordination (a soft form of EU intergovernmental policy learning and regulation; see Smith et al., this volume).
Source: Compiled on the basis of the information provided by the country reports.

Table 6.3 Aspects of policy learning and innovation (Group B countries)

Country	Political/policy environment conducive to policy learning, transfer, innovation (A)		Pathways of learning and transfer (B)				Mechanisms of policy learning and transfer (C)		
	"Enablers"	"Barriers"	Within-country policy learning		Cross-country mutual learning (inspiration, copying, experimental emulation, etc.)	EU influence (OMC, European Semester, funding conditionality, "bailout" deals)	Incremental adjustment, fine-tuning, "layering," and/or redeployment of old institutions/ measures for new purposes	Changes in policy instruments; new innovative schemes	Changes in specific or broad policy goals
			Coordinated learning	Voluntarist learning (peer-to-peer, codes of conduct, etc.)					
France	Strong monitoring and evaluation tradition	Institutional stasis due to "*dirigiste*" governance—"Policy fatigue"	Limited: Relatively poor coordination between different institutional actors	Limited: Low involvement of employers, union activism important in policy learning	Inspiration from EU (e.g., Second Chance Schools) and other EU countries (e.g., Germany)	OMC on ALMPs—EC recommendations and EU programs have accelerated measures for youth	Incremental changes	Second Chance Schools (innovation in pedagogical principles that set in train institutional diffusion process)	
Belgium	Piloting and evaluation widespread but no systematic feedback into policy design	Fragmentation of competencies causes inconsistent cooperation across regions and with other actors	Limited cross-regional learning (Synerjob program facilitates peer-to-peer learning)		Strong influence through soft forms of learning from other EU countries	As above	Increasing cross-regional cooperation in new programs		—
Spain	Limited evaluation, mostly linked to EU-funded programs	Fragmentation of competencies and political competition—Some policy inertia	Formal channels limited to state and autonomous communities	Limited but evidence of informal networks	EU influence strong in terms of policy goals and resources; weaker in terms of outcomes—EU channels (mutual learning, expert networks) are important	OMC on ALMPs—EC/Troika recommendations and EU program requirements	—	YG national registry (links and recentralizes data)—Increased weight of evaluation	Path shift toward dual VET

(*continued*)

Table 6.3 Continued

Country	Political/policy environment conducive to policy learning, transfer, innovation (A)		Pathways of learning and transfer (B)				Mechanisms of policy learning and transfer (C)		
	"Enablers"	"Barriers"	Within-country policy learning		Cross-country mutual learning (inspiration, copying, experimental emulation, etc.)	EU influence (OMC, European Semester, funding conditionality, "bailout" deals)	Incremental adjustment, fine-tuning, "layering," and/or redeployment of old institutions/ measures for new purposes	Changes in policy instruments; new innovative schemes	Changes in specific or broad policy goals
			Coordinated learning	Voluntarist learning (peer-to-peer, codes of conduct, etc.)					
Greece		Excessive bureaucratization and high degree of policy inertia—Path dependence	Limited diffusion, mostly through EU influence and bailout requirements	Limited dialogue—Some diffusion by domestic policy entrepreneurs	As above	Coerced transfer under bailout deal and EU program requirements	—	—	As above
Slovakia		Party political expediency limits innovation	No systematic feedback between different institutional actors	As above	As above	EC recommendations and EU program requirements	—	Experimentation with work-based interventions at local level	As above
Turkey	Absence of evaluation and rare piloting	Overcentralized and monolithic administrative structure	Fragmented project-based solutions, no systematic feedback	Very limited	Some copying and/ or emulation in context of World Bank-funded projects and accession process, but decreasing impact of latter	Eligibility criteria of EU and World Bank-funded programs and requirements of "acquis"	Redeployment of old instruments for introducing ALMPs by PES	Establishment of Vocational Qualifications Authority	—

OMC, open method of coordination (a soft form of EU intergovernmental policy learning and regulation; see Smith et al., this volume).
Source: Compiled on the basis of the information provided by the country reports.

(e.g., Wales). Although there is a well-established tradition of robust evidence-based policymaking, backed by a dense network of epistemic/policy communities and think tanks facilitating extensive piloting, trailblazers, and so forth, there is no systematic and coordinated flow of information into high levels of (strategic) policy decision-making. Accumulated evidence is used for fine-tuning policies and for changes in policy instruments—that is, mostly for first- and second-order changes, according to Hall's (1993) approach to policy change. A shift in policy goals is emerging in the VET field with the Apprenticeship Trailblazers initiative (discussed later). Regarding gender considerations, a number of programs (among others, Women's Start-Up and Inspiring the Future) are aimed at tackling gender segregation; increasing women's presence in science, technology, engineering, and mathematics; and keeping young parents in education (Gökşen et al. 2016a, 52–53).

Compared to Denmark, corporatist learning in the Netherlands is less robust. Nevertheless, bottom-up innovations are usually introduced through concerted action between various local stakeholders, as is the case, for instance, with the Youth Starter's Grant—the largest scheme for facilitating SWT transition, run by approximately 150 municipalities; the Pact for a Youth-Unemployment-Free Zone in the Mid-Brabant region; and innovative education reform practices in Amsterdam. Such initiatives embrace the "triple-" or "multi-helix" model, which consists of collaboration, at the local level, between public administration and services, educational institutions, and the market (Bekker, van de Meer, and Muffels 2015). There is no strong tradition of controlled experiments or systematic ex-post evaluation research. However, like Denmark, the Netherlands is an exporter of good practices, such as the integrated personalized approach to youth unemployment adopted under the European Commission YG initiative. Soft forms of cross-country learning exert an influence on policy innovation in this country as well. Interregional policy transfer and emulation is highly important: For instance, the "Brainport" model of network-based regional development (South Netherlands) that emerged in the late 1990s has provided inspiration and a blueprint for local actors' innovative initiatives in the Mid-Brabant region and the Amsterdam area. The major barriers to policy change are the centralized governance of youth policies and the lack of interaction/integration between policy domains, of concrete target setting, and of impact assessment of single policies and their combined effect. Current innovative initiatives seek to tackle these barriers from the bottom up.

European-level influence is more decisive in initiating policy change in Group B countries. Piloting, program evaluation, and impact assessment are performed less systematically, and even if program evaluation is widespread, it is difficult to ascertain whether the acquired evidence effectively feeds into policy design. In Belgium, significant institutional barriers emerge from fragmentation/overlapping of competences in the fields of education, training, and employment policy for youth between the two levels of government (federal and regional)

and the different language communities. This condition significantly slows the sharing of information on good practices. At the same time, EU influence is extensive, while some new schemes (e.g., the Synerjob scheme, in which public employment services (PES) from the different regions work together to fill vacancies through mixed job-counseling teams) open up opportunities for an incremental adjustment in the direction of peer-to-peer learning across regions and language communities with the aim of strengthening interregional labor mobility.

France stands out with respect to monitoring and evaluation. It fits the evidence-based tradition (of Group A countries), particularly as regards its VET system, paired with a long-standing concern about youth unemployment. At the same time, a high degree of institutional stasis due to the "*dirigiste* tradition" (a strong directive action by the state) is identified as a barrier to innovation. Notwithstanding policy compartmentalization and "policy fatigue," the main enablers of and barriers to policy innovation in youth employment and education policies are public opinion and social tensions, which have sometimes triggered (or halted) reform, particularly in connection with labor contracts. The EU and other supranational bodies are identified as important sources of innovation. Regarding the intersection of vulnerable youth, gender, and employment, a significant innovative scheme launched in 2012—*Emplois d'avenir* (Jobs of the Future)—which comes under the French YG, consists of a holistic intervention (of subsidized work contracts, training/coaching, and counseling) and is addressed to youth from disadvantaged areas and disabled young people. Also since 2012, tackling the gender segregation of young people into male and female sectors has become a policy target (Gökşen et al. 2016a, 50–51).

In the other four countries, the range of policy innovation and knowledge diffusion is limited by highly centralized administration structures (in Greece and Turkey), excessive bureaucratization (in Greece), policy inertia and path dependence (in Spain), and the fact that political interests overrule policy decisions (mostly in Turkey). However, Slovakia, as well as a number of regional governments in Spain (particularly those where policy coordination between regions/localities is stronger), stand out as examples of innovative initiatives (e.g., the initiative by the automotive sector for VET reform in Slovakia and specific examples of policy learning and sharing of "good examples" in the regions of Aragon, Asturias, and others in Spain). In Greece, Slovakia, and Spain, EU-program and European Social Fund funding conditionality are significant drivers of policy change. This is partly the case in Turkey, too, with regard to the accession process. However, sometimes project-based initiatives for policy experimentation wither away as funding expires.

Greece has experienced coerced transfer under the EU bailout, particularly in the field of labor protection legislation, with reforms that were embraced in the successive rescue deals dismantling collective bargaining, introducing subminimum wages for youth, and increasing flexibility in hiring and dismissals. In Greece, Slovakia, and Spain, a path shift is underway in VET structures in an

attempt to strengthen the dual system under the initiative provided in the context of the European Alliance for Apprenticeships and bilateral agreements between Germany (an exporter of the dual system) and six EU countries. Domestic policy entrepreneurs (the Automotive Industry Association in Slovakia and the Hellenic Chamber of Hotels in collaboration with the Greek–German Chamber of Industry and Commerce in Greece) played a significant role in seizing the opportunity for experimenting with the dual VET system under the influence of external stimuli. This experimental emulation paved the way for a wholesale reform of VET in Slovakia.

Gender mainstreaming in youth employment policies is not prevalent in the two Southern European countries. In Spain, a gender concern can be found only in two youth employment policies: (1) the 2012 entrepreneurship contract for young women (aged 16–30 years) in male-dominated industries and (2) the consideration of age 35 years (vs. 30 years for men) as the maximum age for capitalizing 100% of unemployment benefits in a lump sum for self-employment. In Greece, there are specific support schemes for women's entrepreneurship, but these do not particularly target *young* women. Likewise, some programs addressed to youth (Gates for Youth Entrepreneurship, Youth in Action, and European Youth Card) only marginally embrace a gender perspective.

In summary, in the Group A countries, a strong debate on the mismatch between the skills provided by the educational and VET systems and those required in the workplace constitutes a significant driver of policy change and innovation (see McGuinness, Bergin, and Whelan, this volume). In Denmark, under the universalistic STW transition regime and within a systematic framework of knowledge diffusion between all levels of governance and stakeholders' bodies, VET reform for tackling this mismatch reflects a "layering" change process. Under the liberal STW regime of the United Kingdom, despite robust ex-ante and ex-post policy evaluation, competition and choice leave little room for coordinated diffusion of evidence/knowledge that could feed into policy decisions (except for policy fine-tuning). And yet there is evidence of an incipient radical change that brings employers to the center of VET policy design and delivery. The Netherlands represents an interesting example of copying/emulation of innovative policies across regions.

In the Group B countries, EU stimuli and inspiration from other EU countries for policy change are found to be quite significant. Policy entrepreneurs can also play an important role in these initiatives. France, Greece, and Slovakia provide some examples of EU influence opening a "window of opportunity" for local policy entrepreneurs to act as pull factors for major reform in VET/education. In Greece, however, which exemplifies a case of coerced reform under the rescue deals, this has been of marginal impact so far. European stimuli fostering cooperation at the local/regional level constitute an important channel of innovative initiatives in Belgium and Spain. Turkey exhibits strong barriers to policy innovation mostly because of its overcentralized administrative structures,

monolithic policy implementation institutions, and overruling of policy choices by political expediency.

Finally, even though there is much concern among EU countries about gender equality in the professional sphere, there is limited focus on the intersection of youth, gender, and employment in all the countries examined (see Gökşen et al. 2016a).

6.4.2. Case Studies of Policy Innovation

Following the brief, comparative macro perspective presented previously, this section further elucidates the foci of innovation on the basis of case studies of YG and apprenticeship policies. The schemes studied range from ambitious, novel initiatives at an early stage (in the case of the Netherlands) to well-established programs with a positive impact on youth labor markets (e.g., the YG in Denmark). Steps taken toward a holistic/integrated approach to youth unemployment triggered by the European Commission YG program, with little progress so far in terms of nationwide implementation (in Greece, Slovakia, and Spain), have also been included.

We use three interrelated (and partly overlapping) dimensions for analyzing and comparing policy innovations. The first dimension concerns the extent to which the selected policy schemes produce significant changes in the institutional setting and/or in the group of actors involved in their design and implementation. Of crucial importance is how the schemes impact on changes in policy governance by promoting more or less structured forms of cooperation between actors at different levels of administration and between major stakeholders (employers, trade unions, youth organizations, and others) with the aim of improving service provision to disadvantaged youth. The second dimension refers to changes in the way policy is formulated and in the policy toolkit with a view to reaching out to disadvantaged youth, improving the skill profile of young jobseekers, and providing integrated services. Third, we trace the main pathway(s) in which innovation takes place: (1) through more or less intentional policy learning (among domestic actors at different territorial levels and/or across countries); (2) via a push provided by policy entrepreneurs; and (3) through EU influence, mainly with regard to the flagship initiatives for youth (the YG and the European Alliance for Apprenticeships). Tables 6.4 and 6.5 briefly summarize the trends along these three dimensions in the two groups of countries.

Our case studies indicated three foci of innovation for addressing STW transition barriers and difficulties. First is a novel way of governance in policy design and delivery often referred to as a "triple" or "multiple" helix. This involves collaboration between the public administration, professional bodies and education/training providers, employers, youth associations, and other stakeholders interested in employment growth and youth labor market integration. Second is a commitment to the YG through an integrated preventive and proactive approach.

Table 6.4 Summary of findings—YG or similar scheme

		Changes in governance		Changes in policy tool kit	Pathways of policy innovation		
		"Triple-" or "multi-helix" governance		Holistic intervention	Intentional learning, experimentation	Policy entrepreneurs	EU influence
Group A countries	DK	Active path in context of holistic interventions. New measures focus on speeding up intervention and improving individual screening			Lessons drawn from previous schemes	—	"Exporter" of YG
	NL	Partnership- and network-based initiatives at regional level supporting comprehensive, integrated policies			Cross-regional learning very important	—	Important—Also "exporter" of policies
	UK	More interagency and joined-up partnership working under YG, with mixed results—"Payment by results" drives performance		Local tailoring important, limited collaboration in delivery	Lessons drawn from previous schemes	—	Important for regions with devolved government
Group B countries	FR	Limited evidence (partnerships often ad hoc)—Innovation linked to coordination of existing measures			As above	In some local *missions* and *Pôles emploi*	Important
	BE	Regional and local examples of establishing partnerships with nonstate actors and experimenting with holistic interventions			No systematic exchange of information between regions	—	Important
	ES	Major challenge: coordination at national level	Multi-agent partnerships in local pilot interventions	Established practice before YG in some localities but still a major challenge	Informal channels of information from bottom up	State in centralizing youth unemployment data—Local PES targeting specific groups	Important
	EL	As above	Very limited partnerships	Major challenge: experimenting with individually tailored services	—	—	Important
	SK	As above	Local, collaborative, trust-based relationships		Communities of practice exposed to international experience	In some localities, incubators of learning and innovation	Important

Source: Compiled on the basis of the information provided by the country reports (Turkey is omitted because there is no scheme similar to the YG or dual VET).

Table 6.5 Summary of findings—Apprenticeship Scheme

		Changes in governance	Changes in structure and knowledge/ pedagogic base of VET	Pathways of policy innovation		
		"Triple-" or "multi-helix" governance	**Flexible learning process—Integrated approach**	**Intentional learning, experimentation**	**Policy entrepreneurs**	**EU influence**
Group A countries	DK	Operation Apprenticeship launched by Confederation of Danish Industry	Emphasis on matching skills to needs of industry	Peer-to-peer learning and exchange of knowledge with training institutions and other key stakeholders	—	Important but also exporters of policies
	NL	Coalition of key stakeholders in Amsterdam region—Set vocational training in context of an integrated system of service provision		Cross-regional learning very important	—	As above
	UK	Apprenticeship Trailblazers imply significant shift in design and delivery of VET—New apprenticeship standards		Ongoing policy and peer learning	—	Little exchange of knowledge with the EU
Group B countries	FR	"Plural governance" of Second Chance Schools	Flexible learning process	Marseille model diffused to other regions/ localities	Local policy entrepreneurs mobilized key stakeholders	Important
	BE	JEEP program (Jeunes, École, Emploi), a network-based bottom-up initiative in the Forest municipality of Brussels		Diffusion to other municipalities	—	Important

ES	Different approaches by region	Employers can decide curricula	Individualized learning pathway (Basque region)—Learning across regions	Regional governments—Employers' associations	Important: Through European Alliance for Apprenticeship and bilateral agreements for cooperation with Germany
EL	Experimentation in tourism sector	Flexibility in course-based training and apprenticeship schedules following seasonality of tourism sector	Hellenic Chamber of Hotels and Greek–German Chamber of Industry and Commerce		As above
SK	Experimentation in automotive industry	New apprenticeship standards	Automotive Industry—Key actors drew on experience from other countries		As above

Source: Compiled on the basis of the information provided by the country reports (Turkey is omitted because there is no scheme similar to the YG or dual VET).

This combines services and provides comprehensive support, tailored to individual needs. Third is the strengthening of traineeships and apprenticeships, combining school- and work-based learning (dual VET), which are advocated by the European Commission as significant tools for enhancing youth employability, in parallel with the mobilization of employers to play a more active role in this respect.

Experimentation around a raft of policies for a YG is currently particularly visible in the Netherlands. This is illustrated by the case of two regions (Mid-Brabant and Amsterdam), which are implementing a preventive approach to youth unemployment that links the YG and dual training. The initiatives rest on cooperation between multiple agents. In the Amsterdam region, the aim is to embed vocational training in an integrated system of service provision embracing health, housing, family conditions, and labor market integration. The Mid-Brabant Pact is a partnership-based endeavor—signed by major stakeholders—for comprehensive and integrated interventions that are expected to lead to a Youth-Unemployment-Free Zone within 3 years (2015–2018). New policy tools include a youth monitor database linking schools, public employment offices, and local agencies, in addition to an umbrella network of partnerships that is hoped will foster rich, cross-industry learning—if network ties prove to be sustainable. Both cases involve extensive cross-regional learning, as mentioned previously, and introduce a partnership-based mode of policy governance. In this respect, the innovation consists in the "push for cooperation" that yields policy experimentation (Verschraegen, Vanhercke, and Verpoorten 2011).

Danish YG policies linked to dual training and apprenticeships stand out as the blueprint for the EC initiative for a YG. The key feature of this model is an active path that mixes education/training and work-first approaches in the context of holistic interventions that combine profiling the young by education and age—in order to activate them in a given period of time—with coaching, mentoring, and the development of basic skills. Recently, incremental changes have reinforced a path shift from rights to obligations for youth regarding education and employment (Carstensen and Ibsen 2016).

The United Kingdom is another front runner for ALMPs. A marketized logic dominates governance and delivery of policies in this country (e.g., the "payment-by-results" system). The negative aspects of this model, which slows down the coordinated use of knowledge for effective strategies targeting the most disadvantaged youth, were briefly highlighted in Section 6.4.1. These drawbacks are reflected in the persistently high NEET rate and the comparatively high risk of poverty and social exclusion among the young. The significant shift in the governance, design, and delivery of VET sought through the Apprenticeship Trailblazers initiative attempts to mobilize employers to play a central role in this respect (Hadjivassiliou, Swift, and Fohrbeck 2016).

Among Group B countries, initiatives for innovation in Belgium rest mostly with the relatively autonomous authorities (regions and language communities).

Flanders and the Brussels region take the lead for innovative partnership-based interventions and programs (e.g., the Jeunes, École, Emploi (JEEP) program, which provides guidance on training and job search to students before they leave compulsory education). The YG initiative has triggered some degree of central coordination through a national framework that fosters the use of local administrations' access to school data to prevent early school leaving, and the development of common conditionality criteria for unemployment benefit provision and of incentives for acquiring information/communication technologies and language skills (the latter are particularly important for labor mobility across language communities) (Martellucci and Lenaerts 2016).

In France, a most significant innovation in policy governance and in the structure and knowledge base of VET is linked with the introduction of Second Chance Schools (E2C) (European Commission 2013; Smith 2016). Their experimental introduction (in Marseille in 1997), institutional recognition, and further diffusion are closely linked with the role of local policy entrepreneurs in mobilizing regional/local stakeholders from the political, economic/corporate, and educational world to get involved in the design and operation of these new vocational education units in the context of a "plural governance." E2Cs signpost a significant shift in learning methodology from the mainstream qualification-based approach to the acquisition of competences in a flexible learning process that follows the student's progress. However, as for YG policies, a comprehensive outreach strategy for all young NEETs is lacking, the ability of the local PES (local "missions") to form partnerships with various local stakeholders is highly variable, and stakeholders' commitment is often low or ad hoc.

In Greece, Slovakia, and Spain, EU influence on introducing a comprehensive and integrated approach to youth unemployment and the NEETs problem, as well as upgrading and expanding VET, has been important. Nonetheless, interventions along these lines remain fragmented, with little positive effect on outcomes so far. In Spain, overly restrictive rules for participation in the YG program and a technically difficult registration process have excluded many low-skilled unemployed youth. Local partnerships forged with non-governmental organizations (NGOs) and with employers' associations to motivate the young to go to the PES to receive tailored services have been present in successful YG regional/local projects. Experimentation at the regional level aimed at mobilizing business-sector participation in the dual-training environment has been marked (e.g., in the Basque region; González Menéndez et al. 2016).

In Slovakia, experimental local community centers (some of them in the form of social enterprises) were formed by municipalities or by NGOs to support the social inclusion of marginalized social groups under the YG (with an emphasis on Roma youth). These have been inspired by similar organizations in Belgium and Germany through the diffusion of knowledge and expertise by research networks and international NGOs. Equally important are the knowledge and experience accumulated by principal officers in these centers, through

their previous careers in similar policy settings and the relationships of trust they have helped develop with local agencies. Moreover, the Automotive Industry Association played the role of "policy entrepreneur" in creating the first pilot centers in dual vocational schools in 2002, which instigated a wholesale reform to strengthen dual training (Veselková 2016).

In Greece, a top-down experimental transfer is underway in the context of the German–Greek cooperation for developing dual VET and improving its image. Domestic actors, such as the Hellenic Chamber of Hotels and the Greek–German Chamber of Industry and Commerce, played the role of "pull factors" for external stimuli and created industry-based experimental vocational education schools in order to provide the skills needed in the tourism industry. The initiative is still at an incipient stage. Moreover, there has been very little development of comprehensive and integrated intervention under the YG (Petmesidou and Polyzoidis 2016).

In Turkey, the on-the-job training program operated by the PES shares some similarities with the active path under the YG, given that it seeks to help young people with low skills into available training places. However, there is no in-built integrated and individualized orientation. The system operates in a highly centralized way with little bottom-up or horizontal communication. Despite some recent EU-inspired institutional building (e.g., the Vocational Qualification Authority and the Directorate-General of Lifelong Learning), the absence of cooperation between existing institutions and firms maintains substantive inefficiencies in VET, which is further weakened by an extensive practice of apprenticeships in the informal economy (Gökşen et al. 2016b).

6.5. CONCLUSIONS

The hypothesis of a distinction between those countries frequently experimenting with new, proactive youth employment measures (Denmark, the Netherlands, the United Kingdom, and, to some extent, France) and those exhibiting considerable inertia (mainly Greece and Turkey, but also Belgium, Slovakia, and Spain) is clearly supported by our analysis. This distinction cuts across the typology of STW transition regimes and indicates a more complex picture of differences and similarities within and between regimes, as well as across regions/localities, with regard to policy learning and effective innovation in youth labor markets.

Our analysis shows that the urgency of the youth employment problem in many areas of Europe in the aftermath of the Great Recession led to a swathe of policy responses involving learning, transfer, and experimentation in order to address the complex needs of youth at risk. By drawing upon the main explanatory frameworks of policy learning and transfer, we recorded the following mechanisms of policy learning and innovation: *evidence-based incremental changes* in policy delivery and policy instruments (e.g., in Denmark and the

United Kingdom); *a "layering" process* with new elements being drafted on existing policies and altering their focus (e.g., in the VET field in Denmark); a *novel way of governance* (multi-actor/multi-agency partnerships) with the potential to trigger a paradigm shift in policy design and implementation in specific regions (e.g., in the Netherlands and less wide-ranging in Belgium and Spain) or in specific policy fields (VET in France, Slovakia, and the United Kingdom); and, finally, the *mobilization of policy entrepreneurs* (Greece and Slovakia)—mainly under the influence of EU-level initiatives (YG and European Alliance for Apprenticeships)—who introduce and develop new ideas and instruments.

Regarding the pathways of learning, these range from more or less systematic diffusion of policy knowledge among the different levels of administration to peer-to-peer learning (in Group A countries) and weak or absent diffusion channels (in Group B countries). In the latter group of countries, EU influence through conditions linked to program funding, mutual learning activities, country recommendations, or coerced transfer (under the bailout deal for Greece) has had varying degrees of importance.

Notably, devolution of policy functions tends to facilitate learning and experimentation with innovative interventions because local/regional administrations and agencies are more likely to exchange knowledge on policy processes and tools among themselves, as well as get involved in EU-wide mutual policy learning. However, for innovative initiatives to yield results with regard to sustained labor market integration of youth at the national level, a policy environment that is conducive to coordinated sharing and diffusion of knowledge between different levels of administration and joint stakeholders' bodies is required. In some countries (e.g., Denmark), corporatist governance highly supports systematic bottom-up and top-down learning and policy innovation, leading to significant policy outcomes (namely comparatively low youth unemployment rates and gender disparities). In other countries, fragmented governance and administrative inertia hinder coordinated learning exchange for effective innovation. Poor labor market outcomes in Group B countries partly reflect these conditions.

The following major barriers were identified: *Fragmentation* and often overlapping competencies among different levels of administration lead to inconsistent cooperation across regions and with other actors, thus slowing innovation diffusion (in Belgium and Spain); *overcentralized administrative structures*, dominance of fragmented, project-based solutions, and inability to convert such projects into long-term sustainable policies (in Greece and Turkey); and *political culture and values* (e.g., a strong liberal tradition in the United Kingdom) and party-political expediency (e.g., in Slovakia), which do not favor systematic and coordinated flow of information into high levels of (strategic) policy decision-making. Hence, the improvement of coordination capacities vertically and horizontally among key policy actors is crucial for facilitating the spread of good practices nationwide.

Regarding the major foci of policy learning, innovation, and change, these include integrated, personalized interventions of a YG type; the structure, management, and knowledge base of VET as a significant tool for enhancing youth employability; and new forms of policy governance creating scope for regional/local experimentation. In Group A countries with developed vocational education "tracks" (e.g., Denmark and the Netherlands), the main policy challenges that involve learning and innovation concern VET upgrading, feedback mechanisms between VET and the labor market, and multi-actor/multi-agency forms of governance. How to mobilize employers—in collaboration with professional bodies and training providers—in order to reconsider the knowledge base, learning methodology, and delivery of VET and to develop new apprenticeship standards—is a key challenge also in France and the United Kingdom. In Group B countries, learning lessons from other countries' experience so as to improve the quality and capacity of PES operation is a crucial step toward developing integrated individualized services under the YG. Equally important is drawing experience from across Europe in order to develop robust VET systems and raise their public visibility and attractiveness for young people.

NOTES

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2 Accessible at http://ec.europa.eu/social/main.jsp?catId=1022. There is also a vast literature on innovation patterns regarding the interface between labor market institutions, technological/organizational regimes, and industrial competition. Such research examines innovation in the light of economic theory (e.g., the Schumpeterian view on innovation and entrepreneurship)

and focuses on the extent to which labor market deregulation and increasing flexibility promote or hamper innovation, productivity, and gross domestic product growth (Kleinknecht, van Schaik, and Zhou 2014). However, this literature is beyond our scope here.

3 Similarly, the Europeanization literature focusing on change induced by EU policy options (Radaelli 2003) distinguishes between inertia, absorption/accommodation of new elements into domestic policies without significant change in the overall institutional settings, and wholesale changes in policy structures and processes.

4 Also see European Commission (2014), where Austria, Denmark, Germany, and the United Kingdom are among the countries with comparatively high rates of transitions from short-term unemployment to employment and from temporary to permanent employment (among all working-age groups). The Netherlands is a borderline case with its low transition rates from temporary to permanent employment but comparatively easy returns from short-term unemployment to permanent employment. Greece and Spain are among the worst performers in these two respects. Slovakia also exhibits low rates of return from short-term unemployment to employment.

5 Turkey shares some similarities with Southern European countries in terms of welfare patterns (Grütjen 2008), but there are significant differences in employment structure. In 2014, approximately one-fifth of the labor force was employed in agriculture (the rates for Italy, Portugal, and Spain ranged between 4% and 5%; in Greece. the share stood at 13%).

6 Turkey exhibits a much lower level of educational attainment for women, with 45% not having completed primary schooling (Gökşen et al. 2016a). Across EU countries, gender differences in terms of the educational field of study, vocational educational orientation, and the impact of parenthood are crucial for examining labor market entry (Mills and Präg 2014). However, these issues lie outside our scope here.

7 For a detailed presentation of the country studies, see the Working Papers and Synthesis Reports available at http://www.style-research.eu/publications/working-papers (under Work Package 4).

8 For a critical discussion of "flexicurity," see Smith et al. in this volume.

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PART II

TRANSITIONS AROUND WORK AND THE FAMILY

7

HOW DO YOUTH LABOR FLOWS DIFFER FROM THOSE OF OLDER WORKERS?

Vladislav Flek, Martin Hála, and Martina Mysíková

7.1. INTRODUCTION

This chapter analyzes youth labor market dynamics, their structure, and their policy implications. We focus on selected European Union (EU) countries (Austria, France, Poland, and Spain) during the various stages of the Great Recession (2008–2009, 2010–2011, and 2012), comparing the results for young people (aged 16–34 years) with those for prime-age individuals (aged 35–54 years). The choice of countries is based on two criteria: (1) sufficient differences in youth labor market performance and/or in labor market regulations[1] and (2) the availability/quality of data.[2] We concentrate on the possible presence of *common* trends across all the countries analyzed.

Our aim is to provide new evidence regarding differences between youth and prime-age labor market dynamics, thus calling attention to the overall presence of age-based labor market segmentation and even marginalization. To this end, we apply (1) the flow approach toward labor market dynamics (Blanchard and Diamond 1990; Elsby, Smith, and Wadsworth 2011) and (2) an analysis of the socioeconomic determinants of transitions in both directions between employment and unemployment (D'Addio 1998; Kelly et al. 2013; Flek, Hála, and Mysíková 2015).

Our analysis is based on an exploration of longitudinal data from the European Union Statistics on Income and Living Conditions (EU-SILC) in an innovative way. In Sections 7.2 and 7.3, we argue in detail that existing flow analyses based on longitudinal data lack comparisons across EU countries because of data

limitations. For the same reason, they typically concern working-age populations as a whole rather than just youth. The cross-national analysis based on longitudinal data developed in this chapter represents a research novelty, but we must admit that it still far from constitutes full representativeness.

In general, youth labor market dynamics should be more pronounced compared to those of prime-age groups for many reasons. First, young people move relatively more frequently between the labor market and inactivity. In addition, two other key factors are worth noting: (1) Matching difficulties in the early years of working life lead to frequent job changes, with repeated unemployment spells in between; and (2) investment in firm-specific human capital is lower for young people; hence, when layoffs occur, the last-in, first-out (LIFO) rule is frequently applied (Bell and Blanchflower 2011). For the period of the Great Recession, there is still a lack of studies comparing the quantitative dimension of youth and prime-age labor market dynamics.

The *flow* approach views labor market transitions as a state-dependent process that simultaneously involves all the movements (flows) of individuals between employment, unemployment, and inactivity. It enables us to quantify the overall degree and structure of labor market dynamics over time, across countries, and for various age groups. We address the degree of difference between the gross flows and flow transition rates (transitional probabilities of moving from one labor market status to another) of young and prime-age individuals. The results should be instructive for assessing the gap between the labor market prospects of the two age groups.

The flows between labor market statuses, particularly between employment and unemployment, determine variations in unemployment rates (Petrongolo and Pissarides 2008). We focus on the link between the different unemployment performances in various countries, age groups, and periods and the concrete flow, which contributes decisively to the observed differences in the evolution of unemployment rates. Thus, our research results based on the "flow" decomposition of unemployment rate dynamics should be helpful for understanding differences in the evolution of youth and prime-age unemployment rates.

Research on youth labor market dynamics concentrates on school-to-work transitions (for an overview and/or most recent findings, see Albert, Toharia, and Davia 2008; Berloffa et al., this volume; Hadjivassiliou et al., this volume). We prefer instead to combine the flow approach outlined previously with a detailed analysis of the socioeconomic determinants of transitions between employment and unemployment. Our previous research (Flek and Mysíková 2016) shows that the flows in both directions between employment and unemployment are actually decisive for the overall youth labor market dynamics during the Great Recession.

When estimating the determinants of a likelihood of exiting employment and becoming unemployed, we intend to verify the significance of age, in particular. Furthermore, we estimate the determinants of moving from unemployment to

employment, with an emphasis on the length of previous unemployment. With increasing unemployment duration, the unemployed are likely to be stigmatized and/or discouraged from further job search. Job-finding prospects may therefore be viewed as a diminishing function of unemployment duration, net of other socioeconomic characteristics of the unemployed (Machin and Manning 1999; Shimer 2012). Based on our results, we suggest country-specific adjustments in youth unemployment policy agendas.

To summarize, the chapter addresses the following key research questions:

1. How do youth labor market dynamics (expressed by the movements of young people between employment, unemployment, and inactivity) differ from the dynamics of the prime-age individuals?
2. Do the most marked differences between the evolutions of the youth and the prime-age unemployment rates lie in a relatively different exposure to job loss, in the prospects for exiting unemployment, or in transitions between inactivity and the labor market?
3. Does the age of a worker significantly affect the probability of job loss followed by unemployment? Or is the impact of the age variable actually offset by variables such as work experience or education?
4. How do job search durations vary between young and prime-age unemployed persons? At which unemployment duration does the job-finding probability of an unemployed person drop significantly and become already comparable to the gloomy employment prospects of a long-term unemployed individual?

Section 7.2 provides a literature overview with a deeper foundation of our research questions. We outline our methodological approach in Section 7.3 and also describe how we conduct cross-national comparative flow analyses using longitudinal EU-SILC data. In Section 7.4, we focus on the youth and prime-age flows and flow transition rates. This section continues with decompositions of unemployment dynamics and the identification of the driving forces (flows) that account for the different evolution of youth and prime-age unemployment rates. In Section 7.5, we analyze the determinants of youth and prime-age flows in both directions between employment and unemployment. Section 7.6 concludes the chapter.

7.2. LITERATURE OVERVIEW

The literature provides us with various partial arguments pointing to the specificity of youth labor market dynamics. Only a small fraction of young labor market entrants immediately manage to find stable and satisfactory employment. The rest are first faced with unemployment or with frequent job changes

combined with repeated unemployment spells (for recent evidence, see Berloffa et al., this volume). This situation is often attributed to educational mismatch, to a lack of work experience, or to the absence of firm-specific skills on the part of young workers (International Labour Organization (ILO) 2013; McGuinness, Bergin, and Whelan, this volume).

The position of young adults in the labor market is more dynamic than that of prime-age participants even when education, skills, and other characteristics match the employer's requirements. Young employees are still more likely to be subject to layoffs—through the practice of fixed-term labor contracts or because of the LIFO rules and seniority-weighted redundancy payments (Bell and Blanchflower 2011). Higher outflows from employment to unemployment compared to those for the prime-age segment of the workforce thus indicate that young workers actually constitute a marginalized group in the sense established by Reich, Gordon, and Edwards (1973).

As shown most recently by Elsby et al. (2011), young people are also characterized by a relatively higher frequency of outflows from unemployment into employment and by shorter unemployment spells compared to the prime-age segment. Such a seemingly positive tendency is likely to be associated with the lower reservation wages of young unemployed, with their acceptance of less stable or less significant jobs, and with lower redundancy costs linked with their future layoffs (Blanchard 1999; Berloffa et al., this volume). Thus, the relatively high outflows of young people from unemployment into employment are again closely linked with a notion of youth as a marginalized group: Young people appear to be forced to accept jobs prevailingly on secondary labor markets, with frequent and relatively brief unemployment episodes in between.

Despite the reasonably good and varied amount of findings collected so far, we believe that an accurate, cross-national view on youth labor market dynamics during the Great Recession is still largely missing. This concerns the absence of a synthetic measure of such dynamics and their structure, as well as comparisons with the labor market dynamics of prime-age individuals. The flow approach seems a promising way to fill that gap. However, the existing longitudinal flow literature lacks comparisons across countries because of data limitations. Instead, it explores national data sources such as Labor Force Surveys (Gomes 2009; Elsby et al. 2011). Also, except for the latter authors, such flow analyses concern working-age populations as a whole rather than various age groups.

Elsby et al. (2011) deal explicitly with youth flows in the United Kingdom and report a higher youth labor market dynamics compared to the prime-age group. Higher youth outflow rates from employment to unemployment and vice versa appear to be in line with the theoretical assumptions of Reich et al. (1973) and Blanchard (1999). These rates confirm the presence of an age-based labor market segmentation and the marginalized status of young workers in the United Kingdom. Flek and Mysíková (2015) and Flek et al. (2015) address youth flows in the Czech Republic and provide some comparisons with neighboring

countries and/or Spain, with similar conclusions to those reported by Elsby et al. (2011). Given the relatively small number of such studies, European youth flows still need to be analyzed in a broader cross-country perspective.

The Great Recession exacerbated the difficulties for young people on the labor market, creating a situation in which youth unemployment rates increased faster than prime-age unemployment rates (ILO 2013). Because the flows of workers between labor market statuses determine variations in unemployment rates (Petrongolo and Pissarides 2008; Dixon, Freebairn, and Lim 2011; Elsby et al. 2011; Shimer 2012), a link can be derived between the different unemployment performances in various countries, age categories, or periods, on the one hand, and the concrete flow (which contributes decisively to the observed differences), on the other hand. Labor market and activation policies should then focus on that particular flow. As noted by Elsby et al. (2011), "Policy that focused on encouraging outflows from unemployment may not be as relevant in an economy in which rises in unemployment were driven by changes in the rate of outflows from employment" (p. 4).[3]

When estimating the socioeconomic determinants of moving from employment to unemployment, we use a standard binary probit model. Kelly et al. (2013) use an analogous approach for analyzing the outflows from youth unemployment to employment in Ireland during the Great Recession. Our main aim is to verify the presence of age-based labor market segmentation, based on the higher exposure of young people to job loss followed by unemployment.

A negative relationship between job-finding probability and unemployment duration is referred to in the literature as the "duration dependence" (Machin and Manning 1999; Shimer 2012). We plan to verify its presence in both age categories of unemployed by performing estimates based on the discrete-time proportional hazard models developed by Cox (1972) and Jenkins (1997). Among others, Albert et al. (2008) use such models when analyzing school-to-work transitions in Spain. Other examples include retirement decisions in the United Kingdom (Disney, Emmerson, and Wakefield 2006) and employment decisions after the birth of the first child in Spain (Davia and Legazpe 2014). To our knowledge, there have been only two attempts to explore this model for analyzing exits from youth unemployment into employment (D'Addio 1998; Flek et al. 2015), and both of these point to the significance of duration dependence. As with the flow analysis, however, cross-country comparisons and comparisons between age groups are still scarce.

7.3. DATA AND METHODOLOGY

To our knowledge, this chapter represents one of the first attempts to use the matched longitudinal monthly data of the EU-SILC database for a comparative analysis of youth and prime-age labor market flows in Europe. Being relatively

new, this approach requires some initial description of the data, followed by methodological notes on estimation strategies.

7.3.1. Labor Market Dynamics and Flow Decomposition of Unemployment Rates

Some European labor markets that are potentially suitable for reference purposes, such as that of Germany, were not yet included in the versions of longitudinal EU-SILC data sets used in our analysis. Some countries, typically Scandinavian, collected some of the relevant variables only for one selected person per household. In other potentially interesting cases, such as the United Kingdom, there were other technical obstacles to the results being comparable (e.g., a high share of missing information on monthly economic activity).

We deal with young people aged 16–34 years at the beginning of all analyzed periods (2008–2009, 2010–2011, and 2012). The prime-age population, aged 35–54 years, represents a reference group. The choice of the age interval 16–34 years to represent young people is relatively straightforward in that any study aimed at youth labor market dynamics has to involve at least the early stages of work careers of young people, including university graduates. Where appropriate, we decompose the youth age band into various subgroups (16–19, 20–24, 25–29, and 30–34 years) so as to examine the possible heterogeneity of this age group.

The EU-SILC data explored in Section 7.4 consider an individual as the unit of analysis. Only the respondents with full survey participation over the chosen subperiods have been selected for analysis. Our national subsamples are therefore pure panels, where all the reported month-to-month individual labor market statuses are matched. We use the longitudinal weights provided by Eurostat specifically for these subsamples—the standard means of minimizing the attrition bias. Regarding the calendar bias, we hope to avoid it by averaging the observed status changes over the subperiods analyzed.[4] Nonetheless, the retrospective nature of reports on economic activity and their self-declared character may lead to deviations from the ILO definition of unemployment.

We extract a 2-year period from longitudinal EU-SILC 2010 (version 5 of August 2014), which covers monthly economic activity for January 2008 through to December 2009, and another 2-year period from longitudinal EU-SILC 2012 (version 1 of August 2014), which includes data for January 2010 through to December 2011. Both of these subsamples provide chains of 23 monthly individual labor market statuses (i.e., employment, unemployment, and inactivity) and contain far more respondents than a single, 4-year panel of EU-SILC. We also add data for January through December 2012, from EU-SILC 2013 (version 2 of August 2015). The chains of monthly labor market statuses for a single year are obviously shorter (and thus less suitable for longitudinal analysis than the 2-year subsamples), but they enable us to incorporate the year 2012 into the analysis.

In the past month, an individual could be employed (E_{t-1}), unemployed $\left(U_{t-1}\right)$, or inactive $\left(I_{t-1}\right)$. In the current month, he or she can remain in an unchanged labor market status[5] or change it as follows: $\left(E_{t-1} \to U_t\right);\left(E_{t-1} \to I_t\right);\left(U_{t-1} \to E_t\right);\left(U_{t-1} \to I_t\right);\left(I_{t-1} \to E_t\right);\left(I_{t-1} \to U_t\right)$. Thus, the individual may move from previous to current status in six ways, and the corresponding numbers of individuals represent six gross labor market flows. Figure 7.1 in Section 7.4 compares the relative involvement of young and prime-age individuals in gross flows, where $UE = \left(U_{t-1} \to E_t\right) / \left(E_{t-1} + U_{t-1} + I_{t-1}\right)$ and so forth for *EU, EI*, ... This approach represents a standard proxy for aggregate and/or group-specific labor market fluidity (Blanchard and Diamond 1990).

In contrast, transitional probabilities λ presented later in Section 7.4 (see Figures 7.2 and 7.3) represent a first-order Markov process, where the probability of moving from the previous to the current status depends exclusively on the individual's previous status (Blanchard and Diamond 1990). For instance, an unemployed individual's average monthly job-finding probability is $\lambda^{UE} = \left(U_{t-1} \to E_t\right) / U_{t-1}$.

Next to this, we express a net change in unemployment in terms of the corresponding average monthly gross flows "in" $\left(E_{t-1} \to U_t; I_{t-1} \to U_t\right)$ and "out" of unemployment $\left(U_{t-1} \to E_t; U_{t-1} \to I_t\right)$, which are additionally rearranged as a product of the respective transition probability rate λ and the labor market stock (*E, U, I*) at time (t – 1). A monthly average change in unemployment rate in percentage points is then decomposed into the contributions of the "ins" and the "outs" of unemployment. The third term shows the contribution of changes in the labor force to unemployment rate dynamics. Such a decomposition of unemployment rate dynamics was developed by Dixon et al. (2011) and applied in a slightly modified form also by Flek and Mysíková (2015). Table 7.1 in Section 7.4 reports results separately for the evolutions of the youth and prime-age unemployment rates.

7.3.2. Assessing the Determinants of Transitions Between Employment and Unemployment

In Section 7.5, the estimates consider an (un)employment spell as the unit of analysis, including multiple episodes. This leads to a different data organization, which is based on nonweighted subsamples. It must be admitted that a data organization of this kind makes the results potentially more prone to the calendar and/or attrition bias than in the case of the flow approach (presented in Section 7.4), which considers the individual as the unit of analysis. We concentrate initially on the determinants of transitions from employment to unemployment by using a probit model. In the 2-year subperiods, we extract from nonweighted samples all employment spells occurring at any time between the first month of the first year (January 2008 or January 2010) and the beginning of the second year (January 2009 or January 2011). For 2012, we concentrate on employment

recorded in the first month (January 2012). For all of the three subperiods, we ascertain whether or not the transitions into unemployment occur during the following 11 months.

The dependent binominal variable in a probit model equals 1 if an employment status transitioned to unemployment during the observed period, and 0 otherwise. The individual and other characteristics (e.g., age, gender, education, work experience, household size, and population density) stand for independent explanatory variables. We report results in the form of average marginal effects for pooled samples (with a dummy for prime age) and then separately for the two age groups. Among a range of potentially relevant determinants, we do not analyze the impact of previous employment duration. We are aware that the length of an employment spell can affect the probability of losing a job (e.g., because of LIFO) but, unfortunately, job tenure is not available in the data. Instead, we capture the intensity of employment by years of work experience as a regressor.

For the duration model estimates, we collect all unemployment spells in our three nonweighted subsamples. As with the probit estimates, we refer later for simplicity to individuals, although some of them experienced multiple unemployment spells. The data used for estimations are naturally censored. We introduce a censoring indicator "1" if an unemployment spell terminates in employment and "0" in all other cases.[6]

The econometric analysis is developed in two steps. As the first step, we explore the Kaplan–Meier (KM) estimator (Kaplan and Meier 1958), which represents a nonparametric estimate of the survival function. For our purposes, "survival" means the duration of unemployment; time is measured in months. At this stage, we do not account for individual or other characteristics. Instead, we simply assume that the KM survival curves will decline over time in line with the emergence of closed spells that end in a move into employment. Log-rank tests would document how (in)significantly the KM curves for young and prime-age unemployed differ—in other words, whether the duration of job search differs significantly between the two age categories.

Second, we apply a discrete-time proportional hazard model (Cox 1972).[7] Our idea is to detect the "true" duration dependence of unemployment. Note that unemployed workers with "bad" characteristics (low education, etc.) tend to be less employable than those with "good" characteristics. This is likely to apply to unemployment spells of any length and leads to a selection of individuals with "bad" characteristics into long-term unemployment. But such "duration dependence" is actually spurious because it is explained by other variables and not by unemployment duration per se. In contrast, unemployment duration in and of itself may negatively affect the job-finding probability of unemployed individuals—even after controlling for their available characteristics and unobserved heterogeneity—because of the stigmatization and discouragement effects of long-term unemployment.

We assume that the baseline hazard function is piecewise constant in the chosen unemployment duration intervals (1–2 months, 3–4 months, 5–6 months, 7–10 months, 11–15 months, and 16–24 months), whereas the vector

of covariates in the model equation indicates the impact of explanatory variables on the probability of moving in a randomly chosen time from unemployment into employment. For the sake of better interpretation, the estimated coefficients are transformed into hazard ratios. For the periods 2008–2009 and 2010–2011, unemployment spells lasting between 16 and 24 months represent a reference duration interval. For 2012, a reference interval stands for unemployment spells lasting between 11 and 12 months. The set of chosen covariates is analogous to the previous probit analysis.[8]

7.4. LABOR MARKET DYNAMICS AND THEIR AGE-BASED SPECIFICITY

7.4.1. Comparing the Youth and Prime-Age Gross Flows

Figure 7.1 reports gross flows for young (aged 16–34 years) and prime-age (aged 35–54 years) individuals in the four countries considered and suggests the presence of country-specific and age-based patterns in labor market dynamics during the Great Recession. The results are presented as percentages, where, for instance, *UE* relates the average monthly number of individuals involved in a gross flow from unemployment to employment to total labor market stocks (and so forth for *EU, EI*, . . .).

In both age groups, Austria and Spain record persistently higher aggregate fluidity of their labor markets compared to France and Poland. Viewed from another perspective, all the countries involved in our analysis display an approximately two or three times lower degree of aggregate fluidity of their labor markets compared to the United States and the United Kingdom, where between 5% and 7% of the working-age population change their labor market status every month or quarter (Gomes 2009). In this respect, our results are in line with the general view, which considers the Anglo-American labor markets to be considerably more fluid than the labor markets in Continental, Southern, or Eastern Europe.[9]

Figure 7.1 shows that young people are relatively more involved in gross flows compared to prime-age individuals. This holds true uniformly across all the analyzed countries and periods (1: 2008–2009; 2: 2010–2011; and 3: 2012). Thus, on aggregate, the position of young people on the labor market is much less stable. This result confirms the observations of Elsby et al. (2011) for the United Kingdom, who also established that young people "churn" through the labor market relatively more frequently.

The structure of the gross flows of young people is different from that of prime-age individuals. Whereas in the latter case, gross flows between employment and unemployment (*UE; EU*) are almost the only source of dynamics, the youth flows involve a relatively higher frequency of transitions between inactivity and the labor market (*IE; EI; UI; IU*). This is fully in line with intuition,

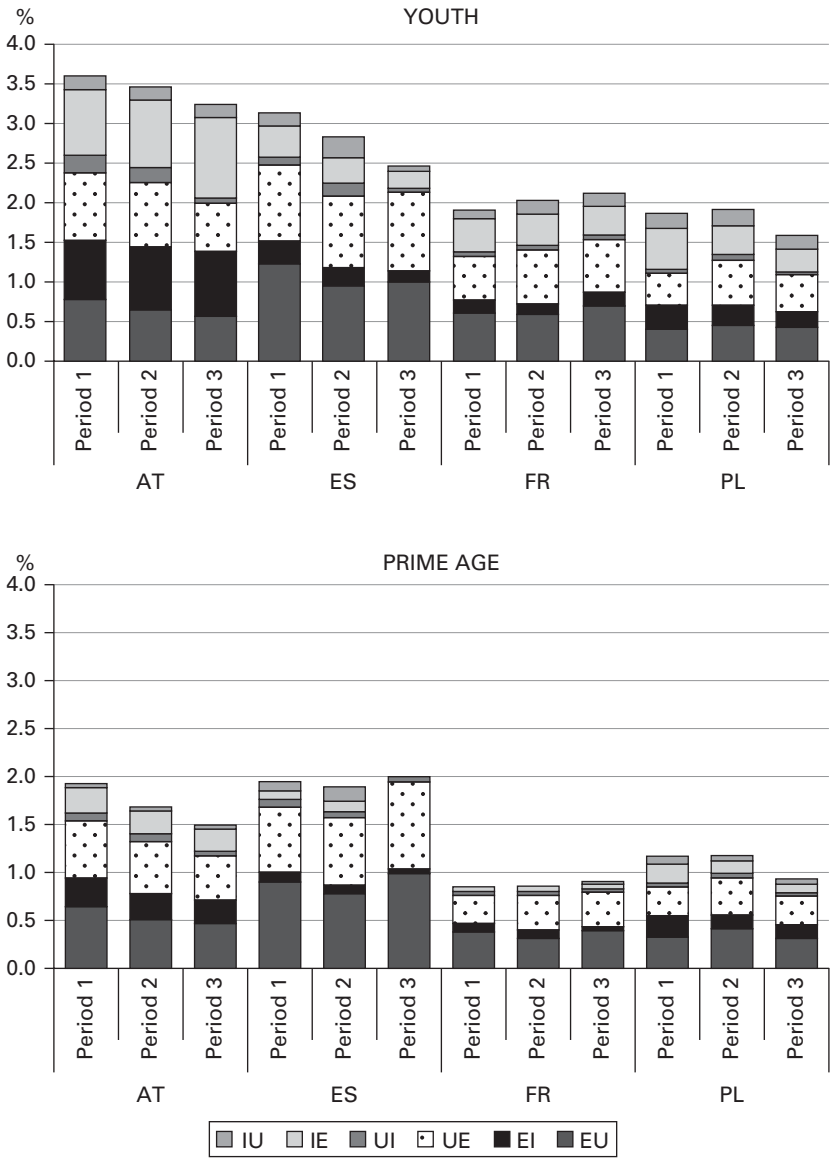

Figure 7.1 Gross flows as percentages of total matched labor market stocks in four European countries (monthly averages; period 1: 2008–2009; period 2: 2010–2011; period 3: 2012; youth: 16–34; prime age 35–54).
Sources: EU-SILC longitudinal UDB 2010, version 5 of August 2014; EU-SILC longitudinal UDB 2012, version 1 of August 2014; EU-SILC UDB 2013, version 2 of August 2015; authors' computations.

given that young people naturally tend to enter or exit the labor market relatively more frequently, particularly because of beginning/finishing education or because of taking/finishing parental leave.

The relatively higher frequency of transitions between inactivity and the labor market is not the sole specificity of youth labor market dynamics. The relative share of youth flows between employment and unemployment in both directions (*EU; UE*) is actually also higher compared to that of prime-age individuals. Figure 7.1 reveals that these two flows typically account for more than 50% of the entire youth labor market dynamics. Only Austria deviates persistently from this tendency because of its exceptionally high shares of youth transitions from employment to inactivity and vice versa (*EI; IE*).

7.4.2. The Youth and Prime-Age Transition Rates

Figures 7.2 and 7.3 present transition rates from employment to unemployment (λ^{UE}) and from unemployment to employment (λ^{UE}) for young and prime-age individuals for the three periods and the four countries considered.

The values of λ^{EU} in Figure 7.2 confirm that a young worker (aged 16–34 years) is more likely to become unemployed than a prime-age worker (aged 35–54 years). This finding stems from comparisons of the last two columns (i.e., of the two age groups) for each country and applies uniformly to the four countries and the three periods analyzed, irrespective of the existing institutional differences, different unemployment performances, or other national specificities. A disproportionally high exposure of young workers to unemployment appears to be a general phenomenon, suggesting the overall presence of an age-based segmentation and marginalization on European labor markets.

Figure 7.2 also documents heterogeneity in the risk of becoming unemployed within the youth age band (16–34 years). The lowest age categories (16–19 and/or 20–24 years) face the highest risk of becoming unemployed. But this is not to say that as the age of young workers increases, their risk of becoming unemployed becomes fully comparable with that of prime-age workers. Even the upper youth age category (30–34 years) typically faces a relatively higher risk of becoming unemployed compared to prime-age workers.

The job-finding rates $\left(\lambda^{UE}\right)$ in Figure 7.3 suggest that, with the sole exception of Austria in 2008–2009, a young unemployed person is relatively more "attractive" than a prime-age individual when firms hire new workers. This applies also to the job-finding rates $\left(\lambda^{IE}\right)$ of previously inactive young people (see Figures A7.1–A7.4 in the Appendix). As argued in more detail in the literature overview in Section 7.2, such tendencies will probably again label youth as a marginalized group, forced to accept less stable employment conditions compared to the prime-age segment of the workforce, with frequent subsequent transitions back into unemployment.

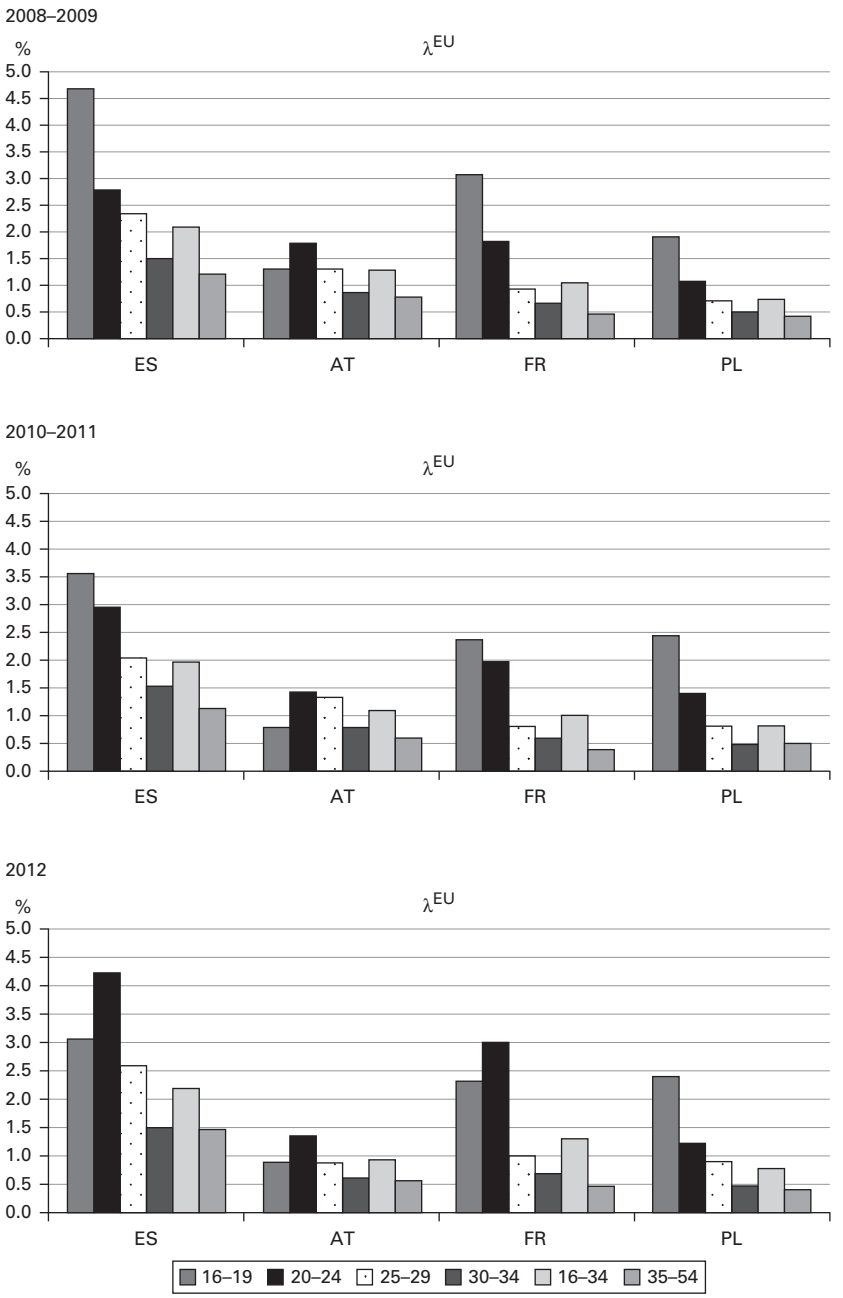

Figure 7.2 Transition rates from employment to unemployment for various age groups in four European countries (monthly averages, in %)
Sources: EU-SILC UDB 2010, version 5 of August 2014; EU-SILC UDB 2012, version 1 of August 2014; EU-SILC UDB 2013, version 2 of August 2015; authors' computations.

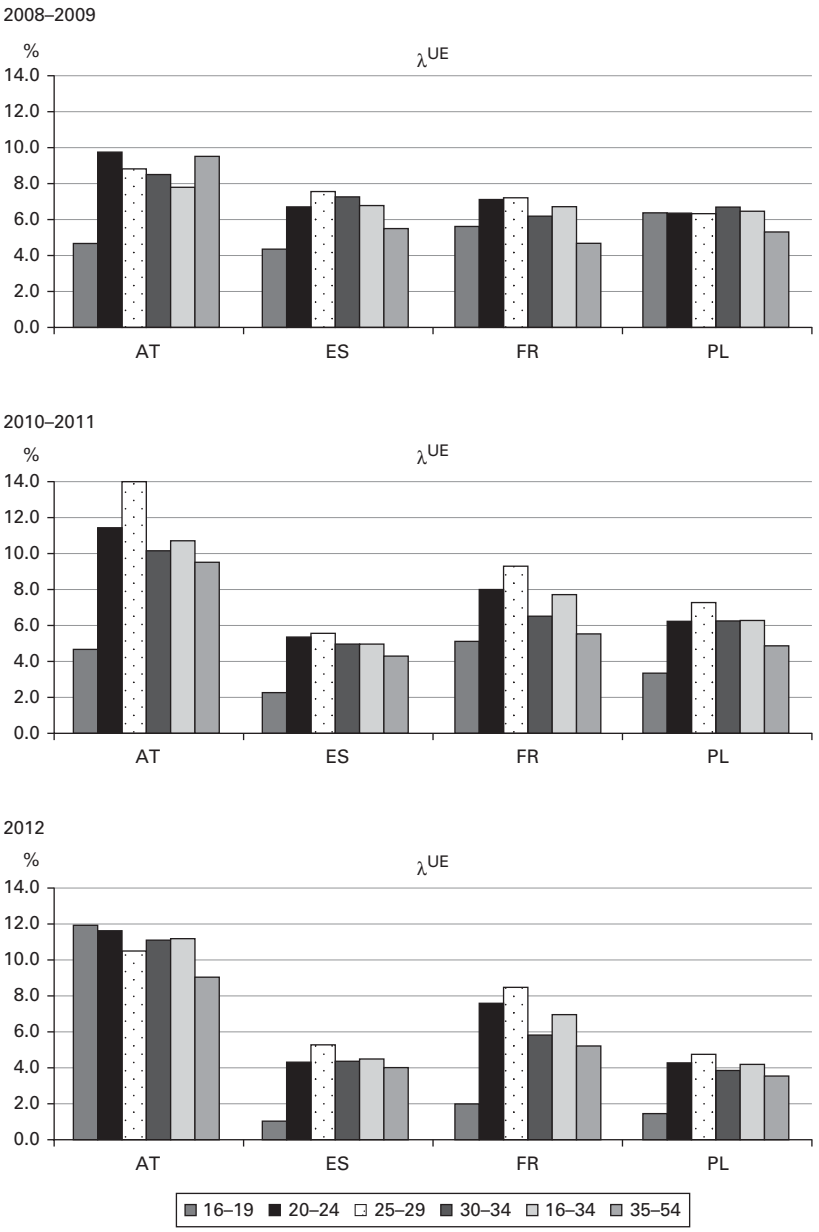

Figure 7.3 Transition rates from unemployment to employment for various age groups in four European countries (monthly averages, in %).
Sources: EU-SILC UDB 2010, version 5 of August 2014; EU-SILC UDB 2012, version 1 of August 2014; EU-SILC UDB 2013, version 2 of August 2015; authors' computations.

One would presume that the lowest age categories of young unemployed transition back into education (inactivity) more frequently than the upper categories. This alternative transition channel should help them avoid remaining in unemployment and increase their job-finding chances in the future. However, our results presented in the Appendix suggest that even the lowest age categories of young unemployed remain mostly dependent on the labor market and that their transitions to education (inactivity) cannot be viewed as a relevant alternative.[10]

Our findings confirm the observations of Elsby et al. (2011) for the United Kingdom. The established (age-based) gaps in both job-loss and job-finding rates can be interpreted as typical features of marginalized groups in the sense of Reich et al. (1973) or Blanchard (1999). The results point to the need for additional policy measures aimed at higher employment stability and a better quality of jobs held by young people rather than at merely increasing their outflow rates from unemployment (inactivity) to employment.

7.4.3. Flow Decomposition of Unemployment Rate Dynamics

Table 7.1 decomposes changes in the unemployment rate for the four countries considered (AT, ES, FR, and PL) in terms of both movements into unemployment (from employment or inactivity) and movements out of unemployment (into employment or inactivity) over the periods 2008–2009, 2010–2011, and 2012. The results in the second column demonstrate the trend of disproportionate increases in youth unemployment rates compared to prime-age unemployment rates in the initial period of the Great Recession (2008–2009). As seen in the fourth column, these disproportionate increases in youth unemployment in 2008–2009 (in ES, FR, and PL) were generated decisively by inflows into unemployment from employment, which accounted for far higher increases in youth unemployment rates than in prime-age unemployment rates.

This is in line with our finding that the job-loss rates of young workers are persistently higher than those of prime-age workers. But in the fourth column of Table 7.1, we can see exactly how the inflows of workers into unemployment from employment contribute to the different evolutions of the unemployment rates of the two age groups. The contribution of inflows into unemployment from inactivity in the fifth column is also higher for young people, but this contribution to the different unemployment rate dynamics of the two age groups is much less relevant than the contribution of inflows of workers into unemployment from employment (likewise, the contribution of changes in the labor force in the last column is less relevant).

In contrast, had the outflows from unemployment to employment (in the seventh column in Table 7.1) been the only driver of unemployment rate dynamics, youth unemployment rates would actually have developed more favorably than prime-age unemployment rates. This confirms that the job-finding difficulties of the young unemployed cannot be viewed as the cause of disproportionate increases in youth unemployment rates in the initial stage of the Great Recession (2008–2009).

Table 7.1 Unemployment rate dynamics of young people (aged 16–34 years) and prime-age individuals (aged 35–54 years) in four European countries in 2008–2009, 2010–2011, and 2012 (monthly averages, in percentage points)

Country/period	$\Delta\left(\frac{U}{LF}\right)$	"Ins" (+)	$\lambda^{EU}\frac{I_{t-1}}{LF_t}$	$\lambda^{IU}\frac{E_{t-1}}{LF_t}$	"Outs" (–)	$-\lambda^{UE}\frac{U_{t-1}}{LF_t}$	$-\lambda^{UI}\frac{U_{t-1}}{LF_t}$	Contribution of changes in LF[a]
AT 2008–2009								
Prime age	0.0311	0.7845	0.7297	0.0548	–0.7599	–0.6685	–0.0914	0.0065
Youth	–0.1660	1.3498	1.1001	0.2498	–1.5124	–1.1797	–0.3327	–0.0034
AT 2010–2011								
Prime age	–0.0788	0.6160	0.5533	0.0628	–0.6992	–0.6127	–0.0866	0.0044
Youth	–0.2594	1.2005	0.9697	0.2308	–1.4543	–1.1670	–0.2873	–0.0056
AT 2012								
Prime age	–0.0012	0.5719	0.5354	0.0364	–0.5743	–0.5180	–0.0563	0.0012
Youth	0.0408	1.0867	0.8436	0.2431	–1.0120	–0.9025	–0.1095	–0.0339
ES 2008–2009								
Prime age	0.3080	1.1727	1.0535	0.1193	–0.8641	–0.7768	–0.0873	–0.0006
Youth	0.4432	1.9669	1.6931	0.2737	–1.4785	–1.3286	–0.1499	–0.0452
ES 2010–2011								
Prime age	0.1791	1.1002	0.9189	0.1813	–0.9041	–0.8088	–0.0953	–0.0170
Youth	0.1446	1.8244	1.4199	0.4045	–1.5977	–1.3550	–0.2426	–0.0821
ES 2012								
Prime age	0.0926	1.1173	1.1089	0.0084	–1.0321	–1.0091	–0.0230	0.0074
Youth	0.0036	1.5550	1.4727	0.0823	–1.5106	–1.4612	–0.0494	–0.0408

(*continued*)

Table 7.1 Continued

Country/period	$\Delta\left(\frac{U}{LF}\right)$	"Ins" (+)	$\lambda^{EU}\frac{I_{t-1}}{LF_t}$	$\lambda^{IU}\frac{E_{t-1}}{LF_t}$	"Outs" (–)	$-\lambda^{UE}\frac{U_{t-1}}{LF_t}$	$-\lambda^{UI}\frac{U_{t-1}}{LF_t}$	Contribution of changes in LF[a]
FR 2008–2009								
Prime age	0.0916	0.4532	0.4292	0.0240	–0.3623	–0.3276	–0.0347	0.0007
Youth	0.1252	1.1087	0.9230	0.1858	–0.9255	–0.8313	–0.0942	–0.0581
FR 2010–2011								
Prime age	–0.0407	0.3760	0.3504	0.0255	–0.4153	–0.3890	–0.0263	–0.0014
Youth	–0.0311	1.1350	0.8799	0.2551	–1.0941	–1.0059	–0.0881	–0.0721
FR 2012								
Prime age	0.0242	0.4447	0.4247	0.0200	–0.4196	–0.3879	–0.0317	–0.0009
Youth	0.1678	1.3437	1.0912	0.2525	–1.1115	–1.0138	–0.0977	–0.0645
PL 2008–2009								
Prime age	0.0648	0.4748	0.3910	0.0838	–0.4088	–0.3597	–0.0491	–0.0012
Youth	0.1974	0.9511	0.6529	0.2982	–0.6974	–0.6299	–0.0675	–0.0563
PL 2010–2011								
Prime age	0.0238	0.5294	0.4684	0.0611	–0.5063	–0.4518	–0.0545	0.0007
Youth	–0.0214	0.9993	0.6961	0.3032	–0.9643	–0.8663	–0.0980	–0.0564
PL 2012								
Prime age	0.0151	0.3902	0.3626	0.0276	–0.3796	–0.3475	–0.0321	0.0046
Youth	0.0855	0.8987	0.6498	0.2488	–0.7501	–0.7075	–0.0426	–0.0632

[a]Computed as $U_{t-1}\left(\frac{1}{LF_t}-\frac{1}{LF_{t-1}}\right)$. The results are affected by rounding.

Sources: EU-SILC UDB 2010, version 5 of August 2014; EU-SILC UDB 2012, version 1 of August 2014; EU-SILC UDB 2013, version 2 of August 2015; authors' computations.

After a short break in 2010–2011, when the development of youth unemployment rates started to resemble and sometimes even outperform prime-age unemployment rates, the most recent period covered by our data (2012) shows again the prevailing tendency of youth unemployment rates to increase more rapidly than prime-age rates. This could potentially be attributed to an only temporary effect of stimulus measures that were targeting the young unemployed disproportionally. Indeed, except for Spain, the 2012 balance of "ins" and "outs" reflects a new round of disproportionate increases in youth unemployment rates compared to prime-age unemployment rates. Similarly to 2008–2009, the main driver of these disproportions is seen in the fourth column in Table 7.1 and is embodied in a disproportionally high contribution of inflows of young workers from employment into unemployment.

Table 7.1 reveals the sources of different dynamics in youth unemployment rates. Surprisingly, the contributions of *outflows* from unemployment into employment in Spain and Austria were comparable in 2008–2009 and 2010–2011 (see the seventh column). The decisive source of strikingly different youth unemployment rate dynamics in these two countries was represented by a relatively much higher contribution of *inflows* of Spanish young workers into unemployment from employment (see the fourth column).

In 2012, France and Poland recorded the highest increases in youth unemployment rates. Both the stories behind these developments and the policy implications are somewhat different. In Poland, the only problem was embodied, at least in a given comparative perspective, in insufficient *outflows* from unemployment into employment (in the seventh column in Table 7.1). In contrast, France suffered simultaneously from relatively low "outs" and high "ins" of youth unemployment.

7.5. DETERMINING FACTORS OF TRANSITIONS BETWEEN EMPLOYMENT AND UNEMPLOYMENT

In this section, we provide an econometric analysis of the socioeconomic determinants of movements between employment and unemployment in both directions. In particular, we intend to verify within a multivariate framework the statistical significance of age for the risk of losing one's job and becoming unemployed. Then we concentrate on unemployment durations within both age groups of interest with the aim of detecting the presence of duration dependence of unemployment, net of other individual and additional characteristics influencing the job-finding probability of an unemployed person.

7.5.1. Transitions from Employment to Unemployment

Tables 7.2a–7.2c evaluate the factors influencing the probability of losing one's job and becoming unemployed. We present results for pooled samples of young and prime-age individuals in two specifications in the second and third columns. The first specification does not involve work experience and confirms

Table 7.2a Determinants of transitions of young people (aged 16–34 years) and prime-age individuals (aged 35–54 years) from employment to unemployment in four European countries: 2008–2009 (average marginal effects from probit model)

	AT				ES			
	Pooled	**Pooled**	**Youth**	**Prime age**	**Pooled**	**Pooled**	**Youth**	**Prime age**
Prime age	–0.048***	0.044**	—	—	–0.131***	–0.022**	—	—
Male	0.033***	0.045***	0.027	0.054***	–0.032***	–0.008	0.004	–0.012
Tertiary education	–0.150***	–0.156***	–0.228***	–0.138***	–0.199***	–0.109***	–0.099***	–0.112***
Secondary education	–0.100***	–0.090***	–0.087***	–0.096***	–0.138***	–0.078***	–0.064***	–0.082***
Experience (in years)	—	–0.006***	–0.005**	–0.006***	—	–0.004***	–0.009***	–0.003***
HH size 1	0.082***	0.101***	0.137***	0.089***	[a]	[a]	[a]	[a]
HH size 2	0.072***	0.090***	0.121***	0.081***	0.010	0.010	0.002	0.014
HH size 3	0.027*	0.038***	0.073***	0.025	0.009	0.003	–0.002	0.006
Densely populated area	0.004	–0.008	0.025	–0.025*	–0.038***	–0.02**	–0.053***	–0.004
Medium-populated area	–0.017	–0.018	–0.003	–0.024	–0.011	0.003	–0.015	0.013
Pseudo R^2	0.046	0.061	0.058	0.060	0.065	0.054	0.027	0.050
AUC	0.651	0.676	0.662	0.677	0.675	0.673	0.617	0.672
n	3,982	3,982	1,215	2,677	9,799	7,828	2,577	5,251

	FR				PL			
	Pooled	**Pooled**	**Youth**	**Prime age**	**Pooled**	**Pooled**	**Youth**	**Prime age**
Prime age	–0.102***	–0.000	—	—	–0.065***	0.024**	—	—
Male	0.004	0.015**	0.013	0.015**	0.007	0.017***	0.017	0.018**
Tertiary education	–0.101***	–0.105***	–0.178***	–0.069***	–0.121***	–0.123***	–0.144***	–0.126***
Secondary education	–0.045***	–0.037***	–0.065***	–0.026***	–0.046***	–0.041***	–0.071***	–0.025**
Experience (in years)	—	–0.007***	–0.019***	–0.004***	—	–0.006***	–0.011***	–0.004***
HH size 1	0.067***	0.069***	0.038	0.077***	[a]	[a]	[a]	[a]
HH size 2	0.028***	0.042***	0.050**	0.033***	0.025***	0.040***	0.035*	–0.041***
HH size 3	0.017*	0.026***	0.030	0.020**	–0.011	0.000	–0.019	0.011
Densely populated area	–0.003	–0.01	–0.026	–0.004	–0.006	–0.000	–0.022	0.012
Medium-populated area	–0.013	–0.013	–0.058***	0.004	–0.006	–0.003	–0.029	0.007
Pseudo R^2	0.061	0.095	0.083	0.065	0.036	0.063	0.053	0.059
AUC	0.682	0.725	0.700	0.694	0.631	0.688	0.666	0.683
n	7,449	7,449	2,387	5,018	8,782	8,694	3,097	5,597

[a]One- and two-person households are merged because of a low share of observations in the first category.
AUC, area under the curve; HH, household.
*$p < .10$.
**$p < .05$.
***$p < .01$.
Sources: EU-SILC UDB 2010, version 5 of August 2014; authors' computations.

Table 7.2b Determinants of transitions of young people (aged 16–34 years) and prime-age individuals (aged 35–54 years) from employment to unemployment in four European countries: 2010–2011 (average marginal effects from probit model)

	AT				ES			
	Pooled	**Pooled**	**Youth**	**Prime age**	**Pooled**	**Pooled**	**Youth**	**Prime age**
Prime age	–0.040***	0.034**	—	—	–0.115***	–0.011	—	—
Male	0.005	0.019*	0.024	0.024**	–0.021**	–0.001	–0.018	0.007
Tertiary education	–0.167***	–0.181***	–0.220***	–0.163***	–0.154***	–0.110***	–0.097***	–0.119***
Secondary education	–0.086***	–0.084***	–0.101***	–0.076***	–0.093***	–0.066***	–0.123***	–0.047***
Experience	—	–0.005***	–0.001	–0.006***	—	–0.005***	–0.006***	–0.005***
HH size 1	0.024	0.044***	0.029	0.049***	[a]	[a]	[a]	[a]
HH size 2	0.026**	0.045***	–0.001	0.064***	–0.013	0.000	–0.014	0.004
HH size 3	–0.012	0.000	–0.012	0.006	0.018*	–0.005	–0.010	–0.004
Densely populated area	0.014	0.005	0.033	–0.006	–0.050***	–0.022**	–0.036*	–0.017*
Medium-populated area	–0.004	–0.008	0.031	–0.023*	–0.030**	–0.002	–0.005	–0.001
Pseudo R^2	0.044	0.063	0.045	0.072	0.052	0.060	0.028	0.062
AUC	0.652	0.686	0.641	0.695	0.661	0.682	0.622	0.690
n	4,057	3,972	1,274	2,698	7,735	6,344	1,763	4,581

	FR				PL			
	Pooled	**Pooled**	**Youth**	**Prime age**	**Pooled**	**Pooled**	**Youth**	**Prime age**
Prime age	–0.104***	–0.006	—	—	–0.069***	0.034***	—	—
Male	–0.011*	0.002	–0.013	0.006	–0.030***	–0.016**	–0.033**	–0.007
Tertiary education	–0.108***	–0.113***	–0.196***	–0.076***	–0.173***	–0.170***	–0.160***	–0.185***
Secondary education	–0.043***	–0.038***	–0.078***	–0.023***	–0.074***	–0.062***	–0.056**	–0.061***
Experience	—	–0.006***	–0.019***	–0.004***	—	–0.006***	–0.014***	–0.005***
HH size 1	0.046***	0.053***	0.041	0.049***	[a]	[a]	[a]	[a]
HH size 2	0.025***	0.039***	0.034*	0.030***	0.027***	0.042***	0.052***	0.033***
HH size 3	0.015*	0.024***	0.020	0.017*	0.013	0.022***	0.025*	0.020**
Densely populated area	–0.021***	–0.014*	–0.029*	–0.007	0.003	0.004	–0.033**	0.026***
Medium-populated area	–0.003	0.002	–0.014	0.008	0.018**	0.021**	0.023	0.020**
Pseudo R^2	0.068	0.105	0.099	0.061	0.040	0.069	0.066	0.065
AUC	0.692	0.737	0.726	0.685	0.644	0.688	0.682	0.689
n	7,774	7,736	2,387	5,349	8,464	8,407	3,071	5,336

[a]One- and two-person households are merged because of a low share of observations in the first category.
AUC, area under the curve; HH, household.
*$p < .10$.
**$p < .05$.
***$p < .01$.
Source: EU-SILC UDB 2012, version 1 of August 2014; authors' computations.

Table 7.2c Determinants of transitions of young people (aged 16–34 years) and prime-age individuals (aged 35–54 years) from employment to unemployment in four European countries: 2012 (average marginal effects from probit model)

	AT				ES			
	Pooled	**Pooled**	**Youth**	**Prime age**	**Pooled**	**Pooled**	**Youth**	**Prime age**
Prime age			—		–0.051***	0.014	—	—
Male			–0.024**		–0.020***	–0.004	–0.030**	0.004
Tertiary education			–0.067***		–0.067***	–0.083***	–0.107***	–0.075***
Secondary education			–0.019		–0.062***	–0.07***	–0.100***	–0.059***
Experience			–0.003**		—	–0.005***	–0.010***	–0.004***
HH size 1			0.010		[a]	[a]	[a]	[a]
HH size 2			–0.028*		0.019**	0.022***	–0.007	0.034***
HH size 3			–0.029*		0.007	0.010	–0.016	0.020**
Densely populated area			0.026*		–0.021***	–0.019***	–0.013	–0.021***
Medium-populated area			0.003		–0.022**	–0.018**	–0.004	–0.022**
Pseudo R^2			0.044		0.031	0.051	0.045	0.047
AUC			0.668		0.634	0.667	0.648	0.666
n	[b]	[b]	1,596	[b]	9,003	8,927	2,424	6,503

	FR				PL			
	Pooled	**Pooled**	**Youth**	**Prime age**	**Pooled**	**Pooled**	**Youth**	**Prime age**
Prime age	–0.053***						—	
Male	–0.007						–0.025***	
Tertiary education	–0.062***						–0.071***	
Secondary education	–0.016**						–0.035**	
Experience	—						–0.007***	
HH size 1	0.019**						[a]	
HH size 2	0.010						0.004	
HH size 3	0.006						–0.013	
Densely populated area	0.011**						0.005	
Medium-populated area	0.009						0.003	
Pseudo R^2	0.054						0.049	
AUC	0.678						0.676	
n	8,629	[b]	[b]	[b]	[b]	[b]	3,702	[b]

[a]One- and two-person households are merged because of a low share of observations in the first category.
[b]For 2012, the share of employment spells transitioning into unemployment frequently amounts to less than 5%. Such results are omitted because of their presumably low representativeness.
AUC, area under the curve; HH, household.
*$p < .10$.
**$p < .05$.
***$p < .01$.
Source: EU-SILC UDB 2013, version 2 of August 2015; authors' computations.

the significantly lower probability of prime-age workers losing their jobs and becoming unemployed. The second specification includes work experience—a variable that proves significant in all cases. With added controls for work experience, the previously established age-group effect weakens substantially; in some cases, it loses its significance or even reverses. Austria and Poland represent the most illustrative cases in that in these two countries, the controls for work experience change the sign of the age-group effect.

The pooled models show uniformly that higher education levels significantly diminish the likelihood of losing one's job and becoming unemployed. In contrast, the effects of the remaining variables—such as gender, household size, or population density—are rather country specific or vary over time. Considering national specificities, it is worth noting that Spain is the only country in which gender has a significant effect on the probability of losing one's job and becoming unemployed in all subperiods analyzed. Female workers in Spain thus have a higher probability of becoming unemployed compared to men.

With added controls for work experience, this gender-based difference becomes insignificant. Women's lower work experience in Spain is thus responsible for their disadvantage in terms of sustaining employment and avoiding unemployment. This effect is not clearly apparent in any other country. In Austria, we can observe the opposite: Here, controls for work experience strengthen the men's disadvantage.

Among young people, the gender effect (both with and without controls for work experience) usually has no significant impact on the probability of losing one's job and becoming unemployed. This is not surprising because the gender difference in work experience cannot fully evolve at the beginning of working careers. But the gender gap in work experience may intensify during the life cycle, and women, especially in Spain, might suffer from a lack of such experience in the longer term.

The results of separate estimations for the two age groups also show that work experience significantly lowers the likelihood of losing one's job and becoming unemployed and that this effect is in most cases more evident among young workers. Higher education likewise significantly reduces the probability of losing one's job and becoming unemployed, and this effect is again typically stronger for young workers. Only in Spain is this specificity missing, thus indicating another difficulty faced by young workers in this country.

What really matters is not the age of a worker but, rather, his or her work experience and education. Our results confirm that young workers need to very quickly accrue relevant work experience because it diminishes their risk of becoming unemployed. The acquisition of higher education also appears to be an important factor in reducing the unemployment risk for young people.

7.5.2. Duration Dependence of Unemployment

Finally, we consider the differences in the duration of unemployment between young people and prime-age workers. Figure A7.5 in the Appendix provides evidence from KM functions. The graphs confirm our empirical findings presented in Section 7.4—as well as the conceptual considerations mentioned in the literature overview in Section 7.2—that young unemployed are unlikely to suffer from longer job search *compared* to prime-age unemployed.[11] But this is not to say that the problem of a prolonged duration of job search *within* the group of young unemployed should be ignored. As the Great Recession progressed, the survival functions in Figure A7.5 show dramatic declines in the job-finding prospects of young unemployed even in the shortest unemployment spells. This tendency is most apparent when comparing the periods 2008–2009 and 2012.

Austria shows its best performance within this general tendency. Figure A7.5 illustrates the gap between Austria and the remaining countries in terms of time needed by young unemployed to find a job: For instance, in 2010–2011, 44% of young Austrian unemployed managed to find a job after 4 months of unemployment duration; in France, Poland, and Spain, the shares were only 29%, 25%, and 21%, respectively. When comparing the situation after unemployment lasting for a minimum of 1 year in the same period, Austria again boasts the best job-finding prospects for young unemployed—this share amounted to 68%, as opposed to a mere 47% for Spain (58% for France and 53% for Poland).

Table 7.3 assesses the role of unemployment duration within a multivariate framework that also controls for a range of factors such as age, education, household size, and population density. The results in the first five rows of Table 7.3 show the impact of unemployment duration on individual job-finding probability in the form of hazard ratios. For each unemployment spell analyzed, the hazard ratio γ in Table 7.3 indicates the probability of leaving unemployment and becoming employed relative to a reference spell. For the periods 2008–2009 and 2010–2011, unemployment spells lasting between 16 and 24 months represent a reference duration interval. For 2012, a reference interval stands for unemployment spells lasting between 11 and 12 months.

Statistically insignificant hazard ratios γ would mean that there is actually no difference in job-finding prospects between the particular unemployment spell and the reference spell. The remaining rows in Table 7.3 show the hazard ratios that report the impact of explanatory variables. Suppose, for instance, that the hazard ratio reported for males takes the value "2"; then the probability that a man moves in a randomly chosen time from unemployment into employment would be, ceteris paribus, twice as high as for a woman.

In the initial stage of the Great Recession (2008–2009), the negative duration dependence of youth unemployment appeared to be absent in France and Austria.[12] This means that the individual and other characteristics of the young

Table 7.3 Youth hazard ratios of transition from unemployment to employment in four European countries (age category 16–34 years)

	2008–2009						2010–2011					2012			
	AT	AT[a]	ES	FR	FR[a]	PL	AT	ES	ES[a]	FR	PL	AT	ES	FR	PL
$\gamma_{1\ (1–2\ months)}$	4.029***	0.477	3.444***	1.514**	0.582	2.589***	3.637***	2.318***	1.137	1.977***	2.280***	6.127**	4.715***	4.965***	7.061***
$\gamma_{2\ (3–4\ months)}$	3.123***	0.629	3.517***	1.623**	0.743	3.357***	3.207***	2.578***	1.408	1.640***	3.128***	6.542***	5.186***	5.218***	9.670***
$\gamma_{3\ (5–6\ months)}$	2.451**	0.671	3.031***	1.607**	0.862	3.006***	2.600**	2.632***	1.608	1.699***	3.236***	2.118	6.736***	4.845***	9.282***
$\gamma_{4\ (7–10\ months)}$	1.458	0.524	2.067***	1.376*	0.894	2.924***	1.365	1.619***	1.110	1.457**	1.925***	2.934	3.208***	3.010***	5.447***
$\gamma_{5\ (11–15\ months)}$	2.336**	1.225	2.212***	0.958	0.759	1.323	1.595	2.132***	1.719***	1.361	1.551**	—	—	—	—
Male	1.446***	1.659**	1.092	0.911	0.884	1.421***	1.051	1.122*	1.159	1.032	1.416***	1.204	0.987	0.800**	1.355***
Tertiary education	1.248	1.409	1.380***	2.158***	3.061***	1.155	1.450*	1.381***	1.542***	1.774***	1.161	1.886*	1.646***	1.735***	1.921***
Secondary education	1.319**	1.907***	1.100	1.522***	1.759***	1.156	1.410**	1.112	1.165	1.446***	0.936	1.662**	1.434***	1.549***	1.257
Age 20–24 years	1.624***	2.206***	1.283**	1.024	1.034	1.341*	2.044***	1.722***	1.968***	1.283	1.817***	0.822	2.312***	2.499***	1.846**
Age 25–29 years	1.790***	2.390***	1.327***	0.876	0.804	1.37*	2.644***	2.036***	2.417***	1.378*	2.037***	0.662	2.244***	2.235***	1.888**
Age 30–34 years	1.616**	2.072**	1.289**	0.771	0.707	1.639***	2.045***	1.753***	2.042***	0.948	1.848***	0.774	2.133***	1.907**	1.625
HH size 1	1.618**	3.452***	[b]	1.732***	2.315***	[b]	1.279	[b]	[b]	1.690***	[b]	1.693**	[b]	1.357	[b]
HH size 2	1.905***	2.843***	1.440***	1.438***	1.521***	1.581***	1.012	1.332***	1.475***	1.524***	1.684***	1.034	1.327***	1.395**	1.354*
HH size 3	1.143	1.314	1.118	1.141	1.202	0.883	0.840	1.087	1.121	1.208*	1.233**	0.765	0.999	0.979	1.221*
Densely populated	0.738**	0.594**	0.766***	0.643***	0.534***	0.932	0.676***	0.636***	0.574***	1.429***	0.987	0.450***	0.693***	0.817*	1.116

Medium populated	1.027	0.939	0.847**	0.684***	0.588***	0.878	0.740*	0.775***	0.731***	0.944	0.946	0.553***	0.872	0.771*	0.797*
Constant	0.012***	0.058***	0.018***	0.046***	0.118***	0.013***	0.020***	0.013***	0.023***	0.020***	0.011***	0.027***	0.004***	0.005***	0.002***
Log-likelihood	–977.8	–970.4	–4,201.8	–1,731.4	–1,728.4	-1,863.4	–872.2	–3,476.0	–3,474.1	–2,007.6	–2,614.0	–463.3	–2,674.1	–1,329.3	–1,601.2
p value	—	0.000	—	—	0.007	—	—	—	0.024	—	—	—	—	—	—
n (unemployment spells)	541	541	2,237	896	896	1,077	466	1,952	1,952	1,014	1,376	315	2,133	981	1,378

[a]Results with gamma frailty reported only when the likelihood ratio test of gamma variance (*p* value) significantly proved the impact of unobserved heterogeneity on model results.
[b]One- and two-person households are merged because of a low share of observations in the first category.
HH, household.
*$p < .10$.
**$p < .05$.
***$p < .01$.
Sources: EU-SILC UDB 2010, version 5 of August 2014; EU-SILC UDB 2012, version 1 of August 2014; EU-SILC UDB 2013, version 2 of August 2015; authors' computations.

unemployed (and not the duration of unemployment per se) significantly affected their prospects of finding a job.

In contrast, those young unemployed in Poland whose unemployment spells lasted more than 10 months represented the risk group of young unemployed requiring targeting by additional policy measures, given that their chances of finding a job were not significantly better in comparison with the reference duration interval representing long-term unemployment (16–24 months). In Spain, the analogous risk group consisted of those young unemployed with unemployment spells exceeding 15 months (all shorter unemployment spells were associated with significantly higher job-finding probabilities).

As the Great Recession progressed, the duration dependence of youth unemployment started affecting developments in all the countries analyzed. Young Austrians who remained unemployed for more than 6 months in 2010–2011 (and for more than 4 months in 2012) represented the risk group of young unemployed. It follows that those young Austrian unemployed who did not find (or did not accept) a job relatively quickly faced sharply diminishing employment prospects. This suggests that stigmatization and/or discouragement effects of prolonged youth unemployment emerged in Austria with much briefer unemployment spells than in countries with considerably higher youth unemployment. The probable reason is that in countries with high levels of youth unemployment, longer unemployment durations are considered more "natural." The results for France and Poland confirm this assumption. In France, all young individuals who were unemployed for more than 10 months formed the risk group. This applied to both 2010–2011 and 2012. The results for Poland are very similar to those for France.

In Spain, the situation changed most dramatically between the two periods. In 2010–2011, all young unemployed with unemployment spells of between 1 and 10 months actually constituted the risk group in that their job-finding probabilities did not differ significantly from the employment prospects of long-term young unemployed (16–24 months). This further illustrates the depth of the youth unemployment problem in Spain. In contrast, the results for Spain in 2012 became comparable with those for France and Poland—the risk group of Spanish young unemployed was associated with unemployment durations exceeding 10 months.

The analysis of explanatory variables does not confirm the uniform presence of statistically significant gender- or education-based differences. But in Austria and France, the chance of finding a job gradually evolved in favor of young women. This is in line with Kelly et al. (2013), who report a lower probability of moving from unemployment to employment for young Irish men. In contrast, young Polish men have a consistently relatively higher chance of finding a job compared to young women in Poland. Spain shows no gender effects. Poland is also specific in that it lacks an education effect (except for tertiary education in 2012), whereas for the remaining countries we find convincing evidence that the

chance of a young unemployed person finding a job increases with secondary and/or tertiary education. A young person aged 25–29 years has the highest probability of moving from unemployment to employment in the majority of countries and periods analyzed. This indicates that employers tend to avoid hiring the relatively immature young unemployed. Regarding household size, it negatively affects the probability of young unemployed finding a job, although with varying significance. A significantly higher job-finding probability (relative to a household consisting of four members or more) is associated almost exclusively with small households consisting, as a maximum, of two members. This might suggest that in the absence of other members in respondents' households (presumably their parents), who could contribute decisively to the common budget, the pressure to find a job imposed on young unemployed is significantly higher. However, this effect is not fully uniform—it is absent for Austria in 2010–2011.

The hazard ratios for densely populated areas are significant and lower than 1 (except for Poland in all three periods). This seems to contradict the assumption that larger cities provide more employment opportunities and thus better chances to exit from unemployment.[13] Our result can be associated with longer job search in the hope of gaining a better match or more opportunities to participate in the informal economy.

Table A7.1 in the Appendix suggests that prime-age hazard functions generally display a higher sensitivity of job-finding chances to the duration of unemployment episodes. Among other findings, the impact of age on the prospect of finding a job among prime-age unemployed is worth noting, especially the significant *negative* impact of age categories 45+ years. This suggests that the presumed skill obsolescence and deterioration in human capital associated with these age categories function as negative signals to potential employers and diminish the chances of older unemployed finding work.

7.6. CONCLUSIONS

Youth are relatively more involved in gross flows than are prime-age groups. This holds true uniformly across the four countries analyzed during the period 2008–2012 and supports the existing evidence of a higher aggregate fluidity of youth labor markets compared to prime-age markets. The main result stemming from the analysis of flow transition rates is that a young worker is more likely to move between employment and unemployment in both directions compared to a prime-age worker. This finding is in line with contemporary evidence for the United Kingdom. It can be interpreted as a typical feature of marginalized groups, which have to "churn" relatively more frequently through the (secondary) labor market.

The analysis of transition rates provides the following main conclusion: The policy priority should be to reduce the gap between the unemployment risks

faced by a young and a prime-age worker. This gap is characteristic for all the labor markets analyzed and concerns countries with substantially different labor market performance, institutions, EU membership history, and other national specificities. Reducing the gap is important not only for generally improving the relative position of marginalized youth on the labor market but also for achieving more proportional evolutions in the youth and prime-age unemployment rates.

This chapter demonstrates that inflows of young workers into unemployment accounted for far higher increases in youth unemployment rates compared to prime-age unemployment rates. In contrast, had the outflows from unemployment to employment been the only driver of unemployment rate dynamics, youth unemployment rates would have developed more favorably than prime-age unemployment rates.

We analyzed in detail the determining factors of transitions from employment to unemployment. The results again stress the importance of a policy targeted at employment protection for young people, who need to gain work experience promptly after entering the labor market so as to minimize the probability of job loss. In addition, the effect of education on lowering the risk of job loss and becoming unemployed is apparent for individuals of any age; nonetheless, it seems that higher education decreases the probability of becoming unemployed more substantially for young workers.

Finally, we examined the extent to which the job-finding chances of young unemployed decline due to the duration of their unemployment, net of the impact of standard socioeconomic characteristics and unobserved heterogeneity of unemployed persons. Although the results for young unemployed appear to be generally favorable compared to those for prime-age unemployed, they simultaneously show growing negative duration dependence of youth unemployment as the Great Recession progressed. From 2010 onward, the job-finding prospects of young unemployed could be viewed as a diminishing function of unemployment duration in all countries analyzed. In 2012, the results nearly equalized across countries (except for Austria): With unemployment durations exceeding 10 months, the job-finding probability of a young unemployed person declines significantly, and those who remain unemployed for a longer time deserve additional policy attention.

Such a result may represent useful feedback for the European Youth Guarantee scheme, which promotes uniformly an offer to young people in the EU of a quality job, an apprenticeship, or training within 4 months after graduation or job loss. In contrast, our results demonstrate that the job-finding probability of a young unemployed person is already highest within the shortest unemployment spells. Although the information on unemployment durations and job-finding probabilities is never available ex ante to policymakers, it would appear that young people who are unemployed for a considerably longer time than 4 months are those who should be targeted by concentrated policy efforts and

resources. This proposition is probably even more relevant for the ongoing post-recessionary period.

NOTES

1 Hadjivassiliou et al. (this volume) provide an overview of national specificities in youth labor market performance and in institutional arrangements of labor markets across the EU (including employment protection legislation, vocational education and training, active labor market policy, and collective bargaining). Our categorization of countries is analogous to that of Berloffa et al. (this volume), who analyze, among others, the clusters of Continental, Mediterranean, and Eastern European countries. Given the depth of our analysis, we concentrate on only a limited number of countries that reflect our categorization.

2 Section 7.3 discusses the data issues in more detail.

3 A common practice in this respect is to follow Petrongolo and Pissarides (2008) or Shimer (2012) in showing how much of the variance of the *steady-state* unemployment rate accounts for changes in the flow transition rates. Also see Elsby et al. (2011) for an application to youth unemployment rate dynamics in the United Kingdom. A credible compliance with this direction would require data gathered over a longer period of time than in the EU-SILC. This is why we limit ourselves to a "flow" decomposition of the *observed* changes in unemployment rates. Dixon et al. (2011) apply a similar framework to US data. Except for Flek and Mysíková (2015), such an approach has probably never been applied before to a cross-country analysis in Europe.

4 EU-SILC is an annual survey in which the monthly economic status is reported retrospectively. Respondents might not always recall correctly when they changed their labor market status. Although the precise month of such changes is potentially uncertain, it should not affect our results, which are based on monthly averages for the entire subperiods analyzed.

5 EU-SILC data do not account for direct job-to-job flows. This is why in our analysis an unchanged employment status can represent either maintaining the previous job or moving to another job.

6 A particular unemployment spell is left censored when it is already in progress at the beginning of the observed period, and it is right censored when it does not terminate by the end of the observed period. An additional, specific type of right censoring occurs when an unemployment spell ends in inactivity rather than in employment. The KM estimators applied take into account the right-censored data, whereas the left censoring remains unaddressed by techniques available to us. The seemingly easiest solution to this problem would be to remove the censored observations from the data set.

Unfortunately, this would probably make all the estimations of unemployment durations downward biased because longer unemployment spells are more likely to be censored compared to shorter ones. Note that in the case of probit model estimations, censoring is not an issue because we do not analyze the duration of *employment* there.

7 This model was implemented into a STATA routine (pmghaz) by Jenkins (1997). We utilize a refined version (pmghaz8) that has been applied, for example, by Disney et al. (2006), Albert et al. (2008), Davia and Legazpe (2014), and Flek et al. (2015).

8 Note that these variables may not capture all the existing differences among unemployed individuals, and their unobserved heterogeneity may lead to spurious duration dependence (Jenkins 1997; Machin and Manning 1999). To account for unobserved heterogeneity, we use the mixed proportional hazard model, in which the continuous hazard rate contains a gamma-distributed random variable with unit mean and unknown variance, which is to be estimated.

9 The results in Figure 7.1 do not involve the 55+ years age group. However, the share of elderly individuals in the working-age population and/or the specificity of their transitions are not large enough to qualitatively change the overall nature of the results (Flek and Mysíková (2015) report more details on flows among the elderly).

10 We do not report results for unemployment-to-education transitions of young people. However, Figure A7.4 in the Appendix presents the outflow rates from unemployment to inactivity for four age bands of young unemployed. In most countries and periods, these rates do not necessarily increase with lower age. Moreover, for the low age categories of young unemployed, the outflow rates from unemployment to inactivity are too low (usually lower than 1%) to represent any real alternative to unemployment. Austria can be viewed as the only exception.

11 Log-rank tests reveal that only in Austria (in the first subperiod analyzed) is the youth survival curve placed significantly above the prime-age survival curve; see Figure A7.5 in the Appendix.

12 For Poland and Spain, the controls for unobserved heterogeneity did not affect the significance of the results reported in Table 7.3 for the given period. For Austria and France, the results with gamma frailty are reported in additional columns because the likelihood ratio test of gamma variance (p value) proved the impact of unobserved heterogeneity on the significance of results—with added controls for unobserved heterogeneity, all the coefficients turned out to be insignificant. To eliminate spurious duration dependence, we decided not to discuss the results where the controls for unobserved heterogeneity proved the insignificance of duration intervals for job-finding probability.

13 D'Addio (1998) reports such an effect for young French women in the early 1990s.

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APPENDIX

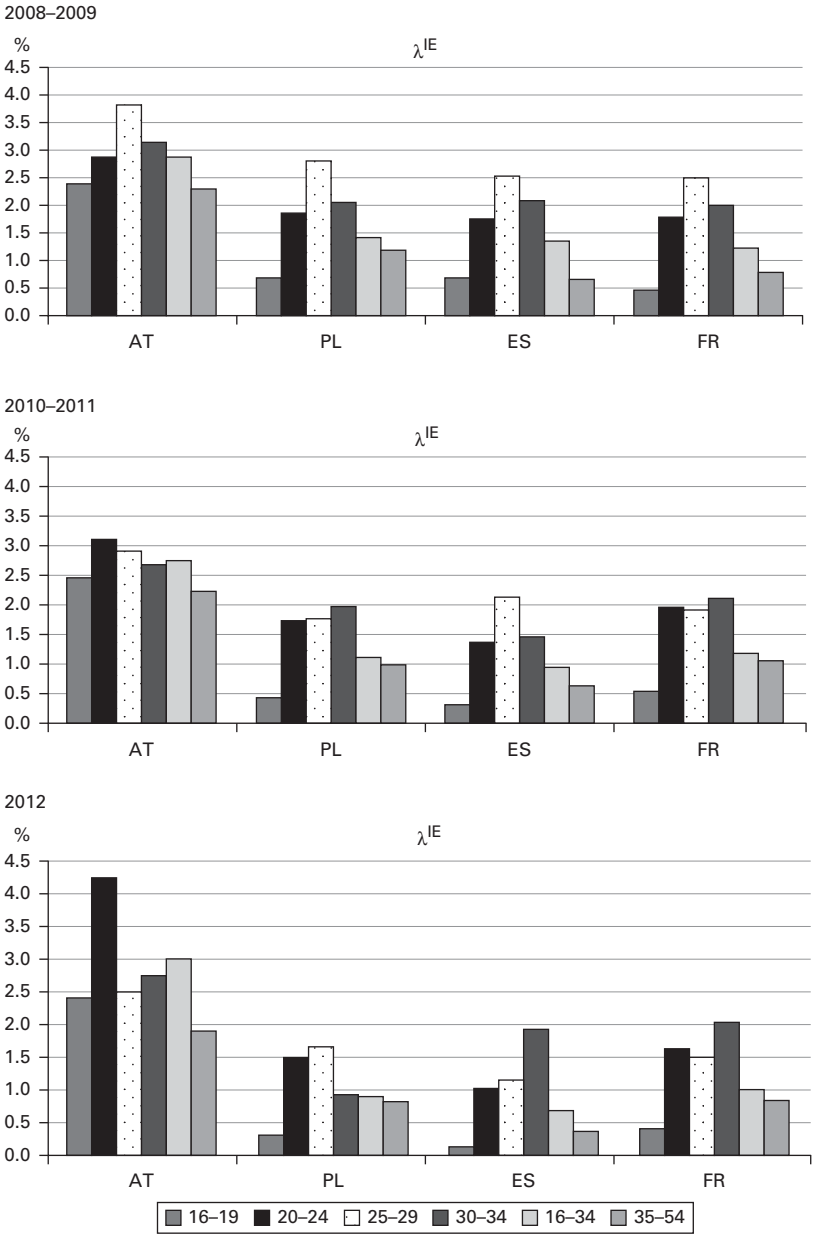

Figure A7.1 Transition rates from inactivity to employment for various age groups in four European countries (monthly averages, in %)
Sources: EU-SILC UDB 2010, version 5 of August 2014; EU-SILC UDB 2012, version 1 of August 2014; EU-SILC UDB 2013, version 2 of August 2015; authors' computations.

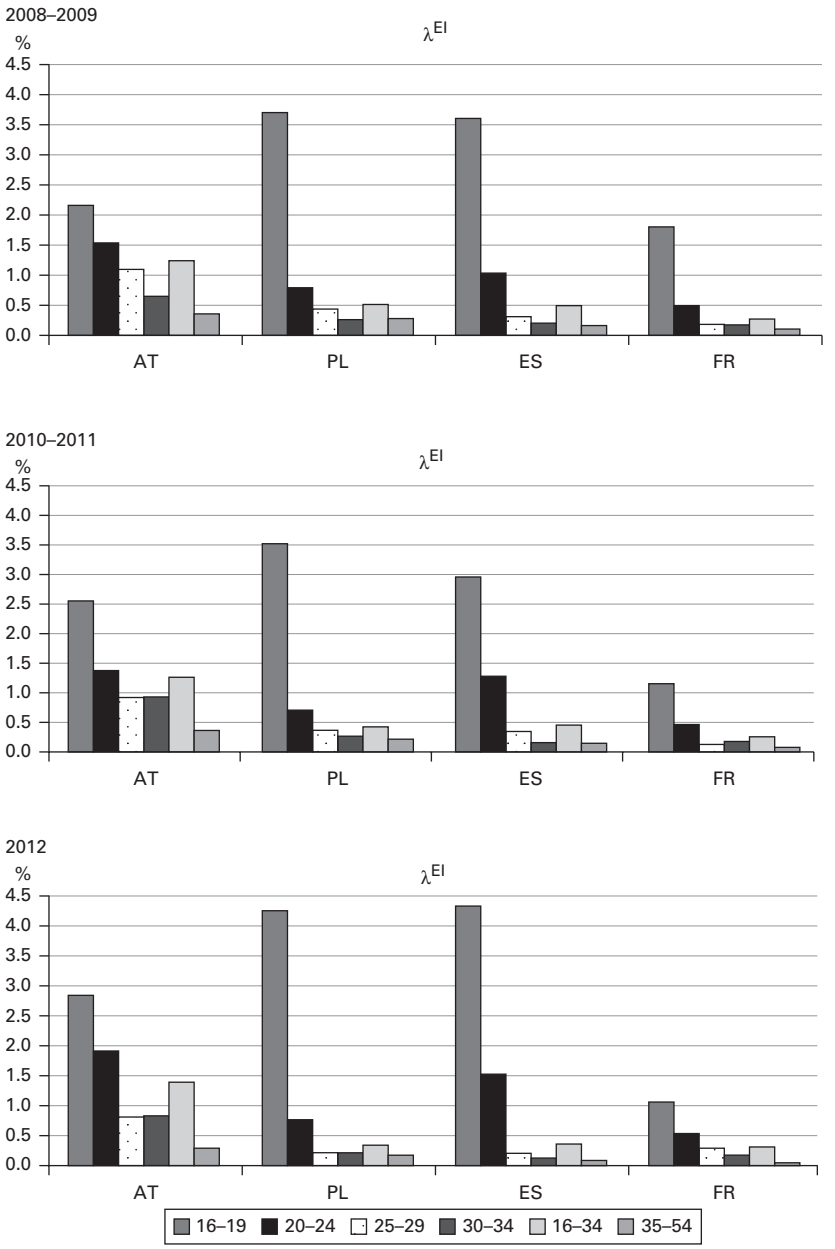

Figure A7.2 Transition rates from employment to inactivity for various age groups in four European countries (monthly averages, in %)
Sources: EU-SILC UDB 2010, version 5 of August 2014; EU-SILC UDB 2012, version 1 of August 2014; EU-SILC UDB 2013, version 2 of August 2015; authors' computations.

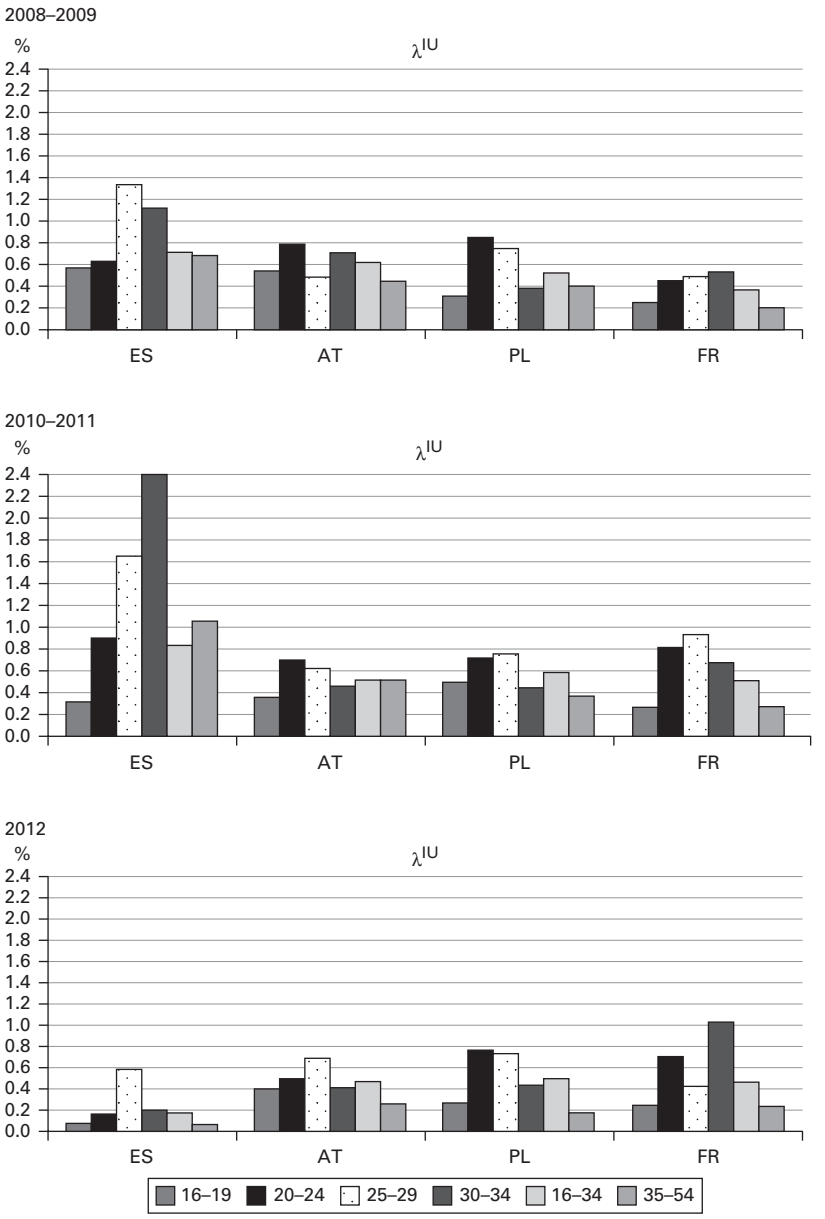

Figure A7.3 Transition rates from inactivity to unemployment for various age groups in four European countries (monthly averages, in %)
Sources: EU-SILC UDB 2010, version 5 of August 2014; EU-SILC UDB 2012, version 1 of August 2014; EU-SILC UDB 2013, version 2 of August 2015; authors' computations.

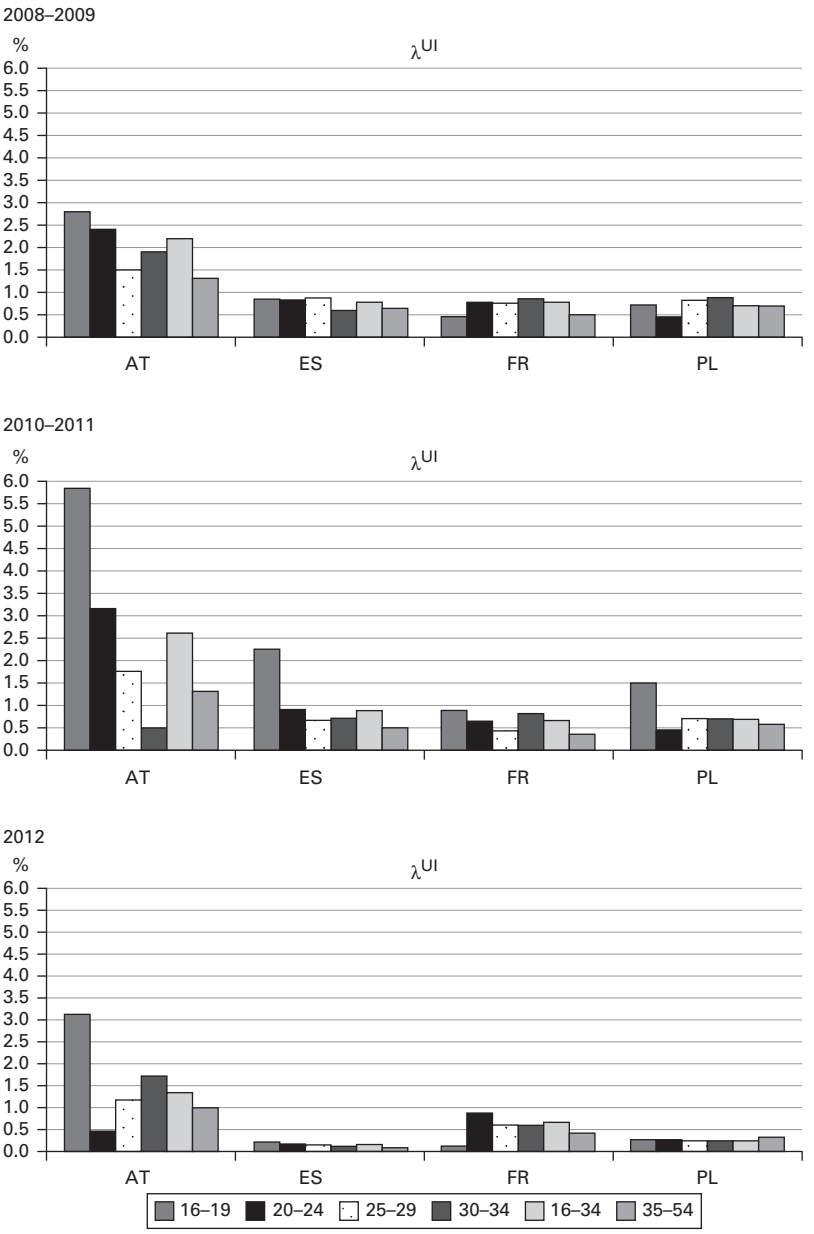

Figure A7.4 Transition rates from unemployment to inactivity for various age groups in four European countries (monthly averages, in %)
Sources: EU-SILC UDB 2010, version 5 of August 2014; EU-SILC UDB 2012, version 1 of August 2014; EU-SILC UDB 2013, version 2 of August 2015; authors' computations.

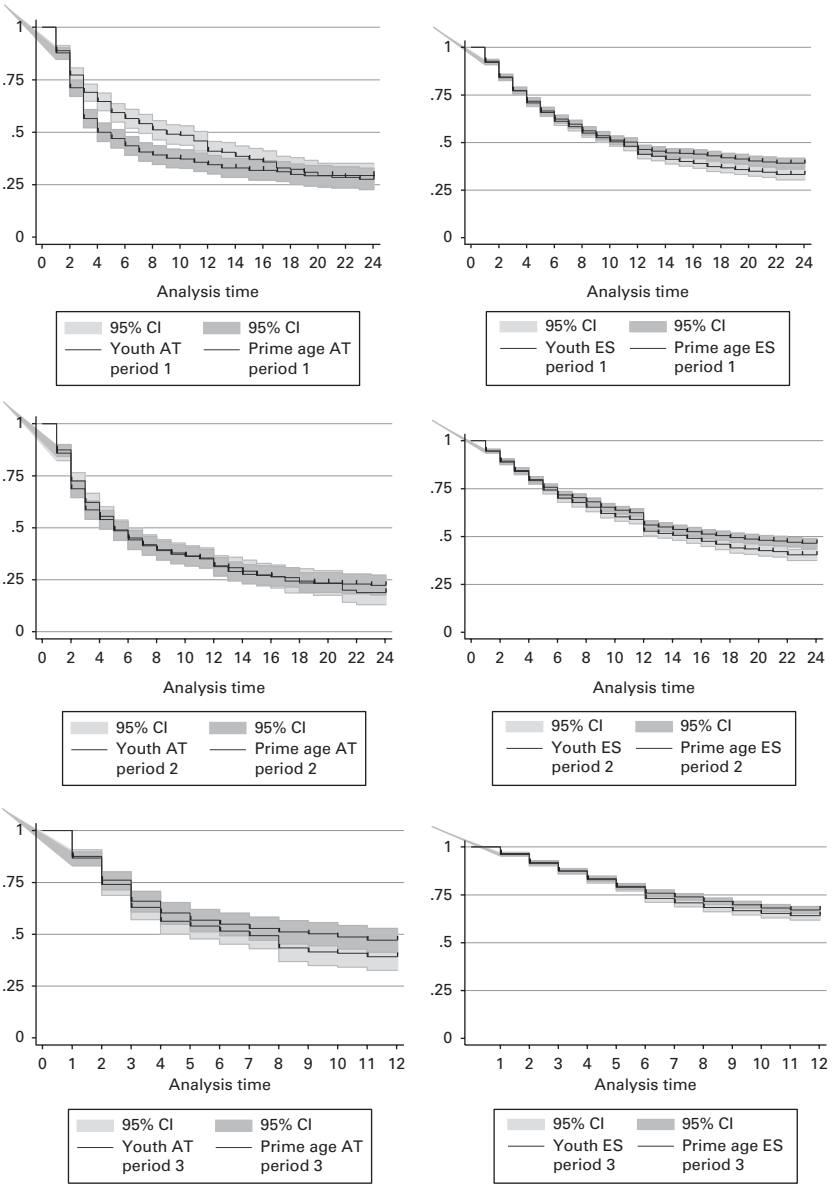

Figure A7.5 Survival functions for two age groups (16–34, 35–54) in four European countries (probabilities of remaining unemployed in %; 1: 2008–2009, 2: 2010–2011; 3: 2012)
Note: Analysis time: unemployment in months.
Sources: EU-SILC UDB 2010, version 5 of August 2014; EU-SILC UDB 2012, version 1 of August 2014; EU-SILC UDB 2013, version 2 of August 2015; authors' computations.

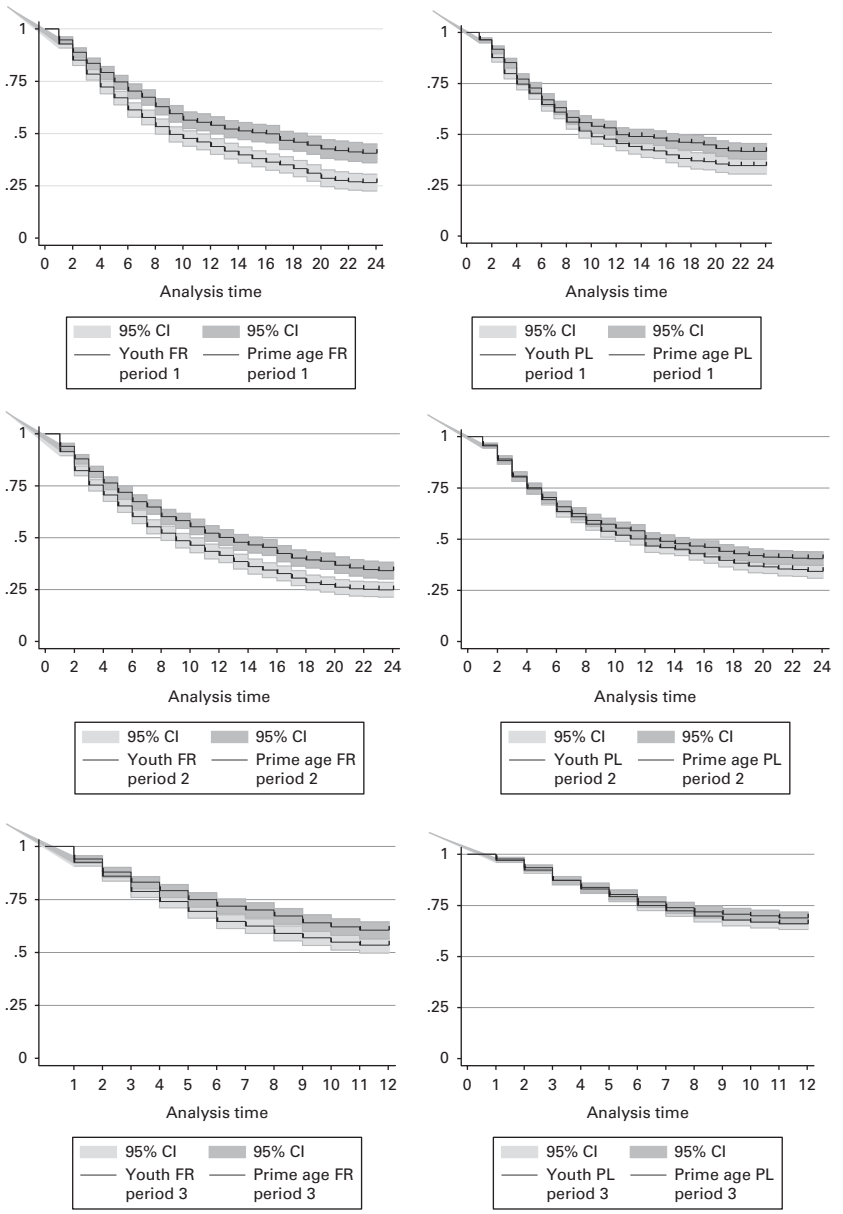

Figure A7.5 Continued

Table A7.1 Prime-age hazard ratios of transition from unemployment to employment in four European countries (age category 35–54 years)

	2008–2009				2010–2011				2012				
	AT	ES	FR	PL	AT	ES	FR	PL	AT	AT[a]	ES	FR	PL
$\gamma_1^{(1–2\ months)}$	9.106***	5.432***	2.062***	2.346***	4.956***	3.986***	1.691***	3.181***	6.297***	2.479	5.467***	4.480***	4.358***
$\gamma_2^{(3–4\ months)}$	10.808***	5.193***	2.030***	4.833***	3.845***	3.710***	1.903***	5.116***	6.291***	3.870**	6.379***	3.811***	7.374***
$\gamma_3^{(5–6\ months)}$	4.296***	4.583***	2.150***	3.972***	3.201***	3.562***	1.691***	3.668***	2.710	2.094	6.271***	3.597***	5.987***
$\gamma_4^{(7–10\ months)}$	2.575**	3.203***	2.042***	3.195***	1.732	2.096***	1.358*	2.648***	1.822	1.632	3.574***	2.752**	3.303***
$\gamma_5^{(11–15\ months)}$	2.139	2.262***	0.874	1.511	2.340**	3.197***	1.155	2.186***	–	–	–	–	–
Male	1.612***	1.026	0.982	1.421***	1.450***	1.271***	1.109	1.770***	1.179	1.372	1.146**	1.267*	1.951***
Tertiary education	1.530**	1.124	1.831***	1.316	1.336	1.273***	1.188	1.404	1.230	1.267	1.161	1.484*	1.516
Secondary education	1.602***	1.100	1.242	1.112	1.263*	1.011	1.257*	1.056	1.098	1.073	1.129	1.619***	1.271
Age 40–44 years	0.817	1.145*	0.766*	1.176	0.957	1.019	1.192	0.891	0.866	0.696	0.979	0.644**	1.018
Age 45–49 years	0.731**	1.038	0.824	0.737**	0.720**	0.997	0.967	0.918	0.739	0.582*	0.849*	0.777	0.818
Age 50–54 years	0.824	0.928	0.705**	0.687***	0.510***	0.771***	0.715**	0.748**	0.410***	0.260***	0.728***	0.490***	0.785
HH size 1	1.176	[b]	1.411**	[b]	0.646**	[b]	1.032	[b]	1.106	1.034	[b]	0.870	[b]
HH size 2	1.177	0.954	0.961	1.046	1.104	1.051	0.712**	0.823*	0.988	0.914	1.154	0.888	0.972
HH size 3	1.009	0.955	1.017	0.918	0.827	1.178**	0.825	0.784**	1.177	1.150	1.222**	0.863	0.926
Densely populated	0.641***	0.675***	0.796	0.951	0.428***	0.559***	1.326**	0.896	0.266***	0.166***	0.554***	0.897	0.899
Medium populated	0.685***	0.684***	1.104	1.044	0.721**	0.711***	1.146	0.802**	0.668**	0.559**	0.707***	0.827	0.845

(*continued*)

Table A7.1 Continued

	2008–2009				2010–2011				2012				
	AT	**ES**	**FR**	**PL**	**AT**	**ES**	**FR**	**PL**	**AT**	**AT[a]**	**ES**	**FR**	**PL**
Constant	0.014***	0.019***	0.027***	0.016***	0.046***	0.017***	0.030***	0.017***	0.037***	0.154*	0.009***	0.014***	0.005***
Log-likelihood	–996.8	–4,030.9	–1,326.9	–1,800.1	–997.3	–4,067.8	–1,677.3	–2,307.9	–532.0	–530.0	–3,629.6	–958.0	–1,305.7
p value	–	–	–	–	–	–	–	–	–	0.022	–	–	–
n (unemployment spells)	548	2,260	722	1,028	519	2,353	822	1,237	394	394	3,048	734	1,176

[a]Results with gamma frailty reported only when the likelihood ratio test of gamma variance (*p* value) significantly proved the impact of unobserved heterogeneity on model results.
[b]One- and two-person households are merged because of a low share of observations in the first category.
*$p < .10$.
**$p < .05$.
***$p < .01$.
HH, household.
Sources: EU-SILC UDB 2010, version 5 of August 2014; EU-SILC UDB 2012, version 1 of August 2014; EU-SILC UDB 2013, version 2 of August 2015; authors' computations.

8

HOW CAN YOUNG PEOPLE'S EMPLOYMENT QUALITY BE ASSESSED DYNAMICALLY?

Gabriella Berloffa, Eleonora Matteazzi, Gabriele Mazzolini, Alina Şandor, and Paola Villa

8.1. INTRODUCTION

The objective of this chapter is to present a dynamic approach that enables assessment of various aspects of youth labor market performance over a relatively long period of time. Standard analyses of labor market performance are usually based on indicators aimed at capturing young people's condition in the labor market at a single point in time (employment, unemployment, or inactivity rates; see Hadjivassiliou et al., this volume) or on estimations of the conditional probabilities of entering or leaving a certain status (see Flek, Hála, and Mysíková, this volume). More recently, some authors have turned their attention to the analysis of entire employment status trajectories. In this chapter, we argue that it is important—in order to be able to set priorities and design appropriate policies—to consider sequences of individual employment statuses over time that encompass information on the timing, length, and order in which changes of status occur.

Another aspect of labor market outcomes for which it is important to adopt a dynamic perspective is evaluation of the "quality" of employment. Researchers and policymakers are increasingly concerned with various employment dimensions, such as the security of jobs, a decent labor income, and a good match between educational qualifications and skills. Because it is increasingly common for individuals to move between different jobs, with possible unemployment spells in between, we need to go beyond the concepts of job security

and job quality and evaluate the quality and security of the individual employment condition over an appropriate period of time. In this chapter, we present the definition of employment quality illustrated in Berloffa et al. (2015). This definition is based on four dimensions (employment security, income security, income success, and successful match between education and occupation), which are identified using information covering a 2-year period.

An empirical application of this approach to analyzing young people's employment quality within a dynamic perspective is presented here. We distinguish between two different phases of young people's working lives: entry into the labor market (i.e., the transition from school to the first relevant employment experience) and the subsequent phase approximately 5 years after leaving full-time education. The analysis of these two phases is carried out using EU-SILC (European Union Statistics on Income and Living Conditions) longitudinal data over the period 2006–2012 for 17 countries. Our results suggest that adopting a dynamic approach to youth labor market performance allows a more accurate analysis of young people's employment paths and their quality. Empirical findings show that although males and females have similar chances of rapidly accessing paid employment after leaving education, women's labor market conditions deteriorate over the following few years. Consequently, there is still a pressing need to enhance women's chances of remaining continuously in employment and of moving up the labor income distribution. Relaxing the rules on the use of temporary contracts actually generates more difficulties for women and low-educated individuals, and it also appears to worsen youth employment prospects in general.

The remainder of the chapter is organized as follows. Section 8.2 reviews the relevant literature. Section 8.3 discusses the methodology and data used. Section 8.4 presents some descriptive statistics to show the extent to which individual trajectories and employment quality vary across European countries, gender, and educational attainment. Section 8.5 presents the empirical methodology and illustrates our main empirical findings. Section 8.6 concludes the chapter.

8.2. LITERATURE REVIEW

In the analysis of individual labor market performance, two aspects are of particular interest to researchers and policymakers: employment status and some job-related characteristics (job security, earnings, and match with level of education). Analysis of individual employment status is usually based on aggregate indicators referring to a single point in time (employment, unemployment, and inactivity) and on related trends (International Labour Organization 2015; European Commission 2016). More sophisticated studies also include the temporal dimension (European Commission Employment Committee 2009). Such studies generally consider the probabilities of entering or exiting a certain status

(employment or unemployment), conditional on current or previous statuses, but they differ according to the type of conditionality considered. Some authors estimate simple status-dependent probabilities (Russell and O'Connell 2001; Uhlendorff 2006; Stewart 2007; Cappellari and Jenkins 2008; Berloffa, Modena, and Villa 2014); others use a duration analysis to capture different effects of previous statuses according to their length (Muller and Gangl 2003; Kalwij 2004; Dorsett and Lucchino 2013b). Some scholars consider only transitions between statuses of a specific length (Korpi et al. 2003), whereas others are interested in the long-term effect of youth unemployment on later labor market outcomes (employment status, earnings, etc.; Mroz and Savage 2006).

One drawback of these approaches is their focus on a single status change (education–employment, employment–unemployment). They often account for the length of previous spells yet discard other crucial information on labor market dynamics, such as the timing and the order in which events occur. The sequence analysis approach attempts to overcome these shortcomings by considering the complexity of a transition process involving several status changes over time (Shanahan 2000). Various authors have recently used this type of analysis to model longitudinal processes, such as school-to-work transitions and career trajectories (Scherer 2005; Brzinsky-Fay 2007; Quintini and Manfredi 2009; Dorsett and Lucchino 2013a).[1] All of these studies adopt the optimal matching (OM) technique to group individual sequences.[2] However, the use of OM to study life course events is a controversial choice. The most recurrent criticisms concern the lack of a theoretical basis for converting sequences into a model (Levine 2000) and the failure to account for the direction of time and the order of statuses across sequences (Wu 2000). Given these criticisms, research on OM has moved toward a fine-tuning of the methodology.[3] Notwithstanding the various extensions and improvements developed during the past decade, the classification of trajectories or sequences based on OM is still *data driven*. In the following section, we present an alternative, *outcome-driven* methodology for grouping individual trajectories. This approach does not rely on sequence alignment (OM) or data-reduction techniques (i.e., cluster analysis or discrepancy analysis) to group trajectories. Instead, we identify—on the basis of our research questions—the main outcomes we are interested in, and we group the individuals in our sample accordingly.[4] Further details regarding this methodology are discussed in Section 8.3.

Because labor markets are increasingly characterized by workers moving quite frequently between jobs, with possible unemployment spells in between, we need to adopt a dynamic perspective not only for individuals' employment statuses but also for the evaluation of other dimensions of their employment condition. For example, the need to combine flexibility and security in European labor markets (Smith et al., this volume) requires going beyond the concept of job security associated with type of contract and instead using a definition of individual employment security based on employment status

trajectories (Berloffa et al. 2016). In this chapter, we present a new ambitious attempt to define a concept of "employment quality" within a dynamic perspective.

Numerous studies have explored the definition and implications of the complex and multidimensional concept of job quality (Green 2006; European Commission 2014, 172–79). Even when attention is restricted to objective (rather than subjective) job quality, the definition and the aspects considered vary noticeably across academic fields and studies. Nevertheless, there is some convergence on the features considered to be crucial for workers' well-being. These always include some indicators on the level of earnings (and earnings distribution) and on insecurity (i.e., unemployment risk).[5] Thus, our definition of employment quality encompasses four dimensions that we consider essential for the successful inclusion of young people in the labor market: employment security, income security, income success, and a good match between educational qualification and occupation. The last dimension is not usually considered in the literature on job quality. However, skill mismatch is a widespread and increasing phenomenon in Europe, especially for young people (European Commission 2012; European Central Bank 2014; International Labour Organization 2014a, 2014b; McGuinness, Bergin, and Whelan, this volume)[6] and for migrant workers (Spreckelsen, Leschke, and Seeleib-Kaiser, this volume). Generally, overqualified workers are less satisfied with their jobs and are more likely to leave them compared to their equally qualified and well-matched counterparts (Quintini 2011). Therefore, we include a good match between educational qualification and occupation as one of the key dimensions of employment quality (also see Berloffa et al. 2015).

8.3. DATA AND METHODOLOGICAL ISSUES

The approach presented in this chapter is based on two main tools of analysis: (1) a new "outcome-driven" methodology for grouping individual employment status trajectories (ESTs) and (2) a dynamic concept of employment quality. In the evaluation of youth labor market performance, these two tools can be used jointly or separately according to the specific aim of the analysis. As an example, we show how they can be employed to examine two different phases of youth working life: the first entry into the labor market and the subsequent phase approximately 5 years after exit from education.[7]

For young individuals exiting full-time education (first phase), a particularly important policy concern is whether they are able to enter and remain in employment for a sufficiently long period of time. In this phase, other aspects of employment quality are less relevant. Hence, we use only the first tool of analysis—that is, the features of individual ESTs in the first 3 years after leaving education. As in Berloffa, Mazzolini, and Villa (2015), we classify ESTs according

to the outcome of interest—that is, the achievement of a "relevant" employment spell, defined as lasting for at least 6 consecutive months (see Section 8.3.1 for more details).

For the subsequent phase (approximately 5 years after education exit), it is important to examine whether individuals achieved a secure and successful employment condition and whether the shortcomings of lack of work experience are overcome. For the analysis of this phase, we combine the two tools of analysis, as in Berloffa et al. (2015). We identify those individuals who achieved a good-quality employment condition and disaggregate the group of those who did not achieve this outcome by the type of EST that characterizes their labor market experience during that same period. In this case, trajectory types are grouped according to the outcome of interest—that is, prevailing status and the frequency of status changes (for further details, see Section 8.3.2).

The empirical analysis makes use of EU-SILC longitudinal data covering the years from 2006 to 2012. The focus is on young people aged 16–34 years. The data make it possible to track individuals for a maximum of four interviews (i.e., 4 years), but our analysis is restricted to individuals with at least three consecutive interviews (i.e., 3 years) in order to increase the sample size. For the first phase, we consider only young individuals who left education during the 3 years covered by the three interviews. Because of data limitations, we are able to consider 17 countries (AT, BE, CZ, DK, EE, EL, ES, FI, FR, HU, IT, PL, PT, SE, SI, SK, and UK).[8] For the second phase, we consider young people who left education 3–5 years before the first interview.[9] We consider the same group of countries as for the first phase, except for Denmark (because of the low number of cases in some EST types) and the United Kingdom (because its definition of the income reference period is not consistent with that of the other countries and with the data used to identify employment status sequences). However, we are able to also include the Netherlands in the second phase of the analysis. In both phases, monthly information about self-declared employment statuses (e.g., employed, unemployed, inactive, and in education) is used to identify individual employment status sequences.[10]

8.3.1. First Phase: ESTs in the First 3 Years After Leaving Education

In the analysis of the early labor market experiences of young people, we consider their ESTs during the first 3 years after education exit. As discussed in Berloffa, Mazzolini, and Villa (2015), we classify them according to the time needed to reach, and the pathway that led to, the first relevant employment spell—that is, an employment spell lasting at least 6 consecutive months.[11] We distinguish between successful and unsuccessful trajectories according to the achievement or not of this outcome, and we identify various subtypes according to whether individuals experience a small number of long jobless spells (i.e., spells of

unemployment or inactivity) or a large number of short employment and jobless spells. We also consider the decision to return to education after a sufficiently long period in employment or unemployment/inactivity. These criteria produce six different EST types:

Successful trajectories

- *Speedy pathway*: The sequence presents a relevant employment spell within 6 months after leaving full-time education.
- *Long-search pathway*: The sequence presents a relevant employment spell after more than 6 months in unemployment or inactivity.
- *In & out successful pathway*: The sequence presents a relevant employment spell after various nonrelevant employment spells, interspersed by short periods in unemployment or inactivity.

Unsuccessful trajectories

- *In & out unsuccessful pathway*: The sequence (similar to the *in & out successful pathway*) does not end in a relevant employment spell.
- *Continuous unemployment/inactivity pathway*: The sequence is characterized only by spells of unemployment or inactivity.

Return to education pathway: The sequence is characterized by a long spell in education (at least 6 consecutive months) experienced 6 months after having left full-time education.

Figure 8.1 provides a graphical representation of individual employment trajectories pertaining to these six EST types. They are obtained by applying the previously specified criteria to the EU-SILC sample of young people for the first phase (i.e., during the first 3 years after education exit).

8.3.2. Second Phase: Employment Quality Approximately 5 Years After Leaving Education

As discussed in Berloffa et al. (2015), for the subsequent temporal phase of youth labor market experience, four dimensions are essential for assessing individuals' "employment quality": employment security, income security, income success, and education–occupation success. The definition of each dimension is presented in Table 8.1. Each dimension is evaluated during the two calendar years corresponding to the first two interviews.[12]

Identifying those young people who experience security and/or success is not enough from a policy standpoint because the group of those who have not achieved this outcome is quite heterogeneous. Indeed, individuals with frequent status changes require different policy interventions compared to individuals who remain for long periods in unemployment or inactivity. Therefore, we consider individual ESTs and group them according to their prevailing status and

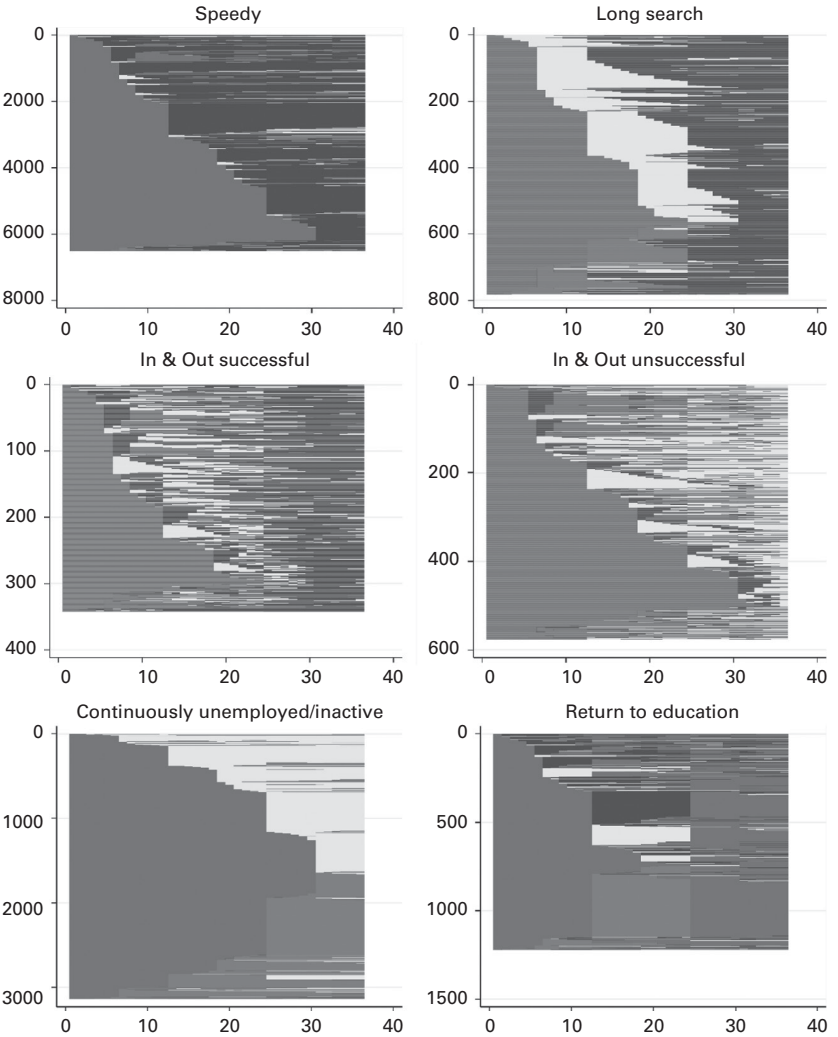

Figure 8.1 ESTs for young people in the first 3 years after leaving education (first phase) in 17 European countries.
Source: Berloffa, Mazzolini, and Villa (2015) based on EU-SILC longitudinal data (2006–2012).

the frequency of status changes.[13] In this group, returning to education for a relevant number of months may have important consequences for future prospects. Hence, it cannot be mixed with other types of trajectories. Given these criteria, we identify six EST types for the second phase:

1. *Almost always in employment*: All months in employment, with or without short spells in education (less than 6 consecutive months).

Table 8.1 Employment quality and its dimensions: Security and success

Employment quality	
Security	**Success**
Employment security	Income success: Individuals' monthly earnings[a]
Spells of employment ≥ 6 months	Above the country–year–education median earnings
Spells of nonemployment ≤ 3 months	Not diminishing over time
Income security: Individuals' annual earnings[b]	Education–occupation success[c]
Above the at-risk-of-poverty threshold	Not overeducated
Not diminishing over time	Not moving down the occupational ladder over time

[a]Monthly earnings are computed by dividing the declared annual labor income by the number of months worked during the income reference period.
[b]This threshold corresponds to 60% of the national median equivalized disposable income after social transfers.
[c]Overeducation and undereducation mean that workers have more or less education than is required to carry out their job (International Labour Organization 2014b).

2. *Prevalently in employment*: Long employment spells (at least 12 consecutive months); few spells of nonemployment (unemployment, inactivity, or education); low number of status changes (three at most); and, overall, more months in employment than in unemployment and inactivity.
3. *Prevalently in unemployment*: Long unemployment spells (at least 12 consecutive months); few spells of employment or inactivity/education; low number of status changes (three at most); and, overall, more months in unemployment/inactivity than in employment. This category also includes individuals who were always out of employment, with more months in unemployment than in inactivity.
4. *Prevalently in inactivity*: Long inactivity spells (at least 12 consecutive months); few short spells (less than 6 months) in employment and education;[14] low number of status changes (three at most); and, overall, more months in inactivity than in unemployment.
5. *In & out employment:* More than three status changes; individuals enter and exit paid employment at least four times during the 36 months considered.
6. *Return to education*: Returned to full-time education for at least 6 consecutive months.

A representation of individual trajectories pertaining to the different EST types can be found in Berloffa et al. (2015).

8.4. YOUTH TRAJECTORIES IN EUROPE: A DESCRIPTIVE ANALYSIS

Differences in youth transitions, both from school to work and within the labor market, may be explained by cross-country differences in education systems, labor market institutions, youth unemployment rates, and other macroeconomic conditions (Müller and Gangl 2003; Scherer 2005; Schomburg and Teichler 2006; Wolbers 2007). But individual trajectories vary greatly also with respect to some individual characteristics, particularly gender and education level.

8.4.1. First Phase: From School to Work

Table 8.2 shows the unconditional distribution of the six EST types (in the first 3 years after leaving full-time education) by gender, highest education level attained, across European countries,[15] and before and during the economic crisis.[16]

Approximately 66% of young individuals in our sample reach a relevant employment spell within 3 years after leaving education, with no major gender differences. Within the unsuccessful group, women have a slightly higher share of continuous unemployment/inactive pathways, whereas men slightly more frequently have in & out unsuccessful trajectories. Level of education plays a relevant role in leading to a successful EST: 73% of university graduates have a speedy pathway, compared to 59% of those with a high school diploma and 44% of those with primary education. Only 10% of individuals with tertiary education have an unsuccessful trajectory, whereas this share is substantially higher among people with secondary and primary education (21% and 41%, respectively). Within this unsuccessful group, the relative distribution between continuous unemployment/inactivity and in & out is similar across education levels.

Successful trajectories are more frequent in the Nordic countries, which exhibit the highest shares of young people in both speedy (74%) and in & out successful pathways (5%). The Nordic countries also have the lowest percentage of young people who are continuously unemployed/inactive (6%). The Southern countries show the worst youth labor market outcomes. Only 43% of young people have a speedy trajectory, whereas more than 31% are continuously unemployed or inactive.

The impact of the economic crisis on ESTs is significant: The share of young people with speedy trajectories decreases by 11 percentage points (pp) between 2005–2007 and 2009–2011 (from 63% to 52%). Also apparent is an increase in individuals who experience continuous unemployment/inactivity trajectories (from 16% to 24%) and in & out unsuccessful pathways (from 4% to 7%). Moreover, return to education pathways record an increase (from 6% to 9%), suggesting higher investment in human capital during economic downturns, as would be expected.

Table 8.2 Descriptive statistics on ESTs in the first 3 years after leaving education (first phase) in 17 European countries

	Successful trajectories			Unsuccessful trajectories			
	Speedy	**Long search**	**In & out successful**	**In & out unsuccessful**	**Continuously unemployed/ inactive**	**Return to education**	**No. of observations**
All sample	0.57	0.06	0.03	0.05	0.21	0.08	6,924
Gender							
Male	0.57	0.06	0.03	0.06	0.20	0.07	3,256
Female	0.56	0.06	0.03	0.04	0.22	0.09	3,668
Education							
Low	0.44	0.04	0.03	0.08	0.33	0.09	3,016
Medium	0.59	0.07	0.03	0.04	0.17	0.10	1,856
High	0.73	0.08	0.04	0.02	0.08	0.04	2,052
Country group							
Nordic	0.74	0.01	0.05	0.05	0.06	0.08	974
Continental	0.60	0.06	0.03	0.06	0.20	0.05	1,727
Southern	0.43	0.06	0.03	0.06	0.31	0.12	2,239
Eastern	0.60	0.09	0.03	0.04	0.19	0.06	1,984
ESTs observed in							
2005–2007	0.63	0.07	0.04	0.04	0.16	0.06	1,230
2009–2011	0.52	0.06	0.03	0.07	0.24	0.09	1,156

Notes: ESTs, individual employment status trajectories. Sample: young individuals (aged 16–34 years) observed for 36 months. Education: low, lower secondary education; medium, upper secondary education; high, tertiary education. Country groups: Nordic = DK, FI, and SE; Continental = AT, BE, and FR; the UK is also added to this group because the sample size is too small to be considered separately and because the distribution of UK individuals across EST types is more similar to Continental countries than to other country groups; Southern = EL, ES, IT, and PT; Eastern = CZ, EE, HU, PL, SI, and SK.

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

8.4.2. Second Phase: Employment Quality and ESTs Approximately 5 Years After Leaving Education

Table 8.3 shows the shares of young people who, approximately 5 years after leaving education, achieve each of the four dimensions used to define their employment quality. Inspection of Table 8.3 reveals that 67% of young individuals in our sample experience employment security, whereas 42% enjoy income security. Overall, 40% of young individuals have a "secure employment condition" (combining employment security with income security). Major differences by gender emerge: Young males are more likely than young females to have a secure employment condition, whatever the dimension of security taken into account. Moreover, education plays a crucial role in ensuring a "secure employment condition": Almost half of all university graduates experience security, compared to only 16% of those with a lower secondary education. The Southern countries stand out as featuring the lowest share of young people enjoying security. Finally, the impact of the economic crisis results in an overall reduction in the share of young people enjoying security: 36% in 2009–2010 compared to 45% in 2006–2007.

The share of young people in our sample enjoying a successful employment condition (i.e., income success and education–occupation success) is only 16%. More than half of young individuals enjoy a good match between their educational attainments and the type of their occupation, but only one out of five is income successful.[17] Because economic success is defined with respect to the education-specific earnings distribution, differences between university and high school graduates disappear when we examine the "success" dimension.

The differences across country groups are relatively small, with the Southern countries recording the lowest shares of young people in terms of both dimensions of success. Although we define income success using year-specific monthly earnings, there is a modest reduction over time in the share of young people experiencing income success. Because our definition of the latter also requires that monthly earnings are nondecreasing during the 2-year observation period, this result suggests that since the onset of the crisis, it has become more likely for youth to experience a reduction in their monthly earnings over time. During the crisis, young people encounter increasing difficulties not only in finding a job but also in finding one that matches their education level.

What is really striking in this scenario is the strong disadvantage suffered by young women—in terms of both income success and education–occupation success. As a result, only 11% of women, versus 21% of men, enjoy a successful employment condition. These results clearly reflect the issues of occupational segregation and wage penalty for females (Dalla Chiara, Matteazzi, and Petrarca 2014).

As noted in Section 8.3.2, the group of people who do not achieve a secure or successful employment condition is quite heterogeneous. Table 8.4 shows

Table 8.3 Descriptive statistics of employment quality of young people approximately 5 years after leaving education (second phase) in 15 European countries

	Secure employment condition			Successful employment condition		
	Employment security	**Income security**	**Employment and income security**	**Income success**	**Education–occupation success**	**Income and education–occupation success**
All sample	0.67	0.42	**0.40**	0.21	0.53	**0.16**
Gender						
Male	0.72	0.46	**0.44**	0.28	0.57	**0.21**
Female	0.61	0.38	**0.35**	0.15	0.49	**0.11**
Education						
Low	0.40	0.18	**0.16**	0.14	0.36	**0.10**
Medium	0.65	0.41	**0.39**	0.21	0.55	**0.17**
High	0.78	0.51	**0.48**	0.24	0.58	**0.18**
Country group						
Nordic	0.69	0.41	**0.37**	0.22	0.60	**0.18**
Continental	0.74	0.44	**0.42**	0.23	0.56	**0.17**
Southern	0.58	0.37	**0.33**	0.19	0.44	**0.14**
Eastern	0.69	0.45	**0.43**	0.22	0.57	**0.18**
Employment quality in						
2006–2007	0.68	0.48	**0.45**	0.24	0.55	**0.18**
2009–2010	0.66	0.38	**0.36**	0.19	0.49	**0.14**

Notes: See Table 8.1 and notes to Table 8.2. DK and UK are not included in the analysis.
Source: Authors' calculations based on EU-SILC longitudinal data (2006–2012).

Table 8.4 Descriptive statistics on ESTs approximately 5 years after leaving education (second phase) in 15 European countries

	Almost always in employment	Prevalently in employment	Prevalently in unemployment	Prevalently in inactivity	In & out	Return to education	No. of observations
All sample	0.55	0.19	0.09	0.06	0.06	0.05	8,070
Unsuccessful and/or insecure people	0.49	0.21	0.11	0.07	0.07	0.06	6,824
The relative distribution of young people with unsuccessful and/or insecure ESTs							
Gender							
Male	0.53	0.20	0.11	0.02	0.08	0.06	3,277
Female	0.45	0.22	0.10	0.11	0.07	0.06	3,547
Education							
Low	0.24	0.22	0.23	0.07	0.09	0.15	816
Medium	0.45	0.22	0.11	0.08	0.08	0.06	3,510
High	0.62	0.19	0.05	0.05	0.05	0.03	2,498
Country group							
Nordic	0.51	0.20	0.03	0.06	0.15	0.06	358
Continental	0.57	0.20	0.05	0.03	0.08	0.07	1,289
Southern	0.40	0.22	0.17	0.04	0.08	0.10	2,130
Eastern	0.51	0.21	0.10	0.10	0.06	0.03	3,047
ESTs observed in							
2005–2007	0.50	0.19	0.12	0.06	0.07	0.05	1,284
2009–2011	0.48	0.21	0.11	0.05	0.08	0.07	1,280

Notes: See notes to Table 8.2. DK and UK are not included in the analysis.
Source: Authors' calculations based on EU-SILC longitudinal data (2006–2012).

the unconditional distribution of the six second-phase EST types described in Section 8.3.2 for the whole sample and for the unsuccessful/insecure group. As to be expected, unsuccessful and/or insecure young people are less likely to be almost always in employment. Among the young individuals unable to achieve success and/or security, young women are less likely than men to be almost always in employment and are more likely to be prevalently inactive. No relevant gender differences emerge for the other EST types in this set.

University and high school graduates are much more likely to be almost always in employment compared to individuals with low education, and they are much less likely to be prevalently in unemployment. Only 15% of young people with a low education level choose to return to education.

Again, the Southern countries stand out for the difficulties that young people face in the labor market: Only 62% are almost always or prevalently employed, compared to 72% or more in the other country groups. Southern Europe also exhibits the highest share of young individuals who are prevalently unemployed. No important differences are observed in the distribution of young people by EST types before and during the crisis.

8.5. THE DETERMINANTS OF YOUTH TRAJECTORIES AND EMPLOYMENT QUALITY

We estimate various multinomial logit models for the first and the second phase of young people's labor market experience in order to check the extent to which socioeconomic factors impact on the probability of experiencing various types of outcomes. For the first phase, the outcome considered is the EST type. For the second phase, the explained variable is the interaction between the secure or successful employment condition and the EST types. We also estimate a multinomial logit model for the interaction between the employment security condition and the EST types because we want to compare the results of this model with those for the first phase.

Among the explanatory variables,[18] we include individual characteristics (sex, age, education level, and potential labor market experience), country and quarter of the interview dummies,[19] gross domestic product (GDP) growth rate corresponding to the first and second year of the sequence, and variables accounting for the role of labor market institutions. These include employment protection legislation (EPL) and active labor market policy (ALMP) expenditure. For EPL, we enter separately the two Organization for Economic Co-operation and Development (OECD) indicators of the strictness of regulation on regular contracts (EPL-P) and on temporary contracts (EPL-T),[20] whereas for ALMP we consider annual expenditure on active policies per unemployed, as a share of per capita GDP.[21] For the first phase, the analysis could suffer from right censoring, especially for individuals who left education in the last year of observation

(approximately 16% of our sample).[22] Because approximately half of these are continuously unemployed or inactive, our analysis might slightly overestimate the percentage of young people continuously at the margin of the labor market and might underestimate those engaged in lengthy job search.

8.5.1. School-to-Work Trajectories: The Role of Individual Characteristics and Institutions

Table 8.5 shows the predicted probabilities and some selected marginal effects for the first phase of labor market entry. No major gender differences emerge in the likelihood of following various trajectory types, with two exceptions: Males have a higher probability of moving in and out of employment without reaching a relevant employment spell, and they have a lower probability of returning to education. Education is crucial for rapid labor market entry and for avoiding the risk of being continuously unemployed/inactive. Previous working experiences contribute to gaining stable and relevant employment after leaving education, and they reduce the probability of experiencing continuous unemployment/inactivity or of returning to education. However, they also have a small positive and significant effect on the probability of remaining in an unsuccessful in & out pathway.

More stringent regulation of the use of temporary contracts (i.e., a higher level of the EPL-T index) is associated with a lower probability of following both an in & out unsuccessful and a long-search successful pathway. It also increases female probability of being in & out successful. This result suggests that encouraging the use of temporary contracts by reducing the strictness of the rules regulating their use (as has been done mainly by Southern countries)[23] is not an effective policy tool with which to improve employment outcomes; indeed, it may even have undesirable effects.[24]

The effects associated with EPL for regular contracts are more diverse across the subgroups. In general, a more stringent regulation of firings and dismissals (i.e., a higher level of the EPL-P index) appears to have positive effects on the school-to-work transition because it reduces the probability of following an in & out unsuccessful pathway. However, for medium- and highly educated individuals, it also increases the probability of being continuously unemployed/inactive while reducing the likelihood of undergoing a (successful) long search for high school graduates and that of being speedy for university graduates. Thus, a higher EPL-P index is associated with a more difficult school-to-work transition for more educated individuals. It also makes the transition more difficult for females, who have to cope with an even lower probability of rapidly entering paid work.

Finally, ALMP expenditure positively affects the probability of being speedy, and it reduces the probability of being in & out unsuccessful. The latter effect is larger for highly educated young people and females. The magnitude of these effects is, however, quite small.[25]

Table 8.5 Predicted probabilities (Pr) and selected marginal effects for ESTs in the first 3 years after leaving education (first phase) in 17 European countries

	Successful pathways						Unsuccessful pathways					
	Speedy		Long search		In & out successful		In & out unsuccessful		Continuously unemployed/inactive		Return to education	
Predicted probabilities	**Pr**	**St. Err.**	**Pr**	**St. Err.**	**Pr**	**St. Err.**	**Pr**	**St. Err.**	**Pr**	**St. Err.**	**Pr**	**St. Err.**
	0.616* **	**0.008**	**0.048*** **	**0.003**	**0.025*** **	**0.002**	**0.049 *** **	**0.003**	**0.203 *** **	**0.007**	**0.059 *** **	**0.005**
Marginal effects	**d*y*/d*x***	**St. Err.**	**d*y*/d*x***	**St. Err.**	**d*y*/d*x***	**St. Err.**	**d*y*/d*x***	**St. Err.**	**d*y*/d*x***	**St. Err.**	**d*y*/d*x***	**St. Err.**
Male	–0.169	0.106	0.068	0.050	–0.010	0.033	0.092**	0.050	0.115	0.108	–0.096 **	0.053
Medium education	0.153*	0.090	0.085	0.061	0.014	0.047	0.077	0.059	–0.322***	0.095	–0.006	0.068
High education	1.226***	0.228	–0.051	0.087	–0.018	0.081	–0.184	0.203	–0.882***	0.192	–0.091	0.107
Age	0.138***	0.026	–0.004	0.016	0.007	0.012	0.006	0.013	–0.118 ***	0.023	–0.028	0.017
Potential labor experience	0.042***	0.008	–0.003	0.005	0.002	0.001	0.008***	0.002	–0.040***	0.006	–0.009 ***	0.003
EPL-T	0.034	0.025	–0.024**	0.013	0.011	0.010	–0.051**	0.023	–0.004	0.026	0.034	0.025
EPL-T* medium education	–0.020	0.020	0.022	0.014	0.006	0.007	0.006	0.009	–0.018	0.012	0.004	0.014
EPL-T* high education	0.009	0.032	0.013	0.017	–0.003	0.007	0.009	0.015	–0.002	0.026	–0.026	0.020
EPL-T* female	–0.005	0.019	0.006	0.008	0.008**	0.004	0.001	0.006	–0.007	0.014	–0.003	0.010
EPL-P	0.099	0.206	0.163	0.107	0.064	0.066	–0.232**	0.118	–0.083	0.207	–0.011	0.166

EPL-P* medium education	–0.009	0.034	–0.049**	0.024	–0.005	0.019	–0.030	0.023	0.101 ***	0.037	–0.008	0.028
EPL-P* high education	–0.410***	0.085	0.001	0.036	0.009	0.032	0.072	0.070	0.300***	0.069	0.028	0.039
EPL-P* female	–0.071*	0.041	0.022	0.019	–0.015	0.013	0.033**	0.018	0.060	0.041	–0.030	0.023
ALMPs	0.011**	0.005	–0.003	0.002	–0.001	0.002	–0.007***	0.003	–0.003	0.005	0.003	0.004
ALMPs* medium education	–0.006	0.005	–0.003	0.003	–0.002	0.003	–0.004	0.003	0.011 **	0.005	0.004	0.003
ALMPs* high education	0.010	0.017	0.007	0.007	0.005	0.003	–0.020**	0.009	–0.013	0.015	0.011	0.009
ALMPs* female	0.002	0.005	–0.001	0.003	0.002**	0.001	–0.005**	0.003	–0.002	0.004	0.003	0.002

Notes: Sample of young individuals (aged 16–34 years) observed for 36 months. Complete estimation results are available from the authors.
*$p < .10$.
**$p < .05$.
***$p < .01$.
Source: Authors' estimations based on EU-SILC longitudinal data (2006–2012).

The effect of the economic crisis on the transition from school to work is illustrated in Figure 8.2, which shows the predicted probabilities by trajectory type in various European countries for the subperiods 2005–2007 and 2009–2011. The graphs highlight the overall negative impact of the Great Recession on school-to-work trajectories, but they also reveal some heterogeneity across countries. All countries record a reduction in the probability of following speedy trajectories and of undergoing a successful search period (with the sole exception of Austria).

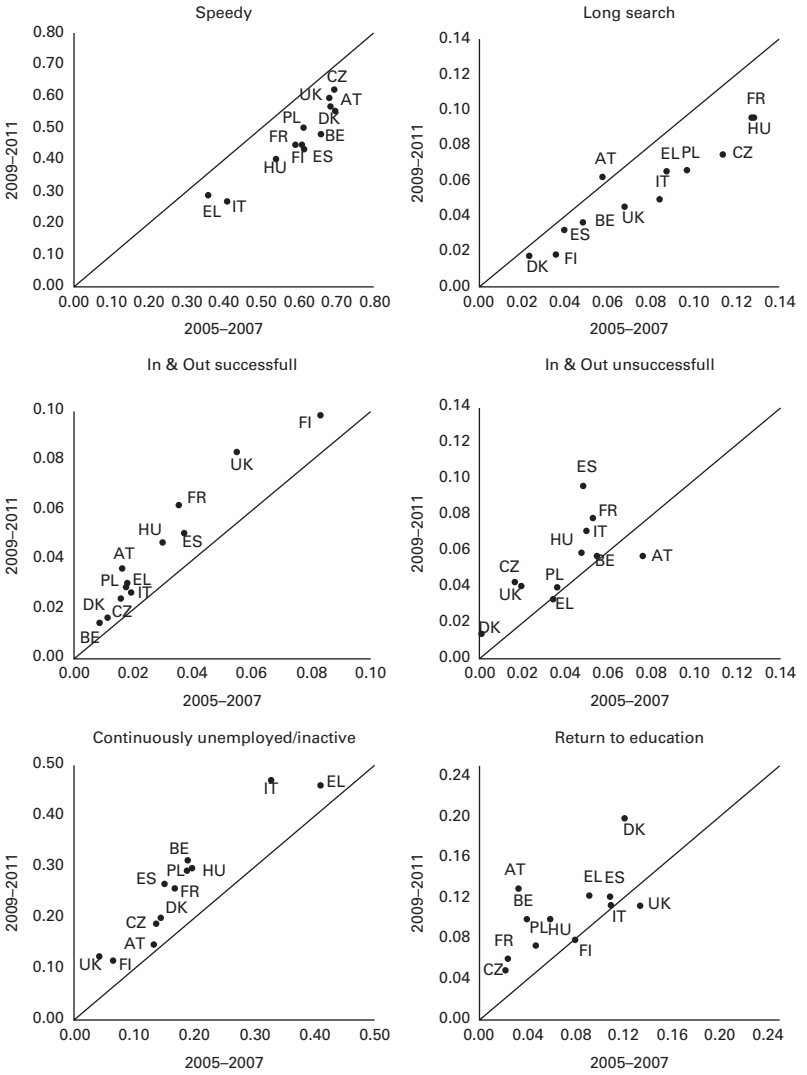

Figure 8.2 Conditional distribution of young individuals by (first-phase) EST types in 12 European countries, 2005–2007 versus 2009–2011.
Source: Authors' estimations based on EU-SILC longitudinal data (2006–2012).

Moreover, young people in all the countries studied face a higher degree of instability, with an increase in the likelihood of experiencing in & out pathways, both successful and unsuccessful (again with the sole exception of Austria). Finally, the economic crisis has increased the likelihood of being at the margin of the labor market by increasing the probability of being continuously unemployed/inactive but, fortunately, also by increasing the probability of returning to education (with the exception of the United Kingdom).

8.5.2. Employment Quality: The role of Individual Characteristics and Institutions

Table 8.6 shows the predicted probabilities and some selected marginal effects for employment security and different pathways of employment-insecure individuals approximately 5 years after education exit. In contrast with the first phase, in this second phase, females have a significantly lower probability of achieving employment security compared to males and a higher probability of experiencing inactivity and returning to education. Thus, although males and females have similar chances of obtaining good employment outcomes immediately after leaving education, women's labor market conditions deteriorate over the following few years, with females being substantially less likely to be employment secure approximately 5 years after having left education.

The employment condition of women in couples is even worse.[26] In addition to having much lower chances of being employment secure, they are also considerably more likely to have a fragmented career pathway (being prevalently employed and insecure) or to be out of paid employment (prevalently unemployed and inactive). In contrast, males in a couple have a higher probability of being employment secure. Educational attainments are crucial also in this phase of labor market experience. Higher levels of education are associated with a higher probability of being employment secure and with a lower probability of being in all the other trajectory types (except for return to education). Potential work experience also increases the probability of achieving employment security by reducing the risk of experiencing unemployment and the probability of returning to education.

Regarding the mix of EPL and ALMP expenditure, some interesting results emerge. A more stringent regulation of the use of fixed-term contracts (i.e., a higher EPL-T index) increases young people's probability of being employment secure and reduces their probability of experiencing either short employment spells or long unemployment spells from one employment spell to the next (i.e., being prevalently employed but employment insecure). This is in line with what we found in Section 8.5.1 for the first phase, in which a higher level of the EPL-T index was associated with a lower probability of following both in & out unsuccessful and long-search pathways. However, in this second phase, the effects associated with EPL-T are greater for women and low-educated individuals. In

Table 8.6 Predicted probabilities (Pr) and selected marginal effects for employment security approximately 5 years after leaving education (second phase) in 15 European countries

			Employment insecure									
Predicted probabilities	**Employment secure**		**Prevalently employed**		**In & out**		**Prevalently unemployed**		**Prevalently inactive**		**Return to education**	
	Pr	**St. Err.**	**Pr**	**St. Err.**	**Pr**	**St. Err.**	**Pr**	**St. Err.**	**Pr**	**St. Err.**	**Pr**	**St. Err.**
	0.752* **	**0.006**	**0.089*** **	**0.004**	**0.051*** **	**0.003**	**0.057*** **	**0.004**	**0.029*** **	**0.003**	**0.022*** **	**0.002**
Marginal effects	**d*y*/d*x***	**St. Err.**	**d*y*/d*x***	**St. Err.**	**d*y*/d*x***	**St. Err.**	**d*y*/d*x***	**St. Err.**	**d*y*/d*x***	**St. Err.**	**d*y*/d*x***	**St. Err.**
Female	–0.221 ***	0.060	0.055	0.040	0.025	0.031	0.032	0.029	0.063 ***	0.021	0.046 ***	0.015
Female in couple	–0.143 ***	0.019	0.082***	0.013	–0.003	0.009	0.030 ***	0.010	0.055 ***	0.006	–0.021 ***	0.006
Male in couple	0.060 **	0.025	–0.005	0.017	–0.010	0.011	–0.022	0.014	–0.013	0.011	–0.010	0.007
Living in family	–0.039**	0.017	0.031***	0.012	–0.021***	0.008	0.028 ***	0.009	0.002	0.005	0.000	0.004
Medium education	0.293 ***	0.104	–0.112 *	0.066	–0.005	0.051	–0.142 ***	0.040	–0.060 **	0.027	0.026	0.024
High education	0.690 ***	0.116	–0.222***	0.072	–0.115 **	0.059	–0.252 ***	0.051	–0.086 ***	0.032	–0.014	0.028
Age	0.008	0.005	0.001	0.003	–0.004*	0.003	0.002	0.002	–0.001	0.001	–0.005 ***	0.001
Potential labor experience	0.019 ***	0.002	0.001	0.001	0.001	0.001	–0.014 ***	0.001	0.000	0.001	–0.006 ***	0.001
EPL-T	0.128 ***	0.049	–0.116 ***	0.034	0.014	0.026	–0.044 **	0.021	0.021	0.014	–0.003	0.012
EPL-T* medium education	–0.053**	0.023	0.041 ***	0.015	0.000	0.011	0.012	0.009	0.003	0.008	–0.003	0.005
EPL-T* high education	–0.052**	0.024	0.013	0.015	0.014	0.011	0.019 *	0.010	0.001	0.008	0.006	0.005

EPL-T* female	0.052 ***	0.014	–0.015*	0.009	–0.001	0.007	–0.013 *	0.007	–0.009	0.006	–0.014 ***	0.004
EPL-P	0.077	0.176	–0.042	0.100	–0.195*	0.117	0.108	0.086	–0.029	0.034	0.082	0.085
EPL-P* medium education	0.027	0.028	–0.021	0.019	–0.008	0.015	0.009	0.012	0.005	0.008	–0.011 **	0.005
EPL-P* high education	–0.084***	0.030	0.028	0.019	0.015	0.016	0.031 **	0.014	0.008	0.009	0.003	0.006
EPL-P* female	0.020	0.021	–0.008	0.014	–0.007	0.011	–0.001	0.010	–0.006	0.007	0.002	0.004
ALMPs	0.886 ***	0.341	0.087	0.221	–0.304*	0.158	–0.562***	0.146	–0.049	0.112	–0.060	0.069
ALMPs* medium education	–1.063 ***	0.267	0.263	0.165	0.104	0.122	0.338 ***	0.116	0.159 **	0.082	0.199 ***	0.054
ALMPs* high education	–1.221 ***	0.291	0.370**	0.178	0.138	0.134	0.342 **	0.146	0.165 *	0.092	0.206***	0.062
ALMPs* female	0.082	0.150	0.029	0.099	0.018	0.069	0.048	0.084	–0.106 *	0.064	–0.071 **	0.034

Notes: Sample of young individuals (aged 16–34 years) observed for 36 months. Complete estimation results are available from the authors.
*$p < .10$.
**$p < .05$.
***$p < .01$.
Source: Authors' estimations based on EU-SILC longitudinal data (2006–2012).

other words, a more stringent regulation of the use of temporary contracts is likely to reduce the probability of having fragmented trajectories in both phases, facilitating the achievement by young people of an employment-secure condition approximately 5 years after leaving education,[27] with more marked effects over time for the weakest groups (women and low-educated young people). This finding may be related to the gender and educational segmentation in employment contracts—that is, to the fact that women and low-educated individuals are overrepresented in fixed-term contracts (Petrongolo 2004; Muffels 2008).

The effects associated with EPL-P are similar to those that emerged in Section 8.5.1. A more stringent regulation of individual dismissals (i.e., a higher EPL-P index) is associated with a lower probability of being in & out and with some adverse effects for highly educated individuals (a lower probability of being employment secure and a higher probability of being prevalently unemployed). In other words, where the regulation of individual dismissals is more restrictive, the relative advantage of highly educated workers (compared to individuals with medium or low education) in terms of rapid labor market entry and of employment security is reduced. A possible explanation is that the higher the individual wage, the higher is the expected (discounted) total labor cost that firms face when it is more difficult for them to fire a worker. In any case, the magnitude of these effects decreases over time.

ALMP expenditure has positive effects as in the first phase, but in this second phase it is more differentiated across education levels. Higher ALMP expenditure is associated with a lower probability of being prevalently unemployed for all young people, but with larger effects for low-educated individuals. This lower probability of being prevalently unemployed is compensated by a higher probability of being employment secure for low-educated young people and by a higher probability of returning to education for high school and university graduates. In this case, the magnitude of the effects is much larger than those presented in Section 8.5.1.[28]

In Table 8.7, we consider the combined condition of employment and income security (outcome "secure") and the combined condition of income success and a good education–occupation match (outcome "success"). We report the predicted probabilities and the marginal effects for the secure/success outcomes and for only three trajectory types among the insecure/unsuccessful groups (almost always in employment, prevalently employed, and in & out). For the other trajectory types (prevalently unemployed, prevalently inactive, and return to education), the predicted probabilities and marginal effects are very similar in sign, magnitude, and significance to those obtained for employment security.

The first interesting result is that females and males have the same chances of achieving a secure employment condition. The reason is that although females are more likely to be employment insecure, they are less likely to be income insecure when following a continuous/stable employment pathway (i.e., to be almost always employed and income insecure).[29] By contrast, women living in a couple

Table 8.7 Selected predicted probabilities (Pr) and marginal effects for security and success approximately 5 years after leaving education (second phase) in 15 European countries

			Insecure								Unsuccessful					
	Secure		Almost always employed		Prevalently employed		In & out		Successful		Almost always employed		Prevalently employed		In & out	
Predicted probabilities	**Pr**	**St. Err.**	**Pr**	**St. Err.**	**Pr**	**St. Err.**	**Pr**	**St. Err.**	**Pr**	**St. Err.**	**Pr**	**St. Err.**	**Pr**	**St. Err.**	**Pr**	**St. Err.**
	0.44* **	**0.01**	**0.24*** **	**0.01**	**0.15 *** **	**0.01**	**0.06*** **	**0.00**	**0.17 *** **	**0.01**	**0.46*** **	**0.01**	**0.19 *** **	**0.01**	**0.06*** **	**0.00**
Marginal effects	**dy/dx**	**St. Err.**	**dy/dx**	**St. Err.**	**dy/dx**	**St. Err.**	**dy/dx**	**St. Err.**	**dy/dx**	**St. Err.**	**dy/dx**	**St. Err.**	**dy/dx**	**St. Err.**	**dy/dx**	**St. Err.**
Female	0.10	0.07	–0.29 ***	0.06	0.01	0.05	0.03	0.03	–0.14 ***	0.05	–0.11	0.07	0.05	0.05	0.05	0.03
Female in couple	–0.18 ***	0.02	0.01	0.02	0.12 ***	0.02	–0.01	0.01	–0.11 ***	0.02	–0.08 ***	0.02	0.13 ***	0.02	–0.01	0.01
Male in couple	0.03	0.03	0.04 **	0.02	–0.01	0.02	–0.01	0.01	0.00	0.02	0.04	0.03	0.01	0.02	–0.01	0.01
Living in family	–0.05 **	0.02	0.01	0.02	0.03 **	0.02	–0.03 ***	0.01	–0.10 ***	0.01	0.03 *	0.02	0.06***	0.02	–0.02 ***	0.01
Medium education	0.53 ***	0.16	–0.21	0.14	–0.13	0.09	–0.01	0.06	0.08	0.11	0.14	0.15	–0.06	0.10	–0.01	0.06
High education	0.67 ***	0.17	0.01	0.15	–0.19 **	0.10	–0.13 **	0.06	0.09	0.12	0.48 ***	0.16	–0.11	0.11	–0.12 *	0.07
Age	0.01 **	0.01	0.00	0.01	0.00	0.00	–0.01 *	0.00	0.02 ***	0.00	0.00	0.01	0.00	0.00	–0.01 *	0.00
Potential labor experience	0.01 ***	0.00	0.01 ***	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02 ***	0.00	0.00	0.00	0.00	0.00
EPL-T	0.18 ***	0.06	–0.02	0.05	–0.14 ***	0.04	0.02	0.03	0.05	0.04	0.09	0.06	–0.12 ***	0.05	0.01	0.03
EPL-T* medium education	–0.12 ***	0.04	0.04	0.03	0.06 ***	0.02	0.00	0.01	–0.01	0.03	–0.03	0.03	0.03	0.02	0.00	0.01

(*continued*)

Table 8.7 Continued

			Insecure								Unsuccessful					
	Secure		Almost always employed		Prevalently employed		In & out		Successful		Almost always employed		Prevalently employed		In & out	
Marginal effects	**dy/dx**	**St. Err.**	**dy/dx**	**St. Err.**	**dy/dx**	**St. Err.**	**dy/dx**	**St. Err.**	**dy/dx**	**St. Err.**	**dy/dx**	**St. Err.**	**dy/dx**	**St. Err.**	**dy/dx**	**St. Err.**
EPL-T* high education	–0.10 ***	0.04	0.03	0.03	0.02	0.02	0.02 *	0.01	–0.01	0.03	–0.02	0.03	0.00	0.02	0.02	0.01
EPL-T* female	0.03 **	0.02	0.03 **	0.01	–0.02 *	0.01	–0.01	0.01	0.03 ***	0.01	0.03 *	0.02	–0.02	0.01	–0.01	0.01
EPL-P	0.19	0.18	–0.15	0.16	0.01	0.14	–0.24 *	0.13	–0.15	0.12	0.16	0.18	0.06	0.15	–0.21 *	0.12
EPL-P* medium education	–0.09 **	0.04	0.11 ***	0.04	–0.01	0.02	0.00	0.02	–0.02	0.03	0.07 *	0.04	–0.04	0.03	–0.01	0.02
EPL-P* high education	–0.14 ***	0.04	0.07	0.04	0.01	0.02	0.02	0.02	–0.04	0.03	0.01	0.04	–0.02	0.03	0.01	0.02
EPL-P* female	–0.08 ***	0.02	0.07 ***	0.02	0.02	0.02	–0.01	0.01	–0.01	0.02	0.02	0.02	0.01	0.02	–0.01	0.01
ALMPs	–1.38 ***	0.49	1.76 ***	0.39	0.42	0.29	–0.28 *	0.17	0.18	0.34	1.15 ***	0.46	–0.31	0.33	–0.32 *	0.18
ALMPs* medium education	0.80 **	0.42	–1.26 ***	0.32	–0.12	0.23	0.04	0.13	–0.51 *	0.28	–0.85 ***	0.37	0.47 *	0.26	0.17	0.14
ALMPs* high education	0.78 *	0.43	–1.43 ***	0.32	–0.02	0.24	0.09	0.15	–0.43	0.28	–1.04 ***	0.38	0.54 **	0.27	0.19	0.15
ALMPs* female	–0.08	0.16	0.16	0.13	0.02	0.13	0.03	0.07	0.11	0.10	0.02	0.15	0.01	0.13	–0.01	0.07

Notes: Complete estimation results are available from the authors. Marginal effects for the other trajectory types are comparable to those obtained for employment security (see Table 8.6).
*$p < .10$.
**$p < .05$.
***$p < .01$.
Source: Authors' estimations based on EU-SILC longitudinal data (2006–2012).

have a significantly lower probability of achieving security because, in addition to the usual effects on unemployment and inactivity, they have a higher probability of being prevalently employed but income insecure.

Major gender differences are observed also when we consider the probability of achieving a successful employment condition. Females have substantially lower chances than men of achieving success. This is true both when we consider the unconditional probability and when we compute the probability of being successful conditional on having a stable employment pathway.[30] Again, women in a couple have worse labor market outcomes. They are even less likely to be successful and, among the unsuccessful group, they are considerably less likely to have a stable/continuous pathway and to be prevalently employed.

Thus, gender differences in labor market outcomes emerge quite soon after leaving education, and they are mainly related to the greater difficulties experienced by women in remaining continuously employed, earning high wages, and achieving a good match between education and occupation. This clearly suggests that well-known gender differences in labor market outcomes (career interruptions due to motherhood, job segregation, and wage penalties) have not yet been resolved, given that the younger generation of women encounters similar problems to the older generation of women.

Higher education levels are associated with a significantly higher probability of achieving a secure employment condition. Moreover, young people with a university degree are substantially less likely than low-educated individuals to be in & out and prevalently employed. Education has no effects on the probability of achieving success because of the way in which we have defined it. However, among the unsuccessful group, young individuals with a university degree have a significantly higher probability of being almost always employed and a lower probability of being in & out. Potential labor market experience increases young people's probability of being secure and having a continuous/stable pathway.

The effects of EPL-T on security are very similar to those described at the beginning of this subsection, confirming that the regulation of temporary contracts affects mainly the type of employment trajectory that individuals follow. By contrast, the EPL of regular contracts appears to have some additional effects on income security. Indeed, a higher EPL-P index is associated with a lower probability of being secure not only for university graduates but also for medium-educated individuals, and even more so for females. This additional effect for the latter two groups is driven mainly by an income effect because both high school graduates and females have a higher probability of being always employed but income insecure where the EPL-P index is higher. In other words, a more stringent regulation of individual dismissals generates some problems in terms of employment security for highly educated individuals, but it also generates problems in terms of low income for those high school graduates and females who are able to enter a stable employment trajectory. Higher expenditure on ALMP has a similar income effect for low-educated individuals (and to a much lower extent for

high school graduates). As a result, the positive effect on employment security described at the beginning of this subsection is reversed, and higher ALMP expenditure is associated with lower overall security for low-educated individuals.[31]

The effect of our policy variables is less widespread for the successful dimension of employment quality. Interestingly, a higher EPL-T index increases the female probability of being successful, and higher ALMP expenditure again increases the probability of being almost always employed but unsuccessful for low-educated individuals.

8.6. CONCLUSIONS

This chapter has highlighted the importance of studying various aspects of youth labor market performance from a dynamic perspective. Given that labor markets are increasingly characterized by workers moving quite frequently between jobs, with possible unemployment spells in between, we argue that it is important to go beyond (or to complement) the analysis of jobs' characteristics and to develop new concepts of employment security and employment quality that account for various features of individuals' employment conditions over a certain period of time. Our definition of employment quality encompasses four dimensions: employment security, income security, income success, and a successful match between education and occupation, which are identified using information pertaining to a 2-year period. We have also presented a new methodology with which to analyze ESTs, based on whether they contain a prespecified major outcome and some other minor features that are relevant for the research question being addressed.

We have used this approach for the analysis of young Europeans' labor market experience during the period 2006–2012. We have examined two phases of youth working life: entry into the labor market (i.e., the transition from school to the first relevant employment experience) and the subsequent phase, approximately 5 years after leaving full-time education. For the first phase, we have analyzed the type and the determinants of ESTs followed in the first 3 years after education exit. For the second phase, we have focused on young people's probability of achieving a secure employment condition (employment security and income security) and a successful employment condition (income success and a successful match between education and occupation). For those who were not able to achieve these outcomes, we have examined their employment pathway.

The descriptive analysis shows that successful school-to-work trajectories are more frequent in Nordic countries but that this relative advantage vanishes in the second phase. By contrast, Southern countries record the worst performance in both phases. The impact of the economic crisis on employment trajectories is large in the first phase but negligible in the second phase. In the latter phase, the

crisis has reduced young people's probability of achieving income security and a successful employment condition.

Our econometric analysis shows that although males and females have similar chances of obtaining good employment outcomes immediately after leaving education (they have almost the same chances of accessing paid employment rapidly), the labor market condition of women deteriorates during the following few years. More precisely, women are less likely than men to have achieved employment security approximately 5 years after leaving education; that is, they are considerably more likely to experience career interruptions and have more fragmented career pathways. However, if they are able to follow a stable employment trajectory, they have better chances than men of having a stable labor income above the poverty line. On the contrary, they always have less chances of being successful even when they manage to remain continuously employed.

The regulation of temporary contracts mainly affects the type of employment trajectory followed by individuals, whereas the EPL regarding regular contracts appears to have some additional effects on income security. Stricter rules on the use of temporary contracts tend to reduce the probability of fragmented trajectories in both phases, facilitating the achievement by young people of employment security approximately 5 years after leaving education, with more marked effects over time for women and low-educated young people. A more stringent regulation of individual dismissals generates difficulties in the school-to-work transition for highly educated individuals and for females, who have to cope with a lower probability of entering paid work rapidly. These negative effects remain also in the second phase, reducing the chances of being secure not only for university graduates and females but also for high school graduates. For the latter two groups, stricter rules on individual dismissals seem to have adverse effects on income security. Indeed, a higher EPL-P increases the likelihood of having a labor income below the poverty line when following a continuous employment trajectory. This could be the result of a trade-off between earnings levels and job security. ALMP expenditures have overall positive effects in the first phase, increasing the speed of youth labor market entry, whereas in the second phase (approximately 5 years after education exit), they are associated with an increase in youth employment security but also a decrease in overall security (especially for the low educated), presumably because of an increase in income insecurity. Thus, these policies must be considered with caution because ALMPs seem to improve labor market outcomes in terms of stability and permanence in employment but to have side effects on earnings.

From a policy perspective, our findings suggest that there is still a pressing need to enhance women's chances of remaining continuously in employment and moving up the labor income distribution. Indeed, it appears that the well-known gender differences in labor market outcomes (career interruptions due to motherhood, job segregation, wage penalty, etc.) have not yet been removed.

Relaxing the rules on the use of temporary contracts (as has been done mainly by Southern countries), besides generating more difficulties for women (and low-educated individuals), does not appear to be an effective policy tool with which to improve youth employment outcomes in general. In fact, it reduces the chances of reaching a relevant employment spell within 3 years after leaving education, as well as the chances of achieving a sufficiently secure employment condition within the subsequent few years.

NOTES

1 The International Labour Organization has also developed an analytical framework to study individuals' school-to-work transitions. The school-to-work transition is defined as the passage from the end of schooling to a stable or satisfactory employment condition (Matsumoto and Elder 2010). Young people are classified into three categories: (1) "transited" if the job held at the moment of the survey is either stable/secure or satisfactory; (2) "in transition" if the job is unstable/insecure and unsatisfactory or if the person is unemployed or inactive (aims to work later); and (3) "not started transition yet" if the person is in education or inactive (not aiming to work later). Young people who have transited are further categorized by their "speed" of transition into "short," "middling," and "lengthy" based on the type and the lengths of spells experienced.

2 The OM method calculates the minimum distance between any two sequences by considering the number of steps that must be enacted in order to make both sequences equal, associating a cost with each step. The corresponding matrix of minimum distances is then used in a cluster analysis to group sequences into similar "types" or in a discrepancy analysis (Studer et al. 2011) to examine the association between activity sequences and one or more categorical predictors.

3 See Aisenbrey and Fasang (2010) for a discussion of criticisms of traditional OM. See Cornwell (2015) for a review of the OM technique and an update on the latest methodological improvements.

4 The outcome that drives our grouping methodology in the first phase of youth labor market experience is the achievement of a "relevant" employment spell, whereas in the second phase it is the prevailing labor market status.

5 Other dimensions considered in the literature include education and training, working environment, work–life balance, and gender balance.

6 According to recent estimates, nearly 15% of EU employees aged 25–64 years are overqualified (European Commission 2012, 360, 388 (Annex 2)). The studies reviewed by Quintini (2011)—based on educational

qualifications—estimate that one in four workers in OECD countries could be overqualified and that one in three could be underqualified for their jobs.

7 For the second phase, we consider young people who left education 3–5 years before the first interview, evaluating their labor market performance in the following 2 years (first 2 years of the survey). This means that for some individuals, we evaluate labor market performance at 3 or 4 years after exiting full-time education, whereas for others we refer to 4 or 5 or to 5 or 6 years.

8 IE, LU, NL, and NO are excluded from the analysis because the sample size was too small. BG, CY, LT, LV, MT, and RO are excluded because the policy variables that we use in the econometric analysis are not available for these countries.

9 See Berloffa, Mazzolini, and Villa (2015) and Berloffa et al. (2015) for details about the sample selection rules.

10 EU-SILC does not provide daily data. However, by using monthly information instead of daily data, we have a sample with less noise due to the exclusion of individuals who change their status very frequently. The monthly activity status declared by respondents must have been their status for at least 2 out of 4 week in 1 month. If there are more than two activities, the main activity is the one in which the individual spent the most time.

11 The definition of a relevant employment spell follows the EU-SILC convention, according to which a 6-month period identifies the first regular job and whether individuals ever worked. The time frame of 6 months is a reference length also for some labor market policies, such as the UK government's Youth Contract wage incentive, which was in place from 2012 to 2014, paying an incentive to firms that recruited long-term unemployed young people for at least 26 weeks.

12 We consider a 24-month period in order to have all the dimensions of employment quality referring to the same reference period. Indeed, information about income and monthly employment statuses, which is used to identify income security, income success, and employment security, refers to the calendar year preceding the interview. In contrast, information about the type of occupation, which is used to identify education–occupation success, refers to the year of the interview. Thus, the only overlapping years for information about all four dimensions are the two calendar years preceding the third interview.

13 Employment quality is evaluated during the two calendar years corresponding to the first two interviews. In contrast, ESTs cover a 3-year period that starts in the calendar year before the first interview. This means that we have a time span of 2–4 years between education exit and the beginning of the observation period for second-phase ESTs.

14 We exclude from the analysis those individuals who were inactive for the entire length of the sequence.

15 Countries are grouped on the basis of geographic criteria, largely for presentational purposes. This grouping is used only for the descriptive analysis, whereas the econometric analysis uses country dummies.

16 The data on monthly employment status refer to the year preceding the interview. Thus, for those interviewed in 2006–2008, the ESTs refer to the period 2005–2007.

17 This share is computed over the entire sample (including those who were never employed); if we consider only those who have at least 1 month in employment in both years, the share of income successful young people rises to 27%.

18 See Berloffa, Mazzolini, and Villa (2015) and Berloffa et al. (2015) for further details about the control variables included in the analysis.

19 Because we had a small sample size for some countries (e.g., the Nordic countries), we also estimated our models controlling for country-group dummies instead of country dummies. The results remained consistent across specifications.

20 EPL-P measures the strictness of employment protection against individual dismissals, whereas EPL-T measures the strictness of regulation on the use of fixed-term and temporary-work agency contracts.

21 ALMPs include training, job rotation and job sharing, employment incentives, supported employment and rehabilitation, direct job creation, and start-up incentives. We are well aware that this variable only provides information about the input—that is, how much money was spent and how many people participated—but there is no other information available to account for the efficiency of these ALMP expenditures.

22 Right censoring was considerably more limited in the second phase because we examined the prevalent employment condition and the number of status changes in defining trajectories. Hence, the employment condition at the end of the sequence is less relevant for the definition.

23 The EPL-T index of Spain declined in 2006–2007 and in 2010–2011, that of Portugal and Sweden declined in 2007–2008, and that of Greece declined in 2010–2011 and in 2011–2012.

24 This is in line with the data presented in *Employment and Social Developments in Europe 2014* (European Commission 2014, 77–78), suggesting that reductions in EPL either for permanent workers (during economic downturns) or for temporary contracts do not appear to be clearly correlated with improvements in the transition from unemployment to employment.

25 The estimated coefficients imply that, for example, an increase in ALMP expenditure as a share of per capita GDP from 0.10 to 0.20 increases (decreases) the probability of being speedy (in and out unsuccessful) only by 0.11 (0.07) pp.

26 Instead of controlling for partnership, we could have controlled for parenthood. However, we believe that the decision to have children may be more

endogenous than the decision to form a couple. Indeed, many authors have developed and estimated models of joint fertility and labor supply decisions, whereas few studies have explored the interdependencies between females' labor market participation and the choice of living in a couple.

27 Note, however, that this does not necessarily mean that they stay in the same job. Berloffa et al. (2016) show that an increase in the strictness of the regulations on the use of fixed-term contracts raises the likelihood of staying almost continuously in the labor market, although not with the same employer.

28 An increase in ALMP expenditure as a share of per capita GDP from 0.10 to 0.20 increases the probability of being employment secure by 8.9 pp and decreases the probability of being prevalently unemployed by 5.6 pp.

29 Indeed, estimation of a multinomial logit model specifically for income security shows that males are much less likely to be at the margin of the labor market (the probability of being continuously unemployed/inactive or returning to education is 8% for males vs. 22% for females) but much more likely to be always employed and income insecure (25% vs. 11%). If we compute the probability of being income secure conditionally on having continuous/stable employment, men are actually worse off (the conditional probability becomes 68% for males vs. 80% for females).

30 Thus, when women are able to follow a stable employment trajectory, they are more likely than men to be income secure but less likely to be successful.

31 The magnitude of the effect is larger than that estimated for employment security. An increase in ALMP expenditure as a share of per capita GDP from 0.10 to 0.20 decreases the probability of being secure by 13.8 pp.

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9

YOUTH TRANSITIONS AND JOB QUALITY

HOW LONG SHOULD THEY WAIT AND WHAT DIFFERENCE DOES THE FAMILY MAKE?

Marianna Filandri, Tiziana Nazio, and Jacqueline O'Reilly

9.1. INTRODUCTION

Much attention has been devoted to the issues of job quality, the effects of prolonged unemployment, and the influence of families on youth transitions, whereas very little has been given to date to examining the interrelationship between these dimensions. In this chapter, we explore the effects of both persistent unemployment and employment continuity on the likelihood of obtaining a good-quality job 3 years after acquiring a secondary or tertiary educational qualification. We are also interested in understanding how family of origin affects these strategic transitions for young people in Europe. Specifically, we examine the following questions:

1. Does a longer period in unemployment lead to accessing a better job?
2. Does employment continuity influence the chances of accessing a better job?
3. Does a bad entry job lead to more adverse employment outcomes later?
4. How does the social class of the family of origin mediate young people's labor market outcomes?

European countries differ significantly in their labor market institutional settings (particularly in terms of "youth transition regimes"; see Hadjivassiliou et al., this volume) and also with regard to the effects of the Great Recession on employment and unemployment (particularly in terms of differences between young people and prime-age individuals; see Flek, Hála, and Mysíková, this volume). Our main hypothesis is that the mechanisms that enable young people to pursue a successful strategy for securing good employment outcomes in the long term (3–5 years after acquiring an educational qualification) are similar across countries. More precisely, the features of a "successful strategy" are similar across countries, notwithstanding their institutional specificities (youth transition regime, labor market settings, welfare systems, etc.) and their macroeconomic conditions. We also hypothesize that the family of origin has a strong influence on its children's employment outcomes and that the effects of the family social background are similar across countries. Families from the upper social classes should be better able to secure successful employment outcomes for their offspring, not only by making higher investments in their education but also by guiding them toward pursuing more effective employment strategies.

We explore such strategies by testing whether experience of unemployment or of discontinuity in employment, or a certain type of entry job, at the time when young people complete a level of education reflects on the occupational conditions (pay, skill levels, or both) they achieve in employment 3 years later. Using monthly employment-status data from the 2005–2012 longitudinal waves of EU-SILC (European Union Statistics on Income and Living Conditions), we construct individual trajectories covering a period of 36 months following the completion of an education level; in addition, we use the cross-sectional ad hoc 2011 module to explore the effects of the family of origin on these transitions. First, we distinguish between different types of good and bad jobs. Second, we test for associations with successful transitions to good jobs in five selected European countries: Finland, France, Italy, Poland, and the United Kingdom. Third, we examine the impact of family background on the types of transitions young people make.

We hypothesize that families have different capacities—in line with the resources that characterize their social class—to guide, empower, and provide backing for their young adult children as these make their initial steps in the labor market. Depending on their familial resources, young people from less advantaged backgrounds might be required to move into work earlier, or they may not have the necessary resources to enable them to wait for, gain access to, select, or take up promising job opportunities that entail initial losses or higher risks. Our findings show that young people from higher social class families were able to make transitions into better quality jobs than was the case for youth from lower class families. These findings reinforce established knowledge on patterns of stratification and raise significant questions about the best locus for policy interventions that are designed to reduce inequalities.

9.2. THEORETICAL DEBATES ON YOUTH TRANSITIONS: QUALITY AND TIME

9.2.1. Job Quality

A considerable body of empirical studies has found that job quality affects well-being and happiness. Low-quality employment has been associated with lower levels of self-reported life satisfaction and happiness, compared to those of people with higher quality jobs (Gallie 2013a; Sánchez-Sánchez and McGuinness 2013; Green et al. 2014; Keller et al. 2014), and this association holds true across different institutional settings (Gallie 2007; Kattenbach and O'Reilly 2011). Although those in poor-quality jobs have lower levels of life satisfaction, they are often more satisfied than people who remain unemployed (Grün, Hauser, and Rhein 2010). Overall levels of (dis)satisfaction can be traced to a range of different factors, including overeducation, underemployment, and poor employment conditions (contractual forms and salary levels) (Peiró, Agut, and Grau 2010). Several factors associated with job characteristics affect levels of well-being, such as task autonomy in a job, economic and personal rewards, a stimulating and supportive environment, training opportunities, contract security, and work pressure and job control (Gallie 2012; Gallie, Felstead, and Green 2012; Gallie 2013b).

"Good" and "bad" jobs can be distinguished in terms of a number of features related to material (monetary and nonmonetary) and nonmaterial characteristics (Jencks, Perman, and Rainwater 1988; Warhurst et al. 2012; Keller et al. 2014). There have been many definitions of "good" and "bad" jobs involving both objective and subjective aspects (Russell, Leschke, and Smith 2015). Here, we focus on a simple indicator that uses the level of employment and wages to distinguish between good and bad jobs. Higher quality jobs are frequently associated with higher education levels; involve more task complexity, autonomy, and control; pay better salaries; and the workers report greater degrees of satisfaction. This hierarchy is represented in Figure 9.1, which shows the association between different labor market statuses and a hierarchy of skills, wages, and reported satisfaction, as found in the literature (Layard 2004). At the bottom are the unemployed, followed by the inactive (whose lack of economic autonomy is to a certain degree chosen or accepted without bearing the cost of searching for a job as well as the additional psychological loss), those employed in low-quality jobs, and, at the top, those with high-quality, "good" jobs.

Very limited attention has been given in these debates to how occupational positioning specifically affects young people's entrance to work (as an exception, see Russell et al. 2015). It has been well established that early job mismatch and precarious employment trajectories have deleterious effects in later life. McGuinness and Wooden (2009) illustrate how early transitions resulting in skill mismatch have long-term consequences that render it difficult for young people

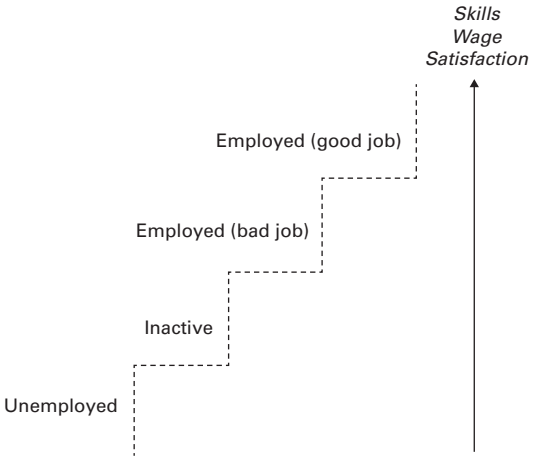

Figure 9.1 Scale of occupational positioning based on skills, wage, and satisfaction.

to make up for the costs of an early mismatch in their later careers. Empirical evidence shows that beginning a professional career with a "bad job" (i.e., low skilled, low paid, or both) can become a career trap (Scherer 2004; Blossfeld et al. 2008; Gash 2008; Barbera, Filandri, and Negri 2010; Barone, Lucchini, and Schizzerotto 2011; Bukodi and Goldthorpe 2011; Hillmert 2011; Wolbers, Luijkx, and Ultee 2011; Reichelt 2015; Mooi-Reci and Dekker 2016).

9.2.2. How Long Should They Wait?

Longer periods in unemployment can result from two different circumstances: not finding employment or waiting for the right opportunity. The decision to be selective and risk waiting for a better opportunity—rather than accepting "any" job—prolongs the duration in unemployment. But it could also be seen as a strategic move, if there is a possibility it could lead to better outcomes over time. This is a particularly salient decision for young people moving into work for the first time. Especially during the early stages of one's career, it is possible that poor-quality jobs can lead to better opportunities later on. For example, internships and short-term training contracts can be used as signaling and screening devices by employers who will later offer better employment opportunities (Scherer 2004). However, in the process of waiting, young people will incur a longer unemployment spell(s), increasing their risk of not finding an entry opportunity at all (Flek et al., this volume).

The apparent individualized choice of a young person also needs to be contextualized in relation to the person's family resources and his or her ability to wait (Bernardi 2007; Medgyesi and Nagy, this volume). Wealthier families have a range of resources that can allow their children to wait longer, be more selective, and be guided more effectively toward successful employment routes (McKnight

2015). Those from less advantaged backgrounds might be required to move into work earlier, depending on the resources available from their families or the welfare state, or they may not have the necessary resources to enable them to avail of opportunities and may thus instead become NEETs—young people not in education, employment, or training (see Mascherini, this volume; Zuccotti and O'Reilly, this volume).

Youth labor markets are frequently characterized by high levels of turbulence and transitions (Flek et al., this volume; Berloffa et al., this volume). "Flexible" forms of employment are often associated with poor job quality, although for some, these options may be the only practical way to remain in employment (O'Reilly et al. 2015; Gebel and Giesecke 2016; Grotti, Russell, and O'Reilly, this volume). Some authors have suggested that "any kind of job, be it short-term, part-time or subsidized, is better than no job at all to forestall unemployment hysteresis and deskilling" (Hemerijck and Eichhorst 2010, 327). The implication is that any form of inclusion in the labor market is better than being excluded. But is it really always the case that any job is better than none? How long should young people wait to find a good match? And what factors affect the opportunity to be able to wait for a better offer?

We are not interested here in highlighting existing differences across the five countries considered in the study. Rather, we intend to identify the characteristics of a "successful strategy" and to test whether such strategies are associated with individual and family characteristics. We test if families have a different ability to empower, guide, and support their offspring in line with their social class positioning and whether family (dis)advantages have similar effects across countries.

9.2.3. Data and Methods

To answer these questions, we use longitudinal (from 2005 to 2012) and cross-sectional (2011) data from EU-SILC surveys. Although the data cover young people's transitions through the labor market before and during the recession—with its different moments of onset and different impacts across countries—the empirical analyses do not focus on how the crisis affected young people's degree of success in employment. We test instead for the role of the families of origin in helping their children secure a successful placing in the labor market. For the longitudinal part, which focuses on later outcomes of early experiences, we selected all young people (aged 19–34 years) who had successfully completed a spell in higher education by their second interview and then followed them for the subsequent 3 years; this provided us with four valid interviews. For the cross-sectional part, which explores the effects of the family of origin, we selected young people (aged 19–34 years) who had obtained a high school diploma or a third-level degree within the 5 years previous to the time of the interview in 2011.[1] We adopted this strategy to maximize the sample size and the statistical power for the first two sets of analyses. The third analysis—of the impact

Table 9.1 Analytical sample size by country (number of cases)

Database	Finland	France	Italy	Poland	United Kingdom
Cross-sectional, 2011	238	720	814	695	223
Longitudinal, 2005–2012	329	1,016	896	965	309

of family background on young people's occupational condition—considers a longer period of 5 years.[2]

We focus our examination on five countries that exemplify the five transition regimes developed by Pohl and Walther (2007) and discussed by Hadjivassiliou et al. (this volume): universalistic (Finland), employment-centered (France), subprotective (Italy), post-socialist (Poland), and liberal (United Kingdom) (Table 9.1). The choice of these countries has the benefit of drawing on their larger sample size in the EU-SILC data, as well as their correspondence to theoretical predictions about different youth transition regimes.

The first set of multivariate analyses uses separate logit models to predict the effect of early unemployment on the likelihood of young people being in skilled and/or well-paid occupations 3 years after completing their education. We explore the overall duration and frequency of unemployment spells. The second set of models explores successful transitions to good jobs in a selection of European countries—by level of education achieved. The final analyses use cross-sectional multinomial logit models to examine the impact of family background on the types of transitions young people have been making. The chapter concludes with a discussion of the inequalities emerging from this examination.

9.3. GOOD AND BAD JOBS: A TYPOLOGY OF SUCCESSFUL OUTCOMES

Using the dimensions of skills and wages, we develop a typology to compare transitions to one of four possible outcomes: "successful," "investment," "need," and "failure" jobs (Figure 9.2). A "successful" state is when young people enter a skilled and well-paid job. An "investment" state is when a skilled position has been achieved with the trade-off of a lower salary (skilled but low-paid job). Jobs requiring higher skills or qualifications may initially be poorly paid (entry positions as a screening device) but over time result in increasing wage returns. Well paid is defined as above the median wage of all employed individuals by all ages in each country each year.[3] A "need" state is when the job is low or unskilled, and the wages can be either high or low. A "failure" state is when the wages are low and the job is unskilled; a failed transition also includes those who end up in unemployment or inactivity. Individuals still in education (students) are excluded from this analysis.

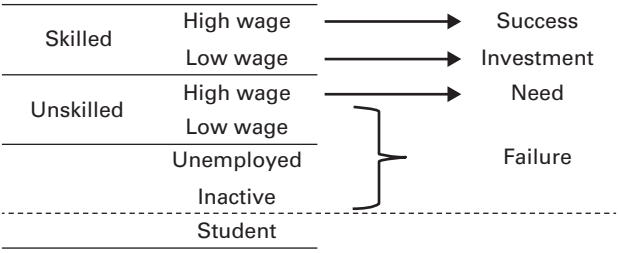

Figure 9.2 Typology of occupational positioning based on skills and wage.

Skilled occupations are defined on the basis of ISCO-88 codes (International Standard Classification of Occupations): high-skilled nonmanual occupations (ISCO 11–34), low-skilled nonmanual occupations (ISCO 41–52), skilled manual occupations (ISCO 61–83), and elementary occupations (ISCO 91–93) (Pintelon et al. 2011, 56–7). We consider both manual and nonmanual skilled occupations.

9.3.1. Unemployment Duration and Employment Outcomes

Having completed their studies, young people ideally achieve speedy insertion into the labor market and then maintain continuous employment.[4] However, they may instead remain out of employment for a longer period of time either voluntarily, because they choose to wait, or involuntarily, because they are unable to find a suitable job. We test the effect of unemployment duration in the early phase of young people's careers on their probability of accessing a high-wage occupation, a skilled occupation, or both conditions jointly (a "success" state).

We codified the overall duration in unemployment over the 48 observation months (Figure 9.3). "None" refers to individuals who had either no time or a maximum of 1 month in unemployment; "short" refers to those with up to 6 months of unemployment; and "medium-long" refers to those who experienced a total duration of an (accumulated) unemployment spell(s) lasting longer than 6 months. The sample is composed of all individuals with four completed interviews who were employed in the final observation.

We ran separate logit models on the EU-SILC longitudinal monthly data, predicting—for those employed—the occupational condition reached 3 years after completing a secondary or tertiary qualification. Three different models explored the probability that these employed would be found in a high-wage occupation, in a skilled occupation, or in a state of occupational "success" (both high-wage and skilled occupation). The results for the effect of the average duration in unemployment in the three models are shown jointly in Figure 9.3. All models use controls for age, gender, country, and number of employment interruption episodes; they also account for the differences based on education level.

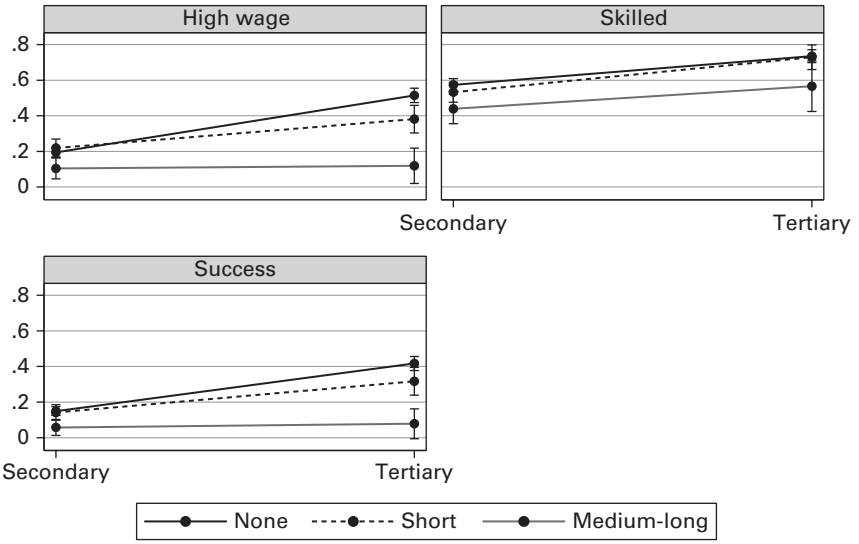

Figure 9.3 Predicted probability of young people (aged 19–34 years; 3 years after acquiring a qualification) being in a high-wage, skilled, or successful job by level of education and unemployment duration.
Source: Authors' calculations based on EU-SILC longitudinal data (2005–2012).

We find no significantly observable difference in any of the outcomes analyzed for those who had been unemployed for up to 6 months (a relatively short period of unemployment) compared to those who had never been unemployed; the exception to this result regarded third-level graduates, who had a lower probability of being in a high-wage job if they had been unemployed. Differences in the effect of unemployment duration were more perceptible in wage attainment than in achieving a skilled occupation after 3 years (Figure 9.3, top graphs), especially for those with a tertiary level of education. The probability of having a high-wage position after 3 years (Figure 9.3, top left graph) was considerably lower for graduates who had been unemployed for more than 6 months (medium-long duration) than for those who had never been unemployed (none) or those who had been unemployed for 6 months or less (short duration).

The relationship between unemployment duration and labor market outcome seems to be similar in the five countries studied. There are, of course, differences in the "baseline" probabilities of being in each state (high skills, high wage, or successful occupation) in the five countries, which reflect the specificities of the different national labor markets. However, the differences in the effects of the *duration of unemployment* are not statistically significant between countries (the interaction effects with country dummy variables were not statistically significant). Although small sample sizes of young people in each country might make country-specific effects difficult to detect, we found empirical evidence of a similar mechanism, across contexts, linking length of unemployment to successful

outcomes (especially wages).[5] The results reveal how, in these countries—especially around the initial stage of the employment career—experiencing a small amount of turbulence (up to 6 months of unemployment) does not seem to weigh heavily on short-term employment outcomes.

9.3.2. Continuity in Employment and Employment Outcomes

We further explore any effects of the entry process on the employment outcome 3 years after obtaining a qualification. Specifically, we test for effects due to the timing of unemployment. We distinguish between those with few or no unemployment spells during job search and those with a greater number of unemployment spells in the early search period (i.e., the number of employment interruptions they experienced). We examine the effect of continuity in employment, where "continuity" is defined as having at most one spell of unemployment. In other words, the current employment situation is achieved with no employment interruptions, or with only one, as opposed to those with more frequent interruptions creating a more intermittent employment trajectory.

The outcomes of those employed 3 years after obtaining a secondary- or tertiary-level qualification (Figure 9.4) show that continuity in employment does not seem to affect the skills level of the occupation achieved, and that it only slightly affects the chances of "successful" transitions for those with a secondary-level qualification. This indicates a greater likelihood of higher wages being

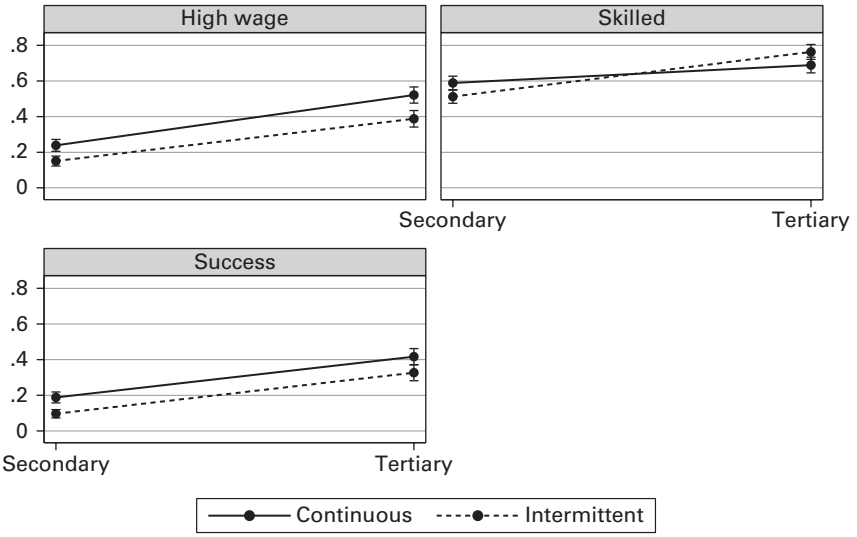

Figure 9.4 Predicted probability of young people (aged 19–34 years; 3 years after acquiring a qualification) being in a high-wage, skilled, or successful job by level of education and employment continuity.
Source: Authors' calculations based on EU-SILC longitudinal data (2005–2012).

reached by those who have been continuously employed (Figure 9.4, top left graph).

Continuity has a marginally significant effect on the probability of being in a "successful occupation" for those with secondary-level education (Figure 9.4, bottom left graph; confidence intervals at the 95% level). This result points to a small positive effect of quick entry (at most one unemployment spell after leaving education): The shorter the search (the quicker the entry after finishing education), the slightly more likely the young person is to be found in a successful occupation. Again, no statistically significant effect was found for the differences in the relationship between continuity and occupational outcome across countries. Although each country has a unique labor market structure (reflected in the different chances of being employed or having experienced continuity), the effect of employment continuity again seems to be working in the same direction in each separate context.

In summary, the previous results suggest that both employment continuity and taking less time to find the first job are associated with some advantages but that these are quite small. We detected some minor effects on the employment outcomes investigated (high wage, skilled employment, or "successful" occupation) from entering employment quickly or not spending too long in unemployment during this relatively brief window of observation (3 years). This result could be specific to the early stage in the employment career, confirming that despite a clear but weak advantage of continuous employment and an early start, a brief period of unemployment does not appear to impair subsequent outcomes as much as we might have expected. In fact, it is the medium- to long-term experience of unemployment (of 6 or more months during the 3 years) that has a more substantial impact. Whether this experience consists of a single short spell or of the accumulation of several shorter spells, longer periods of unemployment clearly have a negative effect on the chances of occupational success, especially in terms of wages and for those with tertiary education (see Figure 9.3). A slightly longer initial delay before first entering employment, or a turbulent beginning (see Figure 9.4), seems to have affected the wage dimension the most for university graduates. For younger workers, these factors have more of an impact on their likelihood of making a transition to a "successful" job. And although the specific institutional arrangements of each country are crucial in defining the chances of being employed and the duration of unemployment (Hipp, Bernhardt, and Allmendinger 2015), our data reveal the relevance of continuity in employment or unemployment in excess of 6 months on later occupational outcomes regardless of the national context. Having examined the likelihood of transitions into successful jobs measured in terms of their wages or skill profiles, we now turn to examining access to occupations after graduating from school or college and the effect on the kind of job achieved 3 years later.

9.4. COMPARING EMPLOYMENT OUTCOMES: WELL BEGUN IS HALF DONE

The analyses presented so far support the idea that a quick transition into any job is always better than joblessness, although the effects are not very substantial and are mostly statistically significant only for longer unemployment durations. But does this give us the full picture? The empirical evidence presented so far is not enough to show how young people are being trapped into poorly paid and low qualified jobs. We have shown an association between speedier entry with fewer interruptions and an overall slightly more favorable employment outcome. To enrich our understanding, it is important to further explore young people's initial position in the labor market and how this changes over time: We compare initial job status on completion of education with that observed 3 years later (for those who were employed).

Here, we do not focus directly on how the occupational conditions of young people change across different countries (reflecting their institutional contexts and already investigated in the literature). Rather, we examine whether the strategies pursued by young people are different across countries *in their effects*. In other words, regardless of the larger or smaller amount of "successful" positions observed in each country, we investigate which are the most effective strategies for young people to achieve these positions. Specifically, we focus on the relevance of a "good employment entry" for a good match in skilled occupations. Occupational characteristics, especially task complexity (as a proxy for occupational skills in this study), are a predictor of likelihood of employment success (Reichelt 2015).

Moving from a cross-sectional to a longitudinal perspective (Figure 9.5), we can observe that all countries' trends move in the same direction over time. In general, we can observe that despite similar trends across countries, the starting levels are rather different, particularly for the United Kingdom, which has a higher share of young people either unemployed or employed in unskilled or low-paid occupations even before the completion of an education. In a context of prevailing stability during the 4-year period considered here, the statistically significant differences are concentrated in the bottom two graphs in Figure 9.5: the conditions of "failure" and "student." On the one hand, "student" decreased—as individuals achieved a secondary or tertiary education—and, on the other hand, "failure" transitions increased.

The trends for the share of students deserve additional consideration regarding the education level achieved. As reflected in the literature, the probabilities of being enrolled in education or being in a condition of "success" vary substantially between graduates from secondary and tertiary education. Achieving a secondary-level qualification is associated with higher chances of continuing in education, whereas obtaining a tertiary degree is associated with higher chances