Table 18.2 Key characteristics of country-level overeducation series based on estimates from EU-LFS data, 2001–2011

Country	Youth > adult	Youth < adult	Positive trend	Negative trend	No trend
Austria		X			X
Belgium	X				X
Bulgaria		X			X
Cyprus	X			X	
Czech Republic		X	X		
Germany		X			X
Denmark		X			X
Estonia		X			X
Spain	X		X		
Finland		X	X		
France	X				X
Greece	X				X
Croatia		X		X	
Hungary		X	X		
Ireland	X				X
Iceland		X			X
Italy	X		X		
Lithuania		X		X	
Luxembourg		X			X
Latvia		X		X	
Netherlands		X			X
Norway		X	X		
Poland	X		X		
Portugal	X		X		
Romania		X	X		
Sweden		X	X		
Slovenia		X	X		
Slovak Republic		X	X		
United Kingdom		X			X

Table 18.3 Country-level Phillips–Perron stationarity tests

Country	Phillips–Perron test statistic	Trend
Austria	–4.066***	No
Belgium	–4.302***	No
Bulgaria	–5.161***	No
Cyprus	–3.098	Yes
Czech Republic	–3.468*	Yes
Germany	–2.824*	No
Denmark	–4.842***	No
Estonia	–4.937***	No
Spain	–3.032	Yes
Finland	–4.189***	Yes
France	–2.836*	No
Greece	–1.962	No
Hungary	–2.063	Yes
Ireland	–2.594	No
Iceland	–3.899***	No
Italy	–2.177	Yes
Lithuania	–5.368***	Yes
Luxembourg	–2.985**	No
Latvia	–3.485*	Yes
Netherlands	–2.704*	No
Norway	–2.573	Yes
Poland	–2.006	Yes
Portugal	–5.670***	Yes
Romania	–2.367	Yes
Sweden	–5.548***	Yes
Slovenia	–3.749**	Yes
Slovak Republic	–3.078	Yes
United Kingdom	–2.272	Yes

*$p < .10$.
**$p < .05$.
***$p < .01$.
Source: EU-LFS.

stability, suggesting that overeducation rates are generally stable in the sense that they are constant over time or increase/decrease at a constant rate with no volatility. Table 18.3 shows that for the majority of countries, overeducation is stationary, meaning the average rates are stable over time. The null hypothesis of nonstationarity could not be rejected for Cyprus, Hungary, Poland, Romania, the Slovak Republic, Norway, the United Kingdom, Greece, Italy, Ireland, and Spain,

indicating that these series are nonstationary and therefore should be included in the pairwise cointegration analysis. In the sense that the tests suggest that the development of overeducation is somewhat unpredictable, it appears more likely to be erratic in most countries in the Peripheral group, which could reflect their greater exposure to macroeconomic shocks.

Table 18.4 shows the test results from the cointegration analysis. Although the patterns are not clear-cut, the table provides some evidence of cointegrating relationships within the Peripheral group, indicating completed convergence. For example, Greece, Italy, Ireland, and Spain are all bilaterally cointegrated at varying levels of statistical significance. This implies that overeducation in these countries responds in a similar manner to external shocks; in other words, there is some evidence of a long-term relationship in overeducation rates between these countries. This arguably suggests that they should be subject to a particular policy response. Outside of this, the table indicates no clear pattern, with some evidence of cointegration between countries in the Central, Eastern, and Peripheral groups.[12] The pairwise OLS results, presented in Table 18.5, reveal similar patterns. These findings of long-term relationships between several of the Central group countries and also between the Central and Eastern groups indicate that there are similarities in the general evolution of overeducation across certain countries, and they may justify a common policy approach for these countries. However, in a minority of countries, overeducation series were found not to be heavily correlated with those of other European countries; examples are Austria, Portugal, and Sweden, which exhibit little or no commonality in their overeducation series. This finding suggests that a common policy approach may not be appropriate for these countries.

In summary, the completed convergence evidence suggests that overeducation in Europe is likely to respond to a coordinated policy approach. However, overeducation in the Peripheral group appears to behave somewhat differently from the rest of Europe, suggesting that a separate policy response is likely to be required for this block of countries.

Although there is some evidence of completed convergence within and between the Central group countries and some Eastern group countries, it is still possible that the countries in our study are converging to a common overeducation rate. Ongoing convergence is feasible given that many countries were found to be stationary with a common trend, suggesting that they continue to rise or fall over time, whereas others were found to follow no discernible pattern or trend.

Next, we test for the presence of ongoing convergence over the period first quarter Q1/2003 to Q1/2010. This time period was chosen so as to maximize the number of countries that could be included in the model; nevertheless, the results remained unchanged when the model was tested on a longer time series including fewer countries.

Table 18.4 Phillips–Ouliaris cointegration statistics testing the existence of a long-term relationship (null hypothesis of no cointegration between paired countries against alternative hypothesis of stable cointegration relationship), 2001–2011

Country	Hungary	Poland	Romania	Slovak Republic	Norway	United Kingdom	Greece	Italy	Ireland	Spain
Cyprus	–3.242	–3.208	–3.292	–3.026	–3.921*	–3.585	–3.189	–3.346	–3.171	–3.613
Hungary		–3.122	–2.635	–2.401	–4.326**	–3.674*	–2.779	–4.951***	–2.221	–5.050***
Poland			–2.642	–2.846	–2.313	–3.111	–3.142	–3.451	–2.167	–3.674*
Romania				–3.161	–2.861	–2.594	–3.190	–2.978	–3.037	–3.660*
Slovak Republic					–4.108**	–3.793*	–5.204***	–4.674***	–4.683***	–4.463**
Norway						–3.280	–2.160	–4.651***	–2.810	–5.659***
United Kingdom							–2.824	–3.108	–2.558	–3.387
Greece								–4.348**	–3.814*	–3.912*
Italy									–1.976	–6.471***
Ireland										–3.903*

*$p < .10$.
**$p < .05$.
***$p < .01$.
Source: EU-LFS.

Table 18.5 Pairwise OLS estimates to examine the existence of long-term relationships between pairs of countries

Country	AT	BE	DE	DK	FI	FR	NL	SE	IS	LU	PT	BG	CZ	EE	LT	LV	SI
AT		–0.065	0.458***	0.056	0.002	0.385**	0.025	0.026	0.008	–0.017	0.101	–0.130	0.294	0.076	0.051	0.046	–0.045
BE			–0.468	–0.070	–0.447***	0.063	0.336***	–0.348*	–0.162*	0.113	–0.242	–0.303	–1.352***	0.066	0.245*	0.202**	–0.170
DE				0.175**	0.107	0.129	0.335**	0.014	0.111**	0.105	0.024	–0.148	0.725*	0.003	0.067	0.145*	–0.212*
DK					–0.319**	0.255	0.270**	–0.103	0.156	–0.090	–0.531***	–0.704***	–0.466	–0.090	0.039	0.121	–0.084
FI						–0.496***	–0.087	–0.516*	0.038	–0.054	–0.039	0.153	1.250***	–0.044	0.254**	–0.144**	–0.029
FR							0.050	0.306***	–0.056	–0.017	0.213**	0.011	0.346	–0.053	–0.259***	–0.092	0.142
NL								–0.709***	0.064	–0.032	–0.578***	–0.684**	–1.185***	0.311***	0.433***	0.442***	–0.579***
SE									–0.031	0.063**	0.074	–0.020	–0.418**	–0.041	–0.086	0.050	–0.088
IS										0.265	–0.854**	–0.436	–0.010	0.294	0.571**	0.315	–0.270
LU											–0.678*	0.462	–3.373***	0.514**	0.647***	0.699***	–1.286***
PT												0.144	–0.294	–0.078	0.062	–0.090	–0.050
BG													0.139	–0.023	–0.037	–0.079	–0.030
CZ														–0.015	0.062	–0.034	0.028
EE															0.792***	0.478***	–1.009***
LT																0.033	–0.080
LV																	–0.316
SI																	

Country	AT	BE	DE	DK	FI	FR	NL	SE	IS	LU	PT	BG	CZ	EE	LT	LV	SI
AT																	
BE	–0.222																
DE	0.439***	–0.112															
DK	0.234	–0.084	0.811**														
FI	–0.064	–0.186***	0.143	–0.047													
FR	0.302**	0.014	0.128	0.048	0.057												
NL	0.044	0.402***	0.493**	0.307**	–0.461***	0.112											
SE	–0.032	0.081**	0.094	0.031	–0.138*	0.106	0.105***										
IS	0.073	–0.452*	1.601**	0.361	–0.451	–0.689	0.351	–0.851**									
LU	–0.159	0.301	0.752	–0.198	–1.363***	–0.198	–0.165	–1.135***	0.252								
PT	0.142	0.095	0.119	–0.097	–0.042	0.160	–0.061	0.331	–0.095	0.035							
BG	–0.184	–0.105	–0.128	–0.232***	0.116	0.021	–0.188**	0.085	–0.064	0.071	0.167						
CZ	0.073	–0.088***	0.165**	0.053**	0.154***	–0.090	–0.012	–0.213**	0.054***	–0.053**	–0.034	–0.016					
EE	0.388	0.142	0.020	–0.184	–0.389**	–0.348	0.561***	–1.142***	0.157	0.288**	–0.687**	–0.112	–1.108**				
LT	0.280	0.041	0.261	–0.031	0.566**	–0.724***	0.056	–0.680	0.092	–0.020	0.104	–0.030	0.898	0.212**			
LV	0.348	0.229	0.670**	0.218	–0.690**	0.317	0.725***	0.844	–0.018	0.050	–0.322	–0.531**	–1.066	0.294*	0.070		
SI	–0.195	0.043	–0.470**	0.092	–0.075	–0.155	–0.277**	–0.390	0.062	–0.189***	–0.121	–0.214	0.594	–0.326***	–0.042	–0.077	

*$p < .10$.
**$p < .05$.
***$p < .01$.
Source: EU-LFS.

Table 18.6 Barro regression results: Time period Q1/2003–Q1/2012 for 26 countries

Overeducation shares	Coefficients
Total overeducation	–0.033***(0.009)
Female overeducation	–0.036**(0.011)
Male overeducation	–0.032***(0.008)

*$p < .10$.
**$p < .05$.
***$p < .01$.

Ongoing convergence would imply that overeducation increased at a faster rate between 2003 and 2010 in countries that had a lower initial overeducation rate in 2003. This is equivalent to a negative and significant β_1 coefficient in the Barro regression from Eq. (18.3). Conversely, a positive and significant coefficient would be indicative of divergence. The coefficients from the Barro models are presented in Table 18.6 and indicate that ongoing convergence was a feature of the time period. The results suggest that there is a tendency for countries to converge toward a common overeducation rate over time for all measures of overeducation.

It may be the case that the degree of ongoing convergence varies among groups of countries with common structural, geographical, and historical features. It is not possible to estimate Barro regressions separately for our three groups because the sample size is too small. In order to overcome this difficulty, we assess the rate of ongoing convergence by plotting the variance of overeducation rates across countries, on the grounds that ongoing convergence would be consistent with a falling variance over time. Plotting the variance across all countries confirms the results from Table 18.6 that ongoing convergence did occur over the time period (Figures 18.2–18.4). However, the aggregate picture appears to conceal substantial variation because it is apparent that ongoing convergence was more modest in the Central group relative to the Eastern and Peripheral groups (Figures 18.5–18.7).

18.5. DETERMINANTS OF YOUTH OVEREDUCATION

We now bring the analysis full circle by using the EU-LFS data to calculate a number of additional variables that can potentially explain movements in youth overeducation within countries. Specifically, for each country for each quarter, we compute variables measuring the labor force shares of migrants, the employment shares of workers who are part-time and workers who are temporary, the shares of workers employed in various sectors (administration, sales, and

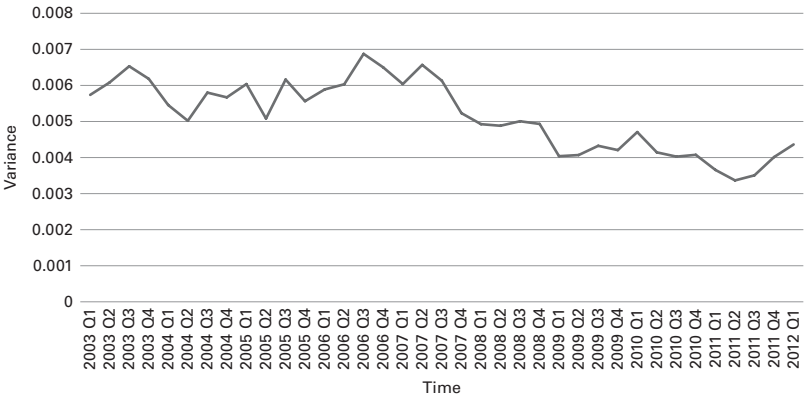

Figure 18.2 Variance in total overeducation across countries from Q1/2003 to Q1/2012 (26 countries).

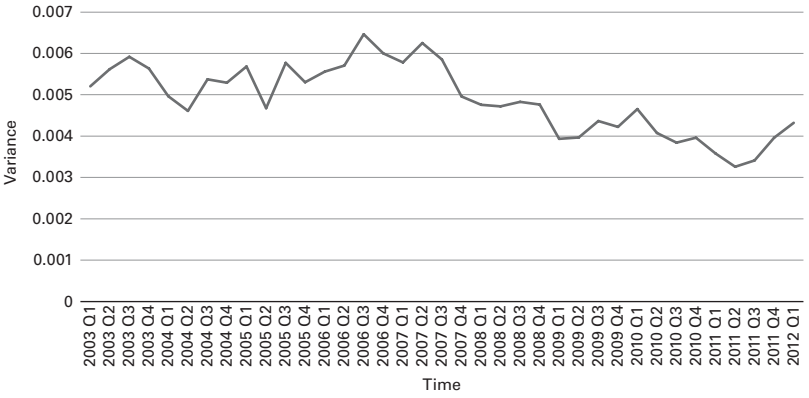

Figure 18.3 Variance in adult overeducation across countries from Q1/2003 to Q1/2012 (26 countries).

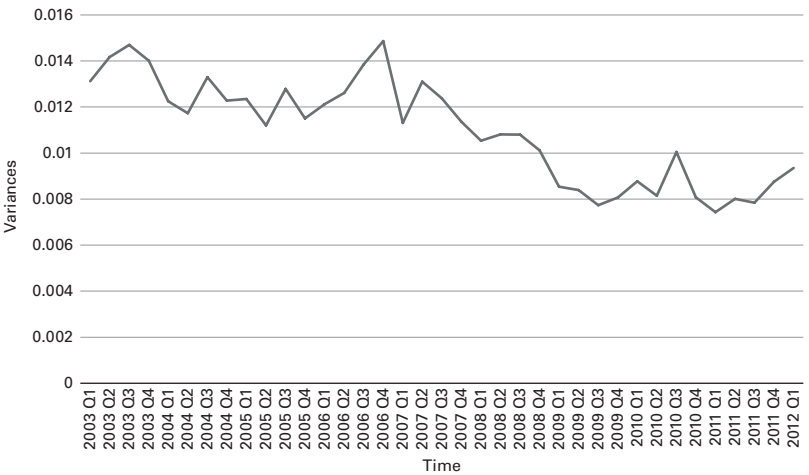

Figure 18.4 Variance in youth overeducation across countries from Q1/2003 to Q1/2012 (26 countries).

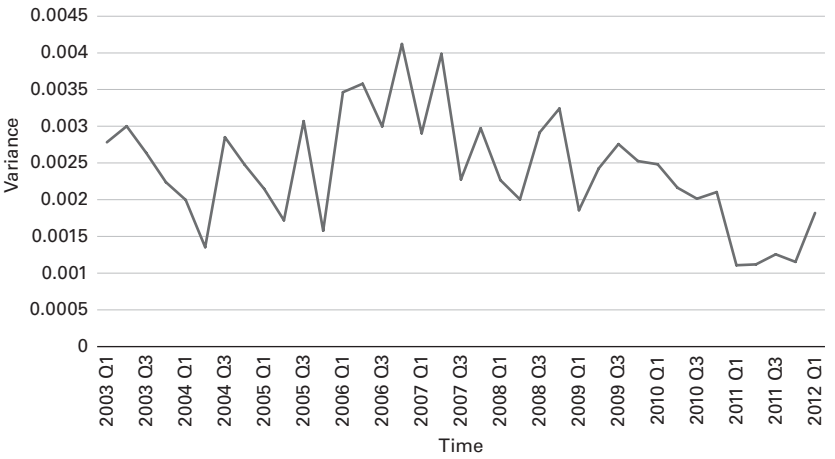

Figure 18.5 Variance in total overeducation across Central group countries from Q1/2003 to Q1/2012 (Austria, Belgium, Denmark, Finland, France, Iceland, Luxembourg, Netherlands, Norway, Sweden, and United Kingdom).

manufacturing), the unemployment rate, and the participation rate. We also compute a number of variables related to relative educational supply, specifically (1) the ratio of workers employed in professional occupations to graduates in employment and (2) the ratio of workers employed in professional occupations to workers in low-skilled occupations. Whereas the first variable is designed as a straightforward measure of graduate oversupply, the second is intended to pick up

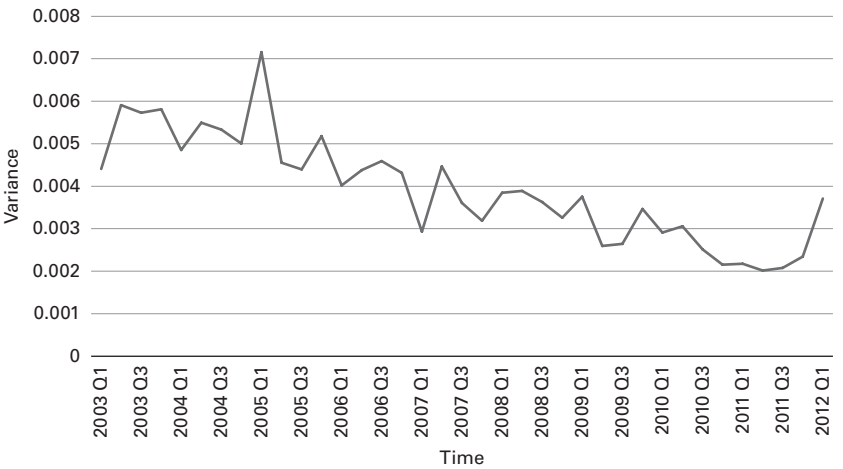

Figure 18.6 Variance in total overeducation across Eastern group countries from Q1/2003 to Q1/2012 (Bulgaria, Czech Republic, Estonia, Hungary, Romania, Slovak Republic, and Slovenia).

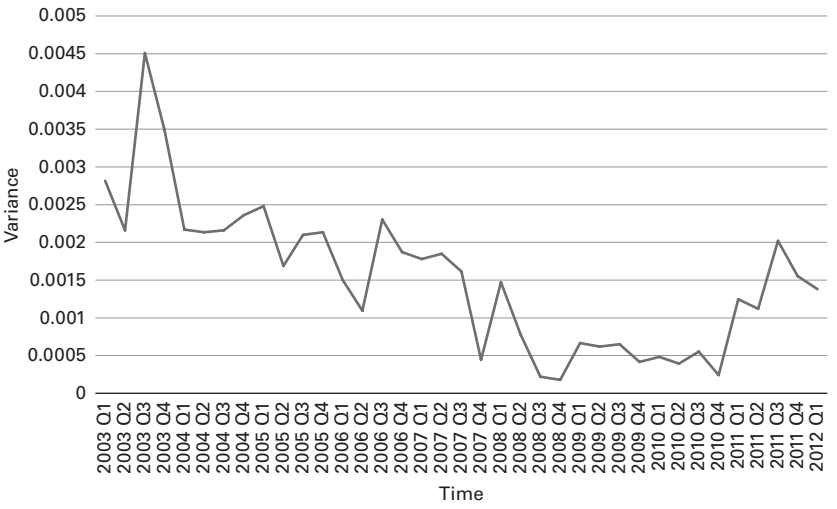

Figure 18.7 Variance in total overeducation across Peripheral group countries from Q1/2003 to Q1/2012 (Greece, Ireland, Italy, Portugal, and Spain).

the effects of skill-biased technological change, which is generally associated with a shift in relative demand away from high-skilled and toward low-skilled labor and in many countries with a general hollowing out of mid-skilled occupations. In addition to the variables calculated from the individual labor force surveys, we also derive some indicators from external data sources, and where necessary, annual data are interpolated to quarterly data series. Information on gross domestic product (GDP) per capita and R&D spending was sourced from Eurostat and the OECD.[13] Information on the number of students enrolled in tertiary and vocational programs was sourced from the OECD and standardized by age cohort using the EU-LFS data.[14]

A number of patterns are present in the results shown in Table 18.7. In the model that combines the data across all countries, the results suggest that overeducation declines with an increase in part-time employment, labor force participation, and manufacturing employment. Conversely, overeducation was found to rise with increases in the share of temporary workers and in employment in the sales and hotel sectors. The results are difficult to interpret because, on the one hand, the finding with respect to part-time workers suggests that overeducation tends to be lower in more flexible labor markets, whereas on the other hand, the finding related to temporary workers suggests the opposite. The estimates suggest that the higher the overall participation rate and GDP per capita, the lower the youth overeducation rate. To the extent that a rise in the participation rate is generally accompanied by increases in wage rates and general labor demand, the results suggest that youth overeducation will tend to

Table 18.7 Determinants of youth overeducation for countries with stationary series (fixed-effects model)

Dependent variable: Youth overeducation	**(1)**	**(2)**	**(3)**	**(4)**
Variable	**All countries**	**Central group**	**Eastern group**	**Peripheral group**
Lagged youth overeducation	0.45***	0.35***	0.17***	0.35***
	(0.030)	(0.041)	(0.063)	(0.101)
% Migrants in labor force	–0.03	0.09	–0.11**	–0.26
	(0.042)	(0.077)	(0.056)	(0.455)
% Temporary workers	0.13**	–0.02	0.20	0.46*
	(0.060)	(0.091)	(0.152)	(0.269)
Overall unemployment rate	0.01	0.18	–0.07	0.06
	(0.052)	(0.144)	(0.078)	(0.249)
% Part-time workers	–0.33***	–0.38***	0.04	–0.78**
	(0.070)	(0.091)	(0.176)	(0.352)
% Employed in public administration	–0.14	0.52	–0.40	0.62
	(0.244)	(0.365)	(0.376)	(1.023)
% Employed in sales and hotels	0.44***	0.69***	–0.03	–0.66
	(0.149)	(0.237)	(0.227)	(0.648)
Overall participation rate	–0.21***	–0.22	–0.02	0.79
	(0.078)	(0.134)	(0.118)	(0.511)
Ratio of employed in occupations 2, 3 to grads in employment	–0.02	–0.01	–0.07***	–0.00
	(0.011)	(0.021)	(0.019)	(0.055)
Ratio of workers in high (2, 3) to low (7, 8, 9) ISCO	0.03**	0.02	0.03	0.06
	(0.010)	(0.012)	(0.032)	(0.086)
Share of manufacturing	–0.20*	–0.31**	–0.26	0.16
	(0.107)	(0.150)	(0.167)	(0.694)
Ratio of tertiary students to population (aged 20–24 years)	0.06***	0.05**	–0.15**	3.41**
	(0.022)	(0.028)	(0.072)	(1.327)
Ratio of vocational students to population (aged 15–19 years)	–0.04**	–0.04*	0.03	–2.35**
	(0.016)	(0.021)	(0.048)	(1.121)
Ln GDP per capita	–0.04***	–0.09**	–0.06***	0.03
	(0.016)	(0.036)	(0.021)	(0.086)
R&D expenditure	0.02***	0.02***	–0.01	–0.02
	(0.005)	(0.008)	(0.010)	(0.030)
Constant	0.57***	0.99***	0.80***	–0.55
	(0.140)	(0.354)	(0.173)	(0.664)

Table 18.7 Continued

Dependent variable: Youth overeducation	**(1)**	**(2)**	**(3)**	**(4)**
Variable	**All countries**	**Central group**	**Eastern group**	**Peripheral group**
No. of observations	903	491	284	128
R^2	0.32	0.31	0.24	0.76
No. of countries	21	11	7	3
Prob > *F*	0.00	0.00	0.00	0.00

Note: Standard errors in parentheses. Ln = Natural Log.
*$p < .10$.
**$p < .05$.
***$p < .01$.

decline as general labor market conditions tighten. In the context of the model, the participation rate and GDP per capita tend to capture changing labor market demand more effectively compared to the unemployment rate. The measure relating to skill-biased technological change is positive, suggesting that youth overeducation is increasing as a consequence of declining relative demand for unskilled labor. This suggests that as the labor market restructures, jobs that were traditionally occupied by poorly educated workers are now being occupied by workers with higher levels of schooling. The results suggest that higher R&D spending has a positive effect on the youth overeducation rate. At first glance, this result seems counterintuitive because one would expect countries with higher R&D spending to have more high-skilled jobs so that, all else being equal, this would have a negative impact on overeducation. However, it could be the case that this does not apply to the youth cohort given that a certain level of experience may be required for such jobs. Finally, the aggregate model provides consistent support for the view that overeducation will be higher in countries with comprehensive-based education systems and lower in countries providing viable vocational alternatives.

When the model is estimated separately for country groupings, we find that many of the results hold, although some variations exist. For example, within the Eastern group, the relative balance between vocational and comprehensive-based education appears less important, whereas overeducation was found to decrease along with an increase in the availability of graduate-level jobs and in migrants in the labor force. Within the Central and Peripheral groups, the share of part-time employment was found to have a strong negative effect, but no significant effect was found for the Eastern group. The positive temporary worker effect observed within the aggregate model was only evident for the Peripheral group.

18.6. CONCLUSIONS

Overeducation is known to be costly to workers, and it also has negative implications for firms and the wider macroeconomy. To date, the vast body of research in the area has focused on examining the incidence and impacts of overeducation within countries. This chapter represents one of the few existing attempts to examine patterns of overeducation within countries, while the adoption of a time-series approach enables the identification of common trends across Europe. The evidence suggests that although overeducation rates in Europe are converging upward over time, the general pattern of overeducation is linked across many countries, suggesting that the phenomenon responds in a similar way to external shocks and, consequently, is likely to react in similar ways to appropriate policy interventions. However, the research indicates that overeducation within the Peripheral group is evolving somewhat differently compared to the rest of Europe, suggesting that a separate policy response is likely to be appropriate.

Although the overall model results are complex for the determinants of youth overeducation, a number of impacts are consistently present for all or most country groupings. Specifically, youth overeducation is highly driven by the composition of education provision and will tend to be lower in countries with more developed vocational pathways. Furthermore, youth overeducation tends to be heavily related to the level of aggregate labor demand, proxied in the model by variations in the participation rate and GDP per capita. Finally, youth overeducation tends to be lower the higher the employment share of part-time workers, suggesting that the phenomenon may be partly driven by labor market flexibility.

So what form are appropriate policy interventions likely to take? Although much remains unknown with respect to the drivers of overeducation, a number of recent studies have identified some key factors that influence overeducation across countries. The research by Verhaest and van der Velden (2012) and by Davia et al. (2017) suggests that overeducation is, at least to some degree, related to an excess supply of university graduates, implying that education policy should take closer account of the demand for graduate labor before agreeing to further increases in the number of university places. However, responsible education expansion is likely to be only part of the policy response, given that the study by McGuinness and Pouliakas (2017) identified a number of policy areas likely to be effective in tackling the problem of overeducation. Overeducation is partly related to inferior human capital, suggesting that policies aimed at improving the job readiness of students will help alleviate the problem (McGuinness and Pouliakas 2017; McGuinness, Whelan, and Bergin 2016). For example, increasing the practical aspects of degree programs, irrespective of the field of study, was found to reduce the incidence of initial mismatch for graduates (McGuinness et al. 2016). Job conditions are also part of

the problem, with the research suggesting that policies targeted at improving job quality and flexibility will also make a positive contribution (McGuinness and Pouliakas 2017). Finally, the quality of information that individuals acquire about a potential job before deciding to accept the post is also important, as is the method of job search that is undertaken (McGuinness and Pouliakas 2017; McGuinness et al. 2016), leading to the conclusion that policy initiatives that facilitate a smoother and more informed route into the labor market should also be pursued. For example, higher education work placements with the potential to develop into permanent posts and the provision of higher education job-placement assistance were found to have substantial impacts in reducing the incidence of graduate mismatch (McGuinness et al. 2016). Therefore, there are many initiatives that have the potential to lessen the impact of overeducation, and the research presented here suggests that many of these can be facilitated and coordinated at a central European level.

NOTES

1 Although their earnings are penalized relative to matched workers with similar levels of schooling, overeducated workers enjoy a wage premium relative to workers with lower levels of education doing the same job (McGuinness 2006).
2 Pouliakas (2013) measured overeducation subjectively by comparing individual levels of education with the modal level of education in the chosen occupation. The study demonstrates that overeducation in the EU25 would have increased much more rapidly between 2001 and 2009 had occupational entry requirements remained at their 2001 levels.
3 There is ample evidence in the literature of a higher prevalence of overeducation among graduates from fields such as Arts and Social Sciences.
4 Derived from factor analyses carried out on subjective variables.
5 Deviations of the observed rate from the natural rate.
6 Measured by the ratio between the share of workers with ISCED-5 educational attainment and the share of workers in professional-directive occupations—that is, ISCO groups I and II, which consist of legislators; senior officials and managers; corporate managers; managers of small enterprises; physical, mathematical, and engineering science professionals; life science and health professionals; teaching professionals; and other professionals.
7 The descriptive analysis and the tests for long-term relationships also include Cyprus, Croatia, and Germany. These countries are excluded from later analysis because of missing or incomplete data.
8 The augmented Dickey–Fuller (ADF) test is the most commonly used test for this purpose, but it can behave poorly, especially in the presence of serial correlation. Dickey and Fuller correct for serial correlation by including

lagged difference terms in the regression; however, the size and power of the ADF test are sensitive to the number of these terms. The nonparametric test developed by Phillips (1987) and Phillips and Perron (1988) allows for both heteroskedasticity and serial correlation in the error term.

9 For the remaining seven countries, where overeducation was found to be more volatile, OLS can only be applied after each series is differenced a sufficient number of times to induce stationarity.

10 Our dependent variable runs from 0 to 1, and a standard panel regression may generate predicted values that lie outside the 0 to 1 interval. However, the incidence of overeducation typically lies in the range of 10%–30%. This implies that there is no clustering around the extreme values of 0 or 1 and suggests that the use of a fractional outcome variable is not highly problematic in this instance.

11 The 15- to 24-year-old age group was chosen on the basis that it allowed us to observe overeducation among young people across all levels of educational attainment.

12 The results for the Slovak Republic are somewhat implausible and should be treated with caution because a visual inspection of the data suggests that the series is stationary, contrary to the test statistic result.

13 Gross domestic expenditure on R&D from the OECD was used.

14 Some existing research has indicated that overeducation tends to be lower in countries with more developed vocational pathways (Mavromaras and McGuinness 2012).

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19

DO SCARRING EFFECTS VARY BY ETHNICITY AND GENDER?

Carolina V. Zuccotti and Jacqueline O'Reilly

19.1. INTRODUCTION

There is a substantive literature showing that the poor labor market integration of young people can have long-term negative impacts on their adult lives—for example, by increasing the probability of subsequent periods of unemployment or by affecting their income (for the United Kingdom, see Gregg 2001; for the Netherlands, see Luijkx and Wolbers 2009; for Germany, see Schmillen and Möller 2012; Schmillen and Umkehrer 2013; for the United States, see Mroz and Savage 2006). We also know that migrants and their children perform differently in the labor market compared to majoritarian populations. In particular, those coming from developing countries are often disadvantaged in terms of access to jobs, as shown both in cross-national (Heath and Cheung 2007) and in country-specific studies (Carmichael and Woods 2000; Silberman and Fournier 2008; Heath and Li 2010; Kogan 2011; Zuccotti 2015a). However, research that focuses on dynamics into and out of employment, or on the impact of early labor market outcomes on later employment or occupational outcomes for different ethnic groups, is less common (some exceptions are Kalter and Kogan 2006; Demireva and Kesler 2011; Mooi-Reci and Ganzeboom 2015). In particular, surprisingly little is known about how early job insecurity affects different ethnic groups in the labor market over time.

In this chapter, we address this gap in the literature by examining the impact of the early labor market status of young individuals in the United

Kingdom (in 2001) on their employment probabilities and occupational status 10 years later (in 2011), focusing on how this varies across ethnic groups and by gender. In particular, we are interested in whether an early experience of being NEET (not in employment, education, or training) affects later labor market outcomes. Our analysis is based on the Office for National Statistics Longitudinal Study (ONS-LS), a data set linking census records for a 1% sample of the population of England and Wales across five successive censuses (1971, 1981, 1991, 2001, and 2011). We study individuals who are aged between 16 and 29 years in 2001 and follow them up in 2011, when they are between 26 and 39 years old. The focus is on second-generation minority groups born in the United Kingdom; we also include individuals who arrived in the United Kingdom at a young age.

Understanding how early labor market experiences affect later outcomes for different ethnic groups (and genders within them) is of crucial importance (see Berloffa et al., this volume), especially in countries where the number of ethnic minorities is considerable and increasing. On the one hand, this knowledge enables a better understanding of integration processes over time; on the other hand, it can contribute to the development of more targeted policies, given the dramatic rise in youth unemployment since the 2008 crisis (Bell and Blanchflower 2010; Eurofound 2014; O'Reilly et al. 2015). The United Kingdom represents a valuable opportunity for a case study for this purpose, given its long-standing ethnic minority population, which includes a large and diverse number of second-generation minorities. The groups studied here—Indian, Pakistani, Bangladeshi, and Caribbean (compared with White British)—are also very varied in terms of levels of educational and economic resources, cultural values and religion, and degrees of spatial segregation (Modood et al. 1997; Phillips 1998; Platt 2007; Longhi, Nicoletti, and Platt 2013; Catney and Sabater 2015; Crawford and Greaves 2015; Catney 2016). These differences allow us to explore a range of expectations as to why "scars" related to poor early labor market integration might differ across groups.

We find that the transmission of disadvantage occurs differently across ethnic groups and genders: Some groups/genders perform better (and others worse) in terms of overcoming an initial disadvantaged situation. In particular, Asian men appear to be in a better relative position compared to White British men—a finding that challenges preconceptions about ethnic minorities always performing poorly in the British labor market.

In the next section, we present previous studies on scarring effects and ethnic inequalities, identifying the main mechanisms and discussing why these might vary across ethnic groups and genders. After outlining the data and methods used, we perform the analyses separately for employment and occupational outcomes. Finally, we conclude and discuss our findings.

19.2. LITERATURE REVIEW AND THEORY

19.2.1. The long-term effects of youth nonemployment

Experiencing periods of unemployment or inactivity while young has been shown to have both short- and long-term negative effects for labor market outcomes. In the United Kingdom, several studies have addressed this issue (Kirchner Sala et al. 2015). Using the National Child Development Study (NCDS; a UK data set following a cohort born in 1958), Gregg (2001) examines the extent to which nonemployment[1] (i.e., unemployment or another inactive situation, excluding students) experienced between the ages of 16 and 23 years (measured when individuals were 23 years old in 1981) has an effect on later work experiences (when individuals are aged between 28 and 33 years). He shows that conditional on background characteristics such as education, family socioeconomic status, and neighborhood unemployment, men who experience an extra 3 months of being nonemployed before age 23 years face an extra 1.3 months out of employment between the ages of 28 and 33 years, whereas for women the effect is approximately half as strong. Kalwij (2004), who follows individuals who turned 18 years between 1982 and 1998 and were registered as unemployed at least once during this period, presents evidence pointing in the same direction. He demonstrates that the longer the previous spell of unemployment, the lower the probability of finding a job later. Specifically, 2 years in unemployment decreases the probability of becoming employed by 31%. Similarly, analyzing the British Household Panel Survey (BHPS), Crawford et al. (2010) show that individuals who were NEET at 18 or 19 years old have an almost 20% greater chance of being unemployed 10 years later, compared to individuals who were either studying or working at the same age. More recently, Dorsett and Lucchino (2014), using the BHPS to study transitions up to age 24 years, show that the longer one remains in employment, the lower the chance of becoming unemployed, whereas the longer an individual remains unemployed or inactive, the less likely he or she is to find employment.

Some authors have examined scarring effects in terms of wage outcomes. For example, using the NCDS, Gregg and Tominey (2005) find that given equal characteristics (including education), 13 months of unemployment between ages 16 and 23 years (vs. being always employed) reduces income by 20% at ages 23 and 33 years and by 13% at age 43 years. They also find that even when individuals do not experience unemployment after the age of 23 years, a wage scar of between 9% and 11% remains. Crawford et al. (2010) demonstrate that individuals who were NEET at ages 18 or 19 years had significantly lower wages when aged 28 or 29 years compared to individuals who were either working or studying at the same age; this held even when they shared similar characteristics, such as comparable education and parental background.

Scarring effects may vary in their intensity depending on the highest level of education achieved or the qualifications of individuals. Kalwij (2004), for

example, shows that highly skilled men have greater chances of exiting and weaker chances of re-entering unemployment compared to low-skilled men. Burgess et al. (2003), analyzing data from the UK Labour Force Survey (UK-LFS), show that although the effect of early career unemployment is to reduce later employment chances for those with lower or no educational qualifications, the opposite occurs among those with higher educational qualifications. Schmelzer (2011), examining occupational outcomes, arrives at a similar finding. He shows that individuals with higher levels of education do not suffer as a result of early career unemployment; in fact, their stronger resources allow them to stay longer in this situation while waiting for better job offers (see Filandri, Nazio, and O'Reilly, this volume). Individuals with lower education levels, by contrast, are penalized in terms of their future occupations—an outcome that is generally attributed to gaps in their human capital accumulation. It is also possible that these periods outside of employment or education send negative signals to employers.

In summary, a wealth of research on early labor market experiences reveals how crucial these are for later life outcomes. These experiences vary by educational attainment, with the lowest qualified being the most negatively affected later in life. Clearly, such findings are very significant, given the heightened rates of youth unemployment being seen across Europe—both preceding and exacerbated by the 2008 financial crisis (O'Reilly et al. 2015).

19.2.2. Ethnicity and labor market outcomes in the United Kingdom

Western European countries have a long history of immigration, often connected to processes of economic reconstruction. In the United Kingdom, there has been a long-term pattern of Irish migration; however, immigration intensified in the postwar period with the arrival of the first waves of Caribbean migrants in the late 1940s, who were subsequently followed by Indians and Pakistanis and—later—by Chinese, Bangladeshis, and Africans. Today, more than 10% of the population in the United Kingdom self-defines as non-White, and this includes both first-generation migrants and their second-generation children.

In general, studies are in agreement that although problems such as unemployment (Heath and Cheung 2007) and low income (Longhi et al. 2013) are still faced by several ethnic groups in Western European countries, especially the visible non-White groups, the children of immigrants are in a better situation compared to their parents in terms both of education (Brinbaum and Cebolla-Boado 2007; van de Werfhorst and van Tubergen 2007) and of labor market outcomes (Heath and Cheung 2007; Alba and Foner 2015). In the United Kingdom, efforts have been made to develop policies and laws to help these groups integrate (Cheung and Heath 2007), and these initiatives have probably encouraged the processes of social mobility we observe today (Platt 2007). For example, whereas first generations are more often concentrated in low-qualified

jobs (Zuccotti 2015b), their children have similar (Pakistanis, Bangladeshis, and Caribbeans) or even higher (Indian) rates of participation in professional and managerial occupations compared to White British. Regarding access to jobs, unemployment has historically been one of the main problems concerning ethnic minorities' labor market integration. However, trends show an improvement in employment levels for all groups in the adult population. For example, the unemployment level for Pakistanis and Bangladeshis declined from 25% in 1991 to approximately 10% in 2011; Indians had practically the same unemployment level as the White British (approximately 6%) in 2011; and the unemployment level of Caribbean men, although still relatively high (16%), has improved since 1991 (Nazroo and Kapadia 2013). Of course, there are also gender differences in this respect, with Pakistani and Bangladeshi women still being characterized by high unemployment and inactivity levels (House of Commons Women and Equalities Committee 2016). Moreover, although studies have shown that some of the differences in employment levels across groups are connected to education (Cheung and Heath 2007), social origins, and neighborhood deprivation (Zuccotti 2015b), discrimination continues to be a key problem faced by ethnic minorities (Heath and Cheung 2006).

19.2.3. A longitudinal view on ethnicity and labor market outcomes

The studies on ethnic inequalities presented so far are either restricted to certain time points or, if applied to several years, do not really discuss changes within individuals or individual-level changes in labor market performance over time. A recent work by Demireva and Kesler (2011) sheds some light on this matter. Using data from the UK Quarterly Labour Force Survey (1992–2008), Demireva and Kesler study transitions into and out of employment for different migrant and native groups. In accordance with previous studies, they corroborate the idea that higher education plays a positive role in these transitions. In terms of ethnicity, they show that men born in the New Commonwealth (which includes the Caribbean, India, Pakistan, and Bangladesh) are more likely than the White British to remain in or to move into unemployment/inactivity between two consecutive quarters of a year. Among second-generation immigrants, the authors note that men are more likely to remain in unemployment compared to equivalent White British; women are also more likely to move from unemployment to inactivity compared to their White British counterparts. However, group differences within second generations are not further developed—a limitation of this work that we address in the current study.

Related studies have been carried out in other European countries (see Reyneri and Fullin 2011 and other articles in the same journal issue) and in comparison with North America (Alba and Foner 2015), with results varying according to institutional factors and labor market characteristics. An analysis of 10 (pooled)

Western European countries found that non-EU15 immigrants generally have higher probabilities of remaining in unemployment between two years (Reyneri and Fullin 2011). More recently, a study in the Netherlands (Mooi-Reci and Ganzeboom 2015)—a country that, like the United Kingdom, has a relatively long history of immigration—has examined the concept of scars and how these might vary according to the migrant status of individuals. Using the Dutch Labor Supply Panel (covering data between 1980 and 2000), the authors examine income as an outcome and explore how previous unemployment experiences affect re-employment income for native Dutch and foreign-born individuals. They find that individuals born outside of the Netherlands receive lower re-employment income compared to Dutch counterparts with similar unemployment experiences.

Often, ethnic minorities and foreign-born individuals are more exposed to unemployment/inactivity compared to their majoritarian host-country counterparts. Most important, these events seem to have particularly pronounced scarring effects in later life for these groups, including weaker employment chances and lower re-employment income. This chapter focuses on how the early labor market experiences of young people in different second-generation minority groups affect their later outcomes. Although, according to the literature discussed previously, more severe scarring might be expected among second-generation ethnic minorities, the recent improvements in terms of employment and occupation might actually point in the opposite direction.

19.2.4. Highlighting mechanisms: Human capital decay versus stigma

When searching for explanations as to why an early experience of inactivity or unemployment might affect later labor market outcomes, the literature has highlighted two in particular: human capital decay and stigma (Omori 1997; Schmelzer 2011). These explanations focus mainly on employers' recruitment practices. Human capital decay suggests that in periods of nonemployment, individuals lose vital work experience, which in turn might reduce their future employability and earnings. Stigma-related explanations, on the other hand, suggest that employers judge future employees' capabilities based on their unobserved trajectory of employment and nonemployment. In other words, they infer workers' qualities based on their past employment status. In this context, previous unemployment spells have a negative stigma (e.g., when one assumes that individuals are unemployed because they are lazy), which might then affect later employment probabilities and income prospects. However, as suggested by Mooi-Reci and Ganzeboom (2015), stigma might also be related to how employers infer characteristics of individuals based on their ethnic origins. For example, if employers believe that an ethnic minority group has certain negative characteristics in terms of employability—such as an educational degree obtained abroad, language deficiencies, or their concentration in deprived

neighborhoods—a period of unemployment or inactivity might exacerbate these negative preconceptions and stereotypes, affecting future employment probabilities, type of occupation, or income. These authors' empirical analysis regarding the Netherlands presents evidence in this direction.

To what extent can we see stigma mechanisms connected to ethnicity occurring in the United Kingdom? First, there is evidence of discrimination in the labor market (Heath and Cheung 2006; Wood et al. 2009). In particular, experimental studies have demonstrated that employers usually prefer White British compared to other ethnic groups, especially Asians and Blacks. Although the reasons behind this preference are still to be explored, we could argue that a period of unemployment or inactivity might affect some ethnic minority groups in particular negative ways and independently of whether they were born in the United Kingdom or abroad. For example, Pakistani and Bangladeshi populations have historically worked in relatively lower qualified jobs and have been spatially concentrated in the most deprived areas (Phillips 1998; Robinson and Valeny 2005). This negative signal in terms of where employers view these populations in the social structure (which could affect their views on these groups' productivity, for instance) might contribute to how they perceive their nonemployment experiences and thus help create a particularly profound scar for them.

However, for other groups, we might observe other processes taking place. We argued that scars are lighter (or not present) among highly educated individuals, partly because employers do not view a period of unemployment for highly educated individuals particularly negatively (Schmelzer 2011), assuming them to be searching for an appropriately qualified job. In terms of ethnic differences and how employers perceive groups, this might benefit Indians, in particular. This group has very high rates of university achievement, which could be observed as a positive signal for employers in terms of group characteristics. A period of unemployment or inactivity might therefore be more "legitimate" for Indians than for other groups, which would be observed in a lower scarring effect of unemployment/inactivity on this group.

Mooi-Reci and Ganzeboom (2015) also suggest that employers' perceptions might vary by gender. They argue that immigrant women from poorer countries are more likely to be perceived as more nurturing and obedient, which might weaken the stigma of joblessness. In the United Kingdom, this might apply to Pakistani and Bangladeshi women, who are also embedded in cultural contexts in which women are expected to stay at home (Peach 2005).

The group context or group characteristics, and how employers observe these, are therefore an argument for expecting variation in scars across ethnic groups. In line with this reasoning, Omori (1997) found that individuals who experienced unemployment in periods when unemployment was high were less penalized in terms of future employability compared to individuals who had been unemployed when unemployment levels were low. The context perceived by employers or, in our case, the perceived group context may therefore matter.

Until now, we have discussed employers; however, groups' perspectives, culture, and networks might also affect outcomes. For example, although it is true that Bangladeshi men are usually concentrated in poor areas and have low social backgrounds, there is evidence that second-generation Bangladeshis are doing quite well in the labor market: Not only do they not seem to experience ethnic penalties in employment (Zuccotti 2015b) but also they overperform compared to the White British in terms of the occupations they obtain. This finding might be connected to specific characteristics of Bangladeshis that make them more resilient to adverse situations. Hence, we might argue that they manage to better overcome a situation of early unemployment or inactivity. Similarly, with regard to the arguments concerning gender, given the strong role models in some Asian ethnic groups and the family and community pressures on women to remain out of the labor market (Dale et al. 2002a, 2002b; Kabeer 2002), we could argue that it might actually be particularly difficult for women to become employed if they have had early experiences of unemployment or inactivity. In summary, these arguments suggest that the role of (increased or decreased) stigma might not be the only explanation behind differences in the effect of early labor market statuses across groups.

19.3. DATA AND METHODS

19.3.1. The Office for National Statistics Longitudinal Study

Our analysis is based on the ONS-LS,[2] a unique data set collected by the Office for National Statistics in the United Kingdom that links census information for a 1% sample of the population of England and Wales, following individuals in 1971, 1981, 1991, 2001, and 2011. The original sample was selected from the 1971 Census, incorporating data on individuals born on one of four selected dates. The sample was updated at each successive census by taking individuals with the same four dates of birth in each year and linking them to the existing data (Hattersley and Creeser 1995). Life-event information has been added to the ONS-LS since the 1971 Census. New members enter the study through birth and immigration, and existing members leave through death and emigration. Some individuals might also exit the study (e.g., someone who goes to live abroad for a period) and then re-enter at a later census point; however, individuals are never "removed" from the data set, nor do they actively "leave" it.

Slightly more than 500,000 individuals can be found at each census point; however, information for people in the 1% sample who participated in more than one census point is more limited. For example, there is information on approximately 400,000 people at two census points, on average, whereas information is available on approximately 200,000 people for all five census points. In total, approximately 1,000,000 records are available for the entire period (1971–2011).

One of the most interesting aspects of this data set—in addition to its large sample size—is that both household and aggregated census data for small geographical areas can be attached to each individual and for each census point. This provides a reasonable idea of the "family contexts" and "neighborhoods" in which individuals live at different moments of their lives.

19.3.2. Sample

Our focus is on young individuals aged between 16 and 29 years in 2001, whom we follow through 2011, when they are between 26 and 39 years old. Different definitions have been given as to what it means to be young or to belong to the "youth population." The Office for National Statistics in the United Kingdom, for example, usually considers an age range of 16–24 years. We decided to use a slightly wider age range for two main reasons. First, we wanted to capture the increasingly lengthy and blurred trajectories into adulthood (Aassve, Iacovou, and Mencarini 2006); second, we could thus cover a larger sample of ethnic minorities. We performed robustness checks excluding individuals aged 25–29 years and found that the results remained robust to the findings shown here.

We constructed our sample in a way that permits more than one measurement per individual. Where individuals had more than one measurement for "family context" and "origin neighborhood" (obtained when they were between 0 and 15 years old, in 1981–1991), we counted these as two units of analysis. For example, we counted an individual twice if he or she was 21 years old in 2001 and had household and neighborhood information in both 1991 (when he or she was 11 years old) and 1981 (when he or she was 1 year old). This structure follows a model used previously by Platt (2007) and is common in works using panel-like data. In order to account for double measurement, we control for "origin year" (1981/1991) and we use clustered standard errors in the regression models. We have also estimated a model in which one origin year per individual is randomly chosen and the results remain the same. The total sample consists of 77,180 cases, out of which 73% are "unique" individuals.

19.3.3. Variables and methods

We study two outcome variables in 2011: employment status and occupational status. These are examined in relation to labor market status in 2001. We observe individuals with different statuses in 2001—NEET (i.e., "unemployed and inactive," including individuals doing housework, with long-term illness or disability, and other inactive), employed, and students—and ascertain their employment and occupational trajectories in 2011. The focus is on the potential negative effect that being out of employment and out of education might have on later labor market outcomes and how this varies by ethnicity and gender (for a discussion on the concept of NEET, see Mascherini, this volume). Employment in 2011 is a dummy variable that determines whether the person was employed or

not in 2011 (the reference category is unemployed/inactive, excluding students). Occupational status, on the other hand, is measured using the National Statistics Socio-economic Classification (NS-SEC) (Erikson and Goldthorpe 1992). The NS-SEC includes seven categories ranging from higher managerial/professional occupations to routine occupations. We study the probability of having a Class 1 or Class 2 occupation (vs. any other): Class 1 consists of higher managerial, administrative, and professional occupations, whereas Class 2 consists of lower managerial, administrative, and professional occupations. The occupations within these two classes are often regulated by so-called service relations, where "the employee renders service to the employer in return for compensation, which can be both immediate rewards (for example, salary) and long-term or prospective benefits (for example, assurances of security and career opportunities)" (Office for National Statistics 2010, 3). Note that occupational status refers to the current or most recent job.

We examine these trajectories across five ethnic groups: White British, Indian, Pakistani, Bangladeshi, and Caribbean. In this study, White British are those who identify themselves as White English/Welsh/Scottish/Northern Irish/British[3] and have both parents (or one parent, in the case of individuals raised in single-parent households) born in the United Kingdom. Ethnic minorities, on the other hand, are those who identify themselves as belonging to one of the main ethnic groups and have one (single-parent households) or two parents born abroad.[4] The parental country of birth is measured when individuals were between 0 and 15 years old in 1981–1991.

In studies of scarring effects, efforts are usually made to measure the actual scar in the best possible way. Often, we do not know all the variables that might affect an outcome. If such variables are present but we do not control for them, then we might be over(under)estimating the size of the scar. For example, if individuals of a certain group have characteristics that make them more likely to be unemployed, this will affect both the 2001 and the 2011 outcomes and will make the relationship between the two unemployment variables at the respective time points stronger than it is in reality. In order to reduce unobserved heterogeneity, we control for a wide range of key predictors of labor market status, including family arrangements and education in 2011 and the socioeconomic characteristics of the households in which individuals lived when they were between 0 and 15 years old. Household-level variables (found in the 1981 and 1991 census files) include number of cars, housing tenure, level of overcrowding in the home, and parental occupation (taking the highest status between the father and the mother). In addition, we also control for current-neighborhood deprivation and origin-neighborhood deprivation (when individuals were between 0 and 15 years old), both measured with the Carstairs Index (Norman, Boyle, and Rees 2005; Norman and Boyle 2014).[5] This measure is a summary of four dimensions: percentage male

unemployment, percentage overcrowded households, percentage no car/van ownership, and percentage low social class.

The inclusion of variables that denote neighborhood characteristics—current and, most important, past—has been a commonly used tool by some authors (e.g., Gregg 2001) to control for the self-selection of individuals into their initial condition (in our case, labor market status in 2001) and hence reduce the impact of unobserved heterogeneity. In terms of our study, neighborhood deprivation when individuals are young is likely to affect labor market status in 2001 but less so labor market status in 2011, except through neighborhood deprivation in 2011 (which we control for). Most important, this variable has the advantage that young individuals probably did not choose the neighborhood where they lived when they were young (rather, their parents did).

Our model has, nevertheless, some limitations. First, we are not able to use (as Gregg (2001) does) more detailed neighborhood unemployment levels or types of jobs available in the area, which would be a better indicator of labor market conditions and availability of jobs. The ONS has restrictions regarding the use of neighborhood variables, and neighborhood deprivation is easy to access and is a commonly used variable among ONS-LS users. Note, however, that because we include students in our initial labor market statuses, neighborhood deprivation is probably a better variable than, for example, neighborhood unemployment alone, given that it includes indicators such as social class and socioeconomic resources of households, which might impact on decisions regarding school attendance. Second, we do not use an instrumental variable approach, as Gregg does: In other words, origin-neighborhood characteristics is not an instrument in our model (as it is in Gregg's study) but, rather, a control variable. The program we use to analyze our data (Stata 14) has limitations in terms of the commands for instrumental variables, and some tests led us to prefer a classic regression model.[6] Finally, a third limitation (that would also be present even with an instrumental variable approach) is that there might be unmeasured parental or group characteristics (e.g., parental aspirations or group preferences for certain areas) that affect individuals' outcomes as well as their selection of neighborhoods. If present, these unmeasured characteristics will weaken the origin-neighborhood deprivation's potential ability to randomize the allocation of individuals into areas and, hence, into initial statuses. In summary, we are aware that we cannot fully randomize the selection of individuals into their initial statuses in 2001, which means that we cannot be certain that the relationship between initial status and employment in 2011 is casual. The observed scar might therefore include some unmeasured characteristics of individuals, their parents, or the ethnic groups to which they belong.

Our multivariate analyses are based on average marginal effects derived from logistic regressions. In addition to the previously mentioned variables, other controls include age in 2001, country of birth, and number of census points in which the individual participated.

19.4. ANALYSIS

19.4.1. Descriptive statistics

Table 19.1 shows the percentage of individuals employed in 2011 and the percentage of individuals who declare a high occupational status (either presently or in the most recent job), distinguished by their labor market status in 2001, ethnic group, and gender.

For most groups, and as expected, having been employed or in education in 2001 leads to a greater likelihood of being employed in 2011 and to a greater likelihood of having a higher occupational status—compared to individuals who were unemployed or inactive (i.e., NEET) in 2001. In particular, those who were students in 2001 have high proportions in both employment and professional/managerial occupations in 2011, probably attributable to having a university degree. However, the extent to which education and employment in 2001 act as "protectors" in the labor market or, conversely, the extent to which unemployment and inactivity make people more "vulnerable" or generate "scars" varies greatly across ethnic groups and genders.

Having been NEET in 2001 (compared to having been employed) is not particularly detrimental for the labor market prospects of ethnic minorities compared to the White British. Only Caribbean women seem to follow this pattern as regards their employment probabilities (note that among those who were employed in 2001, White British and Caribbean women have similar employment probabilities in 2011, whereas this is 9% lower for Caribbeans among those who were NEET). In contrast, it is White British men who seem to experience deeper scars regarding employment, especially compared to Asian groups (Indian, Pakistani, and Bangladeshi). We observe that among those who were employed in 2001, employment probabilities in 2011 are similar across all groups, but having been NEET has a more detrimental effect on the likelihood of White British men being in employment in 2011. Approximately 59% of White British men who were NEET in 2001 are employed in 2011; for Indians, in particular, but also for Pakistani and Bangladeshi men, the percentage of employed is higher.

Table 19.1 also shows that although, in general, ethnic minority groups do not suffer very strongly from previous periods of unemployment or inactivity, sometimes having been employed in 2001 is not as protective for them as it is for the White British. For example, Caribbean men are similar to White British in terms of their employment probabilities among those who were NEET in 2001; however, they do not benefit from having been employed in 2001 to the same degree as White British men (they have approximately 10 percentage points less probability of being employed in 2011). A similar finding is observed among Pakistani and Bangladeshi men and women when studying occupational status. We observe that although differences with respect to White British are relatively small among those who were NEET in 2001, of those who were employed in

Table 19.1 Employed individuals and individuals with (current or most recent) professional/managerial status in 2011, by labor market status in 2001, ethnic group, and gender (%)

	Employed				Professional/managerial status			
	NEET	S	E	Total	NEET	S	E	Total
Men								
White British	58.9	92.0	93.6	89.8	22.8	59.1	42.8	44.4
Indian	77.6	91.8	91.0	90.1	37.7	69.8	55.2	60.2
Pakistani	64.8	86.0	91.2	84.1	21.6	45.8	32.9	37.0
Bangladeshi	64.5	100.0	87.5	87.7	25.0	61.0	35.9	41.8
Caribbean	58.3	76.2	84.9	78.3	40.0	47.2	47.6	46.2
Women								
White British	50.2	89.2	85.6	80.0	19.3	62.7	44.5	44.5
Indian	50.9	87.1	82.4	80.3	28.7	74.6	55.5	60.7
Pakistani	29.9	61.6	67.5	52.2	18.4	56.4	38.2	38.4
Bangladeshi	33.7	64.2	68.1	53.5	18.0	53.6	34.8	34.9
Caribbean	41.0	74.6	84.8	74.4	30.3	60.0	51.2	50.2
Totals: Men								
White British	3,471	6,878	24,791	35,140	2,768	6,674	24,354	33,796
Indian	85	413	434	932	77	397	422	896
Pakistani	88	222	181	491	74	212	173	459
Bangladeshi	31	60	80	171	40	59	78	177
Caribbean	24	42	86	152	25	36	82	143
Totals: Women								
White British	6,875	8,158	23,315	38,348	5,704	7,970	22,988	36,662
Indian	110	357	403	870	87	343	389	819
Pakistani	224	198	203	625	152	172	191	515
Bangladeshi	89	67	72	228	61	56	69	186
Caribbean	39	59	125	223	33	55	121	209

Notes: Labor market status in 2001: NEET, unemployed or inactive; S, student; E, employed.
Population: Individuals between 16 and 29 years old in 2001.
Source: Authors' calculations based on ONS-LS.

2001, White British have higher probabilities of attaining a professional/managerial position by 2011.

Finally, other well-known patterns that emerge from Table 19.1 are the overperformance of Indians in terms of access to high-status occupations and the low employment probabilities of Pakistani and Bangladeshi women (see House of Commons Women and Equalities Committee 2016). In this respect,

note that although there is no clear evidence of a stronger employment scarring effect for these women (the difference in employment probabilities with respect to White British is approximately 18–20 percentage points among both those who were employed and those who were NEET in 2001), we do observe a particularly strong scar connected to having been a student in 2001: The ethnic gap in terms of employment chances grows to 30 percentage points for this category.

These results, however, need to be studied after we have controlled for a series of factors that might also affect the outcomes. In fact, there is great variation across ethnic groups in terms of educational achievements, socioeconomic backgrounds, and family arrangements, as shown in Table 19.2.

Table 19.2 Social origins and individual-level characteristics, by ethnic group

	British	Indian	Pakistani	Bangladeshi	Caribbean	Total
Social origins						
Parental social class						
No earners/no code	5.6	4.9	18.8	29.3	14.5	5.9
Manual (V + VI + VII)	33.4	47.0	56.7	51.7	33.7	34.1
Routine nonmanual (III)	15.1	11.3	3.6	3.2	26.8	14.8
Petite bourgeoisie (IV)	11.8	15.8	12.5	11.3	3.3	11.9
Professional/managerial (I + II)	34.1	20.9	8.5	4.4	21.7	33.2
Cars						
No cars	18.7	22.5	39.5	69.0	46.7	19.5
1 car	53.4	57.0	51.8	28.3	45.9	53.3
2 cars	27.9	20.5	8.7	2.7	7.4	27.2
Tenure						
Owner	70.4	86.9	86.8	41.9	46.9	70.8
Social rent	22.8	7.7	7.4	42.9	46.4	22.5
Private rent	6.7	5.4	5.8	15.3	6.6	6.7
Persons per room						
>1.5 persons	0.7	8.8	22.5	36.2	6.1	1.4
1.5 persons	0.5	3.7	6.5	8.9	5.4	0.8
>1 and <1.5 persons	6.1	20.3	31.2	28.8	13.8	6.9
1 person	16.3	23.8	18.7	12.3	25.5	16.6
≥0.75 and <1 person	29.9	22.0	12.9	9.4	21.7	29.3
<0.75 person	46.5	21.4	8.2	4.4	27.6	45.0
Carstairs quintiles						
Q1 (less deprivation)	22.0	7.2	2.1	2.5	2.8	21.2
Q2	21.7	7.7	3.7	3.4	5.1	20.9

(*continued*)

Table 19.2 Continued

	British	Indian	Pakistani	Bangladeshi	Caribbean	Total
Q3	20.8	11.8	5.8	5.9	7.1	20.2
Q4	19.7	21.5	16.8	8.9	22.4	19.6
Q5 (more deprivation)	15.8	51.7	71.6	79.3	62.5	18.0
Individual characteristics						
Age (2001)						
Mean age	22.6	22.1	21.9	21.8	23.0	22.6
Education (2011)						
None and other	10.7	4.9	12.6	12.3	4.8	10.6
Level 1	14.2	9.2	18.5	22.2	14.0	14.1
Level 2	18.8	11.7	16.3	17.0	17.6	18.5
Level 3	18.2	11.5	12.6	12.3	17.1	17.9
Level 4+	38.2	62.7	40.0	36.2	46.4	38.8
Family type (2011)						
Single, no children	25.8	37.0	22.1	20.0	45.9	26.1
Couple, no children	22.3	18.3	8.2	8.4	12.0	21.9
Single with children	8.6	8.2	14.6	18.7	22.2	8.8
Couple with children	43.2	36.4	55.1	53.0	19.9	43.2
Country of birth						
UK-born	99.0	93.4	81.1	45.6	97.7	98.3
N	74,796	1,830	1,147	406	392	78,571

Note: Population: Individuals between 16 and 29 years old in 2001.
Source: Authors' calculations based on ONS-LS.

There are two clear and interesting findings from Table 19.2. On the one hand, ethnic minorities tend, in general, to have lower or more deprived social origins. For example, they are more likely to have been raised in areas with high neighborhood deprivation and to have parents with lower occupational status. This is particularly evident for the Pakistani and Bangladeshi populations. These factors might impact negatively not only on their labor market outcomes but also on the transitions they make in the labor market. On the other hand, ethnic minorities also tend to be more educated, revealing their upward educational mobility (given their low parental social backgrounds). For instance, the high percentage of Indians who reach university level (level 4+) is striking. Bearing in mind the positive role that education plays in the labor market, including making good-quality transitions, a higher education level among ethnic minorities might actually help counterbalance their poorer social origins. Recent research (Zuccotti 2015a; Zuccotti, Ganzeboom, and Guveli 2017) shows the

importance of considering both education and social origins (see also Berloffa, Matteazzi, and Villa, this volume) in the estimation of ethnic inequalities in the labor market. Variation is also observed in terms of family type, with Pakistani and Bangladeshi populations having particularly large shares of households composed of a couple with children. This might be an explanation as to why we see such low employment levels among women from these groups.

The next section examines all these factors together using multivariate logistic regression models. In addition to the socioeconomic, educational, and family variables observed in Table 19.2, we also control for the year in which the origin variables were measured (1981 or 1991) and for the number of census points in which the individuals participated. Finally, note that although the majority of ethnic minorities were born in the United Kingdom, we also consider the country of birth in our analyses (with a dummy as to whether they were born in the United Kingdom or not). Bangladeshis, in particular, have the highest proportion of foreign-born young individuals (see Table 19.2)—a factor that might have a negative impact on labor market transitions.

19.4.2. Multivariate models

This section examines whether the trends found in Table 19.1 still hold after we control for individual and social-origin characteristics, including current and past residential neighborhood deprivation levels. First, we show the average effect of labor market status in 2001 and of ethnic group on labor market outcomes in 2011 (employment and occupational status) before (Model a) and after (Model b) controlling for key individual, social-origin, and neighborhood variables (see Tables 19.3 and 19.4). The results are presented separately for men and women; the coefficients represent average marginal effects derived from logistic regressions (models with all controls are shown in Table A19.1 in the Appendix).

Next, we introduce interactions between labor market status in 2001 and ethnicity in order to study whether scarring varies in relation to an individual's ethnic group. Models with interactions are used to answer the main question in this chapter: What is the effect of having been unemployed or inactive (NEET), compared to having been employed or in education, in 2001 on the probability of being employed/having a high occupational status in 2011—for different ethnic minority groups and for White British? In particular, to what extent is being out of education and out of the labor market particularly detrimental (or not) for some ethnic groups? Because we work with logistic regression models, we calculated predicted values for the groups from the interaction models (keeping all control variables at their mean; see Table A19.2 in the Appendix) and created graphs.[7] Predicted values and graphs serve not only to observe the magnitude of the effects but also to explore at which levels of the dependent variable they occur for an individual with "average" characteristics. Assuming that the variable

Table 19.3 Probability of being employed in 2011, by labor market status in 2001 and ethnic group; AME (clustered standard errors)

	Men		Women	
	Model a	**Model b**	**Model a**	**Model b**
Labor market status in 2001 (ref. Employed)				
NEET (unemployed or inactive)	–0.338***	–0.175***	–0.357***	–0.173***
	(0.0103)	(0.0078)	(0.0079)	(0.0073)
Student	–0.005	–0.041***	0.056***	–0.012*
	(0.0045)	(0.0063)	(0.0052)	(0.0071)
Ethnic group (ref. White British)				
Indian	0.003	0.004	–0.028	–0.061***
	(0.0120)	(0.0109)	(0.0176)	(0.0185)
Pakistani	–0.020	0.007	–0.211***	–0.160***
	(0.0164)	(0.0130)	(0.0250)	(0.0223)
Bangladeshi	0.002	0.042***	–0.180***	–0.100***
	(0.0243)	(0.0159)	(0.0393)	(0.0325)
Caribbean	–0.067*	–0.023	–0.064*	–0.073**
	(0.0347)	(0.0246)	(0.0343)	(0.0324)
N	36,886	36,886	40,294	40,294
Basic controls	**X**	**X**	**X**	**X**
Individual, social origin, and neighborhood controls		**X**		**X**

Notes: Basic controls: Age, country of birth, origin year, and number of census points. Individual, social origin, and neighborhood controls: Education, family type, parental social class, number of cars, tenure, level of overcrowding, and neighborhood deprivation (past and current). Population: Individuals between 16 and 29 years old in 2001.
*$p < .10$.
**$p < .05$.
***$p < .01$.
Source: Authors' calculations based on ONS-LS.

"labor market status in 2001" has a certain "order" in the categories, we explore "slopes" for different ethnic groups: how steep they are and whether they touch or not.

19.4.2.1. Employment scarring

Overall, our findings indicate that having been NEET in 2001, compared to having been employed, reduces by more than 30 percentage points the probability of being employed in 2011—for both men and women (Model a). After we control for social-origin and individual characteristics, as well as for current and past levels of deprivation of the neighborhood of residence (Model b), the effect

Table 19.4 Probability of having a (current or most recent) professional/managerial occupation in 2011, by labor market status in 2001 and ethnic group; AME (clustered standard errors)

	Men		Women	
	Model a	**Model b**	**Model a**	**Model b**
Labor market status in 2001 (ref. Employed)				
NEET (unemployed or inactive)	–0.172***	–0.098***	–0.240***	–0.105***
	(0.0105)	(0.0117)	(0.0072)	(0.0088)
Student	0.276***	0.037***	0.278***	0.036***
	(0.0085)	(0.0092)	(0.0081)	(0.0087)
Ethnic group (ref. White British)				
Indian	0.105***	0.082***	0.105***	0.063***
	(0.0208)	(0.0183)	(0.0209)	(0.0187)
Pakistani	–0.113***	–0.021	–0.041	0.010
	(0.0270)	(0.0273)	(0.0265)	(0.0238)
Bangladeshi	–0.025	0.075*	–0.040	0.057
	(0.0446)	(0.0433)	(0.0429)	(0.0387)
Caribbean	0.017	0.038	0.037	0.041
	(0.0510)	(0.0451)	(0.0409)	(0.0358)
N	35,453	35,453	38,391	38,391
Basic controls	X	X	X	X
Individual, social origin, and neighborhood controls		X		X

Notes: Basic controls: Age, country of birth, origin year, and number of census points. Individual, social origin, and neighborhood controls: Education, family type, parental social class, number of cars, tenure, level of overcrowding, and neighborhood deprivation (past and current). Population: Individuals between 16 and 29 years old in 2001.
*$p < .10$.
**$p < .05$.
***$p < .01$.
Source: Authors' calculations based on ONS-LS.

declines, but it is still quite substantive (approximately 17%). Poor labor market integration at a young age creates scarring for both men and women.

Table 19.3 shows that although the effect of having been in education in 2001 on the probability of being employed in 2011 is similarly positive to the effect of having been employed in 2001 (for women it is actually more positive), the education effect becomes negative after we control for key variables. In other words, after we control for the fact that individuals with more socioeconomic resources are usually more likely to continue in higher/university education, and for the fact that higher education levels lead to better employment chances, a situation

of employment (vs. any other) in 2001 seems to have more positive long-term effects than studying. Although this does not mean that individuals should invest less in education, it does suggest that early experiences of employment—perhaps simultaneously with an educational activity—can have positive long-term effects in terms of accessing work in the UK labor market. As previously argued, this might be connected to the extra skills acquired due to longer lasting work experience but also to sending a positive "signal" to employers.

In terms of average group differences, we observe that men from ethnic minority backgrounds (especially Bangladeshis) have similar or even higher probabilities of being in work in 2011 compared to White British. This finding is similar to previous results obtained for a slightly older age group (aged 20–45 years; Zuccotti 2015b). For women, on the contrary, all ethnic minority groups have lower employment probabilities compared to White British women. Differences that emerge from our analysis range from 6 percentage points lower for Indian women to 16 percentage points lower for Pakistani women.

We identified several statistically significant interactions. For men, having been NEET in 2001 (vs. having been employed) is not as detrimental for Indian and Bangladeshi men as it is for White British men. This denotes lower scarring effects for the ethnic minorities. A similar relative advantage is observed for Indian and Pakistani men when comparing NEET with students in 2001. Among women, the results suggest that Pakistani and Caribbean women have deeper scars connected to having been NEET than is the case for White British women. These findings are better understood by looking at Figures 19.1 and 19.2, which show the predicted values of employment in 2011 for Indian, Pakistani, and Bangladeshi men (vs. White British men) and for Pakistani and Caribbean women (vs. White British women) for each labor market status in 2001 (keeping all control variables at their mean).

In visual terms, the weaker detrimental effect of having been NEET, versus having been employed or a student, for Indian, Pakistani, and Bangladeshi men is expressed in the flatter slopes for these three ethnic groups. In particular, for Indians and Bangladeshis, there is a much higher probability of employment among those who were NEET in 2001: This difference is approximately 9 percentage points for Indians and approximately 12 percentage points for Bangladeshis. Note that Bangladeshis are also greatly advantaged among those who were students in 2001. Conversely, these groups have more similar employment probabilities among those who were employed in 2001 (only Indians seem to present a negative and relatively small gap with respect to White British).

The graph for women (see Figure 19.2), in contrast, shows a steeper slope for Pakistanis and Caribbeans than for White British, denoting a deeper scar for the ethnic minority. Looking at the predicted values, we observe, for example, that

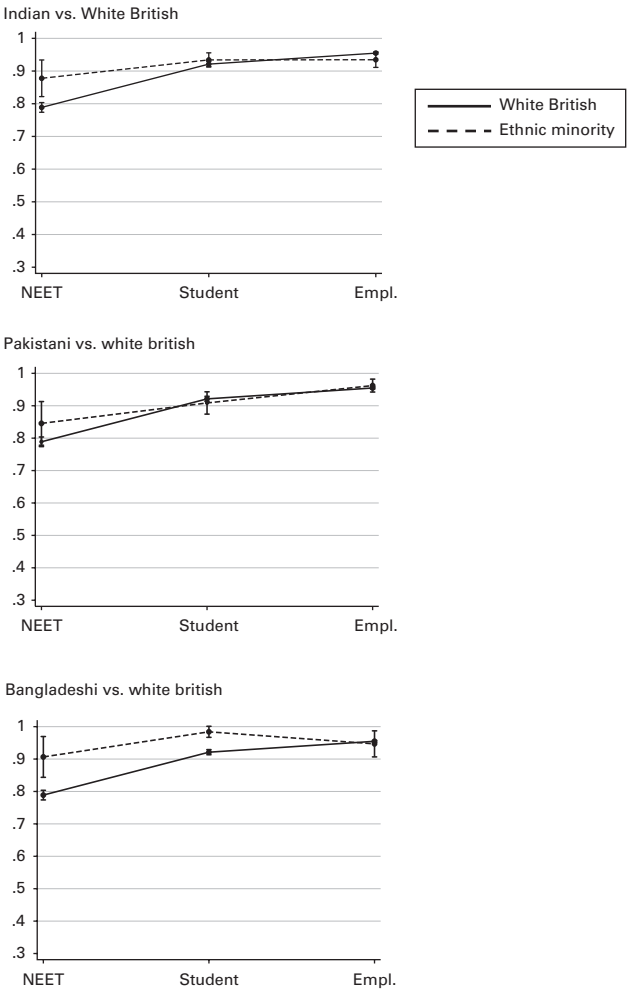

Figure 19.1 Predicted values of male employment in 2011 (90% confidence interval).
Source: Authors' calculations based on ONS-LS.

the employment probabilities among those who were employed in 2001 are approximately 74% for Pakistanis and 88% for White British (a 14% gap), whereas among those who were NEET in 2001, the values are 47% and 70%, respectively (a gap that grows to 23%).

Overall, the results on employment scarring show that ethnic minority men are not particularly penalized; On the contrary, being NEET in 2001 has a similar or reduced scarring effect on later employment probabilities compared to White British. Among women, the results suggest higher scarring effects on employment for Pakistani and Caribbean women.

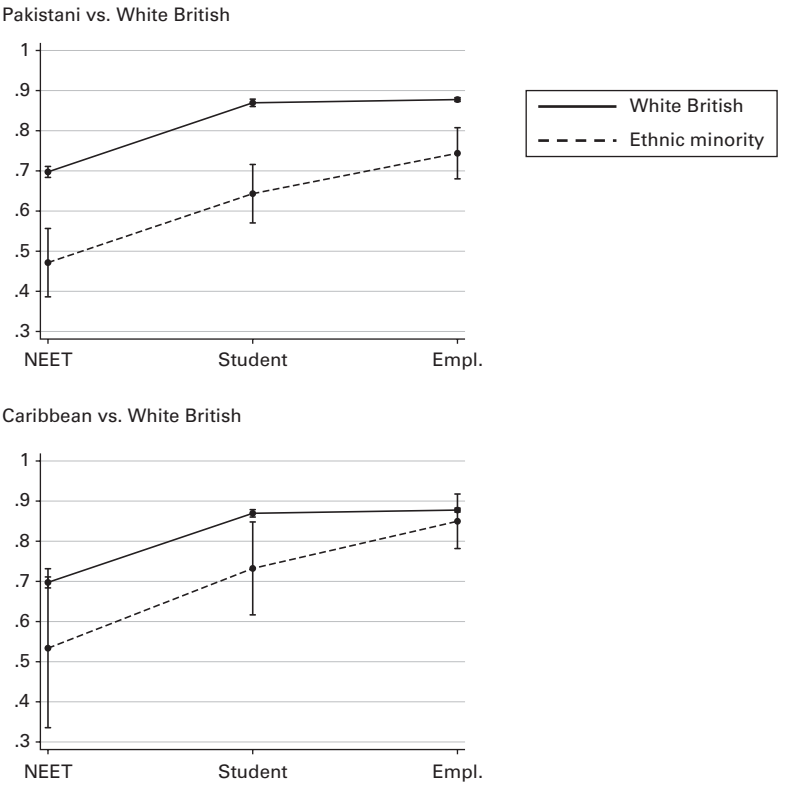

Figure 19.2 Predicted values of female employment in 2011 (90% confidence interval).
Source: Authors' calculations based on ONS-LS.

19.4.2.2. Scarring of occupational status

As with the results for employment, the results for occupational status show that having been NEET leads to lower probabilities (approximately 10 percentage points less; Model b) of attaining a high occupational status, even after controlling for key variables. However, having been a student in 2001 is actually better than having been employed as regards future occupational status. Although much of this effect is explained by the education of individuals (introduced in Model b), probably driven by individuals acquiring a university degree, there is still a small residual effect. This might suggest that having been to university provides additional skills on top of the degree itself and/or access to a wider and better qualified network. Following previous findings (Cheung and Heath 2007; Zuccotti 2015b), Table 19.4 also shows that given equality in their labor market situations in 2001 and their individual and socioeconomic background characteristics (Model b), ethnic minorities do as well as or even better, on average, than White British in terms of occupational attainment. In particular, this is the case for Indian and Bangladeshi men.

Regarding interactions, the results show that for Bangladeshi men, having been a student in 2001 (vs. having been employed) exerts a more positive effect on occupational status than is the case for White British. This can be clearly observed in Figure 19.3, which shows that Bangladeshi men have higher probabilities of achieving a professional/managerial position compared to White British and that this is particularly strong among those who were students in 2001: These have a 70% probability of attaining a higher occupational status (compared to approximately 50% for equivalent White British).

Among women, the results are neither substantive nor statistically significant. In fact, the findings show that the general tendency is for the labor market status in 2001 to have a similar effect across ethnic groups. This can also be interpreted in terms of ethnic gaps remaining similar across statuses in 2001.

In summary, the results of the occupational analysis show that for all groups, having been NEET in 2001 leads, in general, to lower probabilities of attaining a professional/managerial position. However, unemployment/inactivity scars do not vary by ethnicity, nor are ethnic minorities particularly disadvantaged if they were NEET in 2001 compared to White British. On the contrary, some groups (Bangladeshi men) are particularly well positioned with respect to White British: In particular, they have higher probabilities of achieving a professional/managerial position if they were a student in 2001.

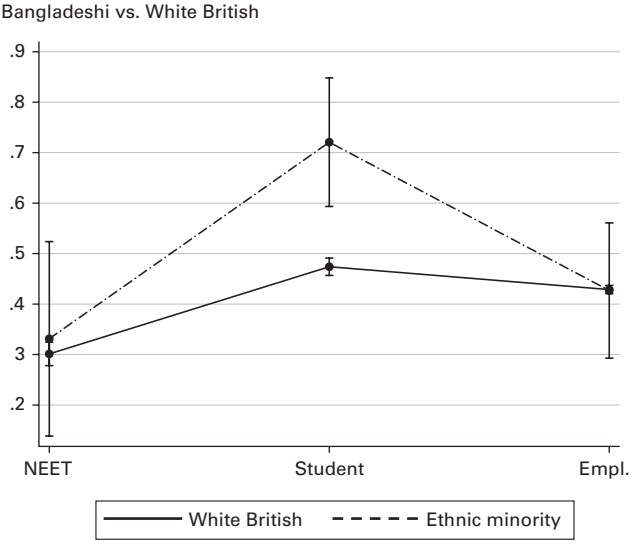

Figure 19.3 Predicted values of male access to (current or most recent) professional/managerial occupation in 2011.
Source: Authors' calculations based on ONS-LS.

19.5. CONCLUSIONS

This chapter has sought to bridge a gap between two research agendas that have only marginally interacted: ethnic inequalities and labor market scarring effects for young people. A further dimension we have included here—and that is even less evident in previous research—is the systematic comparison of gender differences between different ethnic groups. The use of the ONS-LS enabled us to follow young individuals over time and to have a sufficiently large number of ethnic minority groups, accompanied with rich and detailed information on their socioeconomic backgrounds, including neighborhood deprivation information attached to individuals.

Our results support previous research indicating the effects of early experiences on subsequent labor market outcomes. On average, we found that those who were not in employment, education, or training in 2001 had an approximately 17 percentage points less chance of being employed in 2011 and an approximately 10 percentage points less chance of being in a professional/managerial position compared to those who were employed in 2001; these results were found after controlling for comparable levels of education, social background, and neighborhood deprivation. We also found that whereas having been employed in 2001 leads to the highest employment probabilities in 2011, having been a student in 2011 leads to the greatest likelihood of attaining a professional/managerial position. This is an interesting finding that might indicate different mechanisms playing a role: Although a previous employment experience seems to be crucial for improving future employability, it is participation in the education system (and the additional benefits it may have in addition to the university degree) that makes the greatest difference in terms of acquiring a good-quality job (see Filandri et al., this volume).

Moving to the core question of the chapter, we found that scarring connected to a previous experience of unemployment or inactivity indeed varies across ethnic groups, and it also depends on the gender of individuals. In particular, examining employment probabilities in 2011, the NEET scar is weaker among Indian and Bangladeshi men by more than half compared to White British men. For women, by contrast, scarring appears to be stronger among Pakistani and Caribbean women than among White British women. The nonemployment of Asian women is an issue of current political concern in the United Kingdom (House of Commons Women and Equalities Committee 2016).

Occupational attainment is not affected by ethnic differences for those with a period of being NEET in 2001. However, Bangladeshis have a particularly high probability of attaining a high occupational status if they were students in 2001, even after controlling for their own educational attainment. Interestingly, we also observe these results for Indian and Bangladeshi students when studying access to employment.

Overall, our results for men contradict previous findings for the United Kingdom (Demireva and Kesler 2011) and for other European countries (Reyneri and Fullin 2011; Mooi-Reci and Ganzeboom 2015). The penalties associated with coming from an ethnic minority background do not accrue with being unemployed or inactive, as the stigma argument predicted. On the contrary, some male groups actually showed the opposite trajectory. In the case of Indians, it could be argued that their high educational attainment at the group level might compensate for any experience of unemployment or inactivity in the eyes of employers recruiting them. This might be one of the reasons why we observe relatively higher employment probabilities among Indians who were NEET in 2001. Previous findings (Zuccotti and Platt 2017) also show that Indian men benefit in terms of labor market outcomes from being raised in areas with a higher share of coethnics, which might point to networking mechanisms as potential additional causes. The findings are more puzzling for Pakistani and, especially, for Bangladeshi men because these groups have historically been located in the lower sector of the social structure, and we would expect this to send a negative signal to employers. Further research to untangle this puzzle, as well as to explain the advantage found for Indians, might focus on unmeasured characteristics of these groups, including parental aspirations, motivational factors, the role of networks at the neighborhood and the university level (especially for Indians and Bangladeshis), the exploitation of resources such as internships, and the type of university degrees chosen. Note that these factors might be potential explanations for the scar, but they may also belong to the mechanisms of self-selection into initial conditions, given the limits of our model.

Regarding women, youth unemployment or inactivity leads to lower employment probabilities later in life for Pakistanis and Caribbeans compared to equivalent White British. Group stigmatization might be an explanation for the Caribbeans' disadvantage; this might also be connected with their overrepresentation as single mothers. The result for Pakistanis might be connected to the role in this group of women, who are often occupied with caring activities, and the low value attached to paid work for them (Peach 2005). Evidence suggesting that these cultural values might actually influence labor market transitions is the fact that having been raised in a neighborhood with a higher share of coethnics negatively impacts on Asian women's employment probabilities as adults (Zuccotti and Platt 2017). White British women, on the other hand, often combine caring with part-time work (O'Reilly and Fagan 1998; Dale et al. 2002a, 2002b). Interestingly, we do not find particularly strong scarring effects for Bangladeshi women (despite the fact that, independently of their origin status in 2001, they have lower employment probabilities compared to White British women). Pakistani and Bangladeshi women therefore seem to be following different transition trajectories—a finding that deserves further examination.

Finally, in addition to showing that scars vary by ethnicity, this chapter challenges the idea that ethnic minorities are always disadvantaged in terms of access to jobs. The fact that some ethnic minority groups—especially second-generation men—are less penalized by a previous unemployment/inactivity experience compared to some of their White British counterparts is in part good news in terms of integration processes. Although much of recent UK policy has focused on limiting new immigration, this has gone hand in hand with efforts to promote integration (Cheung and Heath 2007), as well as new legislation to prevent discrimination and to promote "social cohesion" at the local level (Heath and Yu 2005; Rattansi 2011; Cantle 2012; Meer and Modood 2013). Our results are likely to be in part connected to these measures, although the extent to which they imply a decrease in ethnic discrimination in the labor market requires further exploration.

Significant concerns remain regarding employment probabilities for ethnic minority women and young White British men, who are increasingly "left behind" (Organization for Economic Co-operation and Development 2012). The findings raise questions regarding the groups that policymakers should target. Often, being an ethnic minority is equated with being disadvantaged, but our results show that this is not universally the case in the United Kingdom. Among men, scarring connected to having experienced a period of unemployment or inactivity is particularly high for White British. Our evidence is also supported by previous findings showing that––given equality of education and social background––employment probabilities increased for all ethnic minorities between 2001 and 2011 but declined for White British individuals (Zuccotti 2015b). Among women, however, we do observe a clear "ethnic minority disadvantage" in the labor market. Here, the mechanisms behind these disadvantages deserve greater attention: Although discrimination might be part of the story, and here policymaking should definitely have a role, cultural values (especially among Asians) and possibly fewer employment opportunities in their communities might also contribute to the explanation. Policy to address these multiple and complex outcomes clearly needs to be sensitive to the differential effects and outcomes of gender and ethnicity on young people's employment transitions.[8]

NOTES

1 In this section, we use nonemployment to identify individuals who are either unemployed or engaged in any other activity that does not involve working or studying. Some studies include students in their comparisons (hence identify NEET populations), whereas others do not.

2 Some cell counts, percentages, and totals shown in the tables created with ONS-LS data have been modified in order to comply with publication rules

established by the Office for National Statistics. These modifications, however, do not affect the main findings derived from the regression models. The permission of the Office for National Statistics to use the Longitudinal Study is gratefully acknowledged, as is the help provided by staff at the Centre for Longitudinal Study Information and User Support (CeLSIUS). CeLSIUS is supported by the ESRC Census of Population Programme (Award ref. ES/K000365/1). The authors alone are responsible for the interpretation of the data. This work contains statistical data from ONS, which is Crown Copyright. The use of the ONS statistical data in this work does not imply the endorsement of the ONS in relation to the interpretation or analysis of the statistical data. This work uses research data sets, which may not exactly reproduce National Statistics aggregates.

3 Ethnicity is measured by a question on self-identification (measured in 2011; when missing, self-identification in 2001 is used). In 2011, the question is formulated as follows: "What is your ethnic group?" The options are White (English/Welsh/Scottish/Northern Irish/British; Irish; Gypsy or Irish traveler; other White), Mixed/multiple ethnic groups (White and Black Caribbean; White and Black African; White and Asian; any other Mixed/multiple ethnic background; open question), Asian/Asian British (Indian, Pakistani, Bangladeshi, Chinese; any other Asian background; open question), Black/African/Caribbean/Black British (African; Caribbean; any other Black/African/Caribbean background; open question), and Other ethnic group (Arab; any other ethnic group). Note that the "Gypsy or Irish traveler" and "Arab" categories were not specified separately in the 2001 census form.

4 Individuals of whom one parent is born abroad and the other in the United Kingdom are therefore excluded from the analysis. White British with foreign-born parents (or a foreign-born parent in the case of single-parent households) and ethnic minorities with UK-born parents (or a foreign-born parent in the case of single-parent households) are also excluded. African and Chinese were excluded due to the small number of cases.

5 Neighborhood deprivation is expressed in population-weighted quintiles and is obtained at the ward level. The ward is the key building block of UK administrative geography and is used to elect local government councilors. Wards vary in terms of size and population, with the average population amounting to 4,000. In general, the smallest and most populous wards are in metropolitan areas, where the majority of ethnic minorities are found. The permission of Dr. Paul Norman, School of Geography, University of Leeds, to use the 2011 Carstairs Index of Deprivation he created is gratefully acknowledged. Please see Norman and Boyle (2014) for use of the Carstairs Index in conjunction with the ONS-LS.

6 "Ivprobit," which is the command we should use given that our outcomes are dichotomous, does not allow factorial endogenous variables (i.e., status in 2001), but only continuous variables. We have, nevertheless, run a model (without

interactions) in which a recoded version of status in 2001—being NEET (vs. being in employment or in education)—is used as an endogenous dummy variable, and neighborhood deprivation when individuals were 0–15 years old is used as an instrument. The results are similar to those presented here. Another option would be to use the command "ivregress" and ignore the fact that our dependent variable is dichotomous. We have tried this model as well, but the outcomes are difficult to interpret (predictions are out of range, i.e., they exceed 1, and have very large standard errors). All results are available on request.

7 To identify relevant interactions (shown in Figures 19.1–19.3), we plotted all interactions in graphs and also created "contrasts," which show the size of the interaction effect and whether or not it is statistically significant. In the study of employment in 2011, we have identified contrasts that are statistically significant at $p < .10$ for Indian and Bangladeshi men, for whom the effect of being employed in 2001 versus being NEET is different compared to White British men. We have also found, in the analysis of occupations in 2011, that the effect of being a student versus being NEET is different for Bangladeshi men ($p < .10$) compared to White British men. Finally, we have identified relevant interactions when the observed effects were quite substantive (but the contrasts were statistically significant at larger p values). In the analysis of employment, the effect of being employed in 2001 versus being NEET is different for Pakistani men and women ($p < .14$) and for Caribbean women ($p < .30$) compared to White British men and women.

8 An earlier version of this chapter was published in the journal Human Relations.

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APPENDIX

Table A19.1 Probability of being employed and probability of having a (current or most recent) professional/managerial occupation in 2011; AME (clustered standard errors)—full models

	Employment				Professional/managerial			
	Men		Women		Men		Women	
	Model a	Model b	Model a	Model b	Model a	Model b	Model a	Model b
Status in 2001 (ref. Employed)								
NEET (unemployed or inactive)	–0.338***	–0.175***	–0.357***	–0.173***	–0.172***	–0.098***	–0.240***	–0.105***
	(0.0103)	(0.0078)	(0.0079)	(0.0073)	(0.0105)	(0.0117)	(0.0072)	(0.0088)
Student	–0.005	–0.041***	0.056***	–0.012*	0.276***	0.037***	0.278***	0.036***
	(0.0045)	(0.0063)	(0.0052)	(0.0071)	(0.0085)	(0.0092)	(0.0081)	(0.0087)
Ethnic group (ref. White British)								
Indian	0.003	0.004	–0.028	–0.061***	0.105***	0.082***	0.105***	0.063***
	(0.0120)	(0.0109)	(0.0176)	(0.0185)	(0.0208)	(0.0183)	(0.0209)	(0.0187)
Pakistani	–0.020	0.007	–0.211***	–0.160***	–0.113***	–0.021	–0.041	0.010
	(0.0164)	(0.0130)	(0.0250)	(0.0223)	(0.0270)	(0.0273)	(0.0265)	(0.0238)
Bangladeshi	0.002	0.042***	–0.180***	–0.100***	–0.025	0.075*	–0.040	0.057
	(0.0243)	(0.0159)	(0.0393)	(0.0325)	(0.0446)	(0.0433)	(0.0429)	(0.0387)
Caribbean	–0.067*	–0.023	–0.064*	–0.073**	0.017	0.038	0.037	0.041
	(0.0347)	(0.0246)	(0.0343)	(0.0324)	(0.0510)	(0.0451)	(0.0409)	(0.0358)

(*continued*)

Table A19.1 Continued

	Employment				Professional/managerial			
	Men		Women		Men		Women	
	Model a	Model b	Model a	Model b	Model a	Model b	Model a	Model b
Family type (ref. Single, no children)								
Couple, no children		0.092***		0.077***		0.074***		0.035***
		(0.0048)		(0.0062)		(0.0077)		(0.0087)
Single with children		–0.010		–0.084***		0.022		–0.094***
		(0.0123)		(0.0079)		(0.0199)		(0.0107)
Couple with children		0.076***		–0.079***		0.047***		–0.056***
		(0.0044)		(0.0061)		(0.0070)		(0.0078)
Education (ref. Level 1)								
No education		–0.149***		–0.289***		–0.046***		–0.041*
		(0.0117)		(0.0228)		(0.0152)		(0.0250)
Other		–0.043***		–0.086***		0.076***		0.044*
		(0.0095)		(0.0207)		(0.0137)		(0.0234)
Level 2		–0.014		–0.015		0.142***		0.088***
		(0.0091)		(0.0203)		(0.0135)		(0.0231)
Level 3		0.022**		0.049**		0.191***		0.154***
		(0.0089)		(0.0204)		(0.0137)		(0.0233)
Level 4+		0.044***		0.085***		0.525***		0.497***
		(0.0085)		(0.0202)		(0.0130)		(0.0230)

Tenure (ref. Owner)				
Social rent	–0.019***	–0.024***	–0.040***	–0.039***
	(0.0044)	(0.0055)	(0.0076)	(0.0071)
Private rent	–0.005	–0.014*	–0.008	–0.012
	(0.0060)	(0.0080)	(0.0104)	(0.0100)
Number of cars (ref. None)				
1 car	0.012***	0.009	0.008	0.016**
	(0.0043)	(0.0053)	(0.0077)	(0.0071)
2+ cars	0.017***	0.020***	0.020**	0.038***
	(0.0055)	(0.0069)	(0.0094)	(0.0088)
Persons per room (ref. 1 person per room)				
>1.5 persons	0.001	–0.026*	–0.030	–0.008
	(0.0111)	(0.0153)	(0.0235)	(0.0212)
1.5 persons	0.006	–0.016	0.029	–0.055*
	(0.0157)	(0.0181)	(0.0300)	(0.0283)
>1 and <1.5 persons	–0.006	–0.004	–0.015	–0.007
	(0.0064)	(0.0074)	(0.0117)	(0.0106)
≥0.75 and <1 person	0.010**	0.003	0.004	–0.001
	(0.0043)	(0.0054)	(0.0073)	(0.0069)
<0.75 person	0.009**	0.001	0.025***	0.012*
	(0.0044)	(0.0055)	(0.0073)	(0.0069)

(*continued*)

Table A19.1 Continued

	Employment				Professional/managerial			
	Men		Women		Men		Women	
	Model a	Model b	Model a	Model b	Model a	Model b	Model a	Model b
Parental social class (ref. Manual [V + VI + VII])								
No earners/no code		–0.015**		–0.026***		0.043***		0.013
		(0.0064)		(0.0076)		(0.0126)		(0.0114)
Routine nonmanual (III)		0.003		–0.004		0.048***		0.026***
		(0.0046)		(0.0058)		(0.0076)		(0.0072)
Petite bourgeoisie (IV)		0.003		–0.001		–0.007		–0.006
		(0.0053)		(0.0067)		(0.0088)		(0.0083)
Professional/managerial (I + II)		0.005		–0.009		0.085***		0.053***
		(0.0045)		(0.0057)		(0.0073)		(0.0069)
Carstairs quintile in origin (ref. Q1: Least deprived)								
Q2		–0.004		0.005		–0.009		0.002
		(0.0051)		(0.0064)		(0.0073)		(0.0070)
Q3		–0.002		0.003		–0.003		–0.001
		(0.0052)		(0.0067)		(0.0079)		(0.0074)
Q4		–0.008		0.012*		–0.023***		0.003
		(0.0054)		(0.0069)		(0.0084)		(0.0079)
Q5		–0.010*		0.010		–0.017*		–0.002
		(0.0059)		(0.0075)		(0.0096)		(0.0091)
Carstairs quintile in 2011 (ref. Q1: Least deprived)								
Q2		–0.003		0.013*		–0.016*		–0.007

		(0.0058)		(0.0074)		(0.0088)		(0.0083)
Q3		–0.015***		0.022***		–0.034***		–0.027***
		(0.0058)		(0.0072)		(0.0089)		(0.0084)
Q4		–0.021***		0.018**		–0.047***		–0.020**
		(0.0059)		(0.0075)		(0.0093)		(0.0087)
Q5		–0.031***		0.005		–0.042***		–0.022**
		(0.0065)		(0.0082)		(0.0105)		(0.0100)
Age								
Age in 2001	0.001*	–0.001	0.004***	0.004***	0.016***	0.006***	0.013***	0.005***
	(0.0007)	(0.0007)	(0.0009)	(0.0008)	(0.0012)	(0.0011)	(0.0011)	(0.0010)
Origin year (ref. 1981)								
1991	0.000	–0.007***	0.005**	–0.004*	0.010***	–0.022***	0.013***	–0.019***
	(0.0018)	(0.0020)	(0.0023)	(0.0026)	(0.0030)	(0.0032)	(0.0028)	(0.0030)
Number of census points (ref. 3)								
4 census points	0.017***	–0.003	0.031***	0.005	0.098***	0.023***	0.090***	0.022***
	(0.0055)	(0.0050)	(0.0069)	(0.0064)	(0.0091)	(0.0084)	(0.0087)	(0.0080)
Country of birth								
UK-born	0.008	0.026**	–0.020	–0.017	–0.010	0.035	–0.011	0.015
	(0.0135)	(0.0118)	(0.0179)	(0.0170)	(0.0251)	(0.0228)	(0.0237)	(0.0207)
N	36,886	36,886	40,294	40,294	35,453	35,453	38,391	38,391

Notes: Robust (clustered) standard errors in parentheses. Population: Individuals between 16 and 29 years old in 2001.
Source: Authors' calculations based on ONS-LS.

Table A19.2 Predicted values of employment and professional/managerial occupation in 2011, by labor market status in 2001, ethnic group, and gender

	Employment				Professional/managerial occupation			
	Men		Women		Men		Women	
	Value	SE	Value	SE	Value	SE	Value	SE
NEET								
White British	0.79	0.01	0.70	0.01	0.30	0.01	0.30	0.01
Indian	0.88	0.03	0.59	0.07	0.39	0.08	0.33	0.07
Pakistani	0.85	0.04	0.47	0.05	0.33	0.09	0.28	0.06
Bangladeshi	0.91	0.04	0.59	0.07	0.33	0.12	0.44	0.11
Caribbean	0.85	0.07	0.53	0.12	0.45	0.17	0.33	0.10
Student								
White British	0.92	0.00	0.87	0.01	0.47	0.01	0.48	0.01
Indian	0.93	0.01	0.82	0.03	0.63	0.03	0.59	0.04
Pakistani	0.91	0.02	0.64	0.04	0.43	0.05	0.55	0.05
Bangladeshi	0.98	0.01	0.71	0.06	0.72	0.08	0.56	0.08
Caribbean	0.90	0.04	0.73	0.07	0.46	0.11	0.55	0.10
Employed								
White British	0.95	0.00	0.88	0.00	0.43	0.00	0.44	0.01
Indian	0.93	0.01	0.81	0.03	0.50	0.03	0.51	0.04
Pakistani	0.96	0.01	0.74	0.04	0.40	0.06	0.42	0.05
Bangladeshi	0.95	0.02	0.79	0.06	0.43	0.08	0.47	0.08
Caribbean	0.92	0.03	0.85	0.04	0.49	0.08	0.49	0.06

Notes: Variables set to their mean: Age, country of birth, origin year, number of census points, parental social class, number of cars, tenure, level of overcrowding, neighborhood deprivation (past and current), education, and family type. Population: Individuals between 16 and 29 years old in 2001.
Source: Authors' calculations based on ONS-LS.

20

DO BUSINESS START-UPS CREATE HIGH-QUALITY JOBS FOR YOUNG PEOPLE?

Renate Ortlieb, Maura Sheehan, and Jaan Masso

20.1. INTRODUCTION

Since the onset of the recent economic crisis, there has been a renewed interest among policymakers across Europe in measures to stimulate self-employment and entrepreneurship as an alternative to unemployment (e.g., within the Europe 2020 strategy; European Commission 2010, 2013). However, fundamental questions about policies promoting self-employment, especially among young people, remain unanswered. For instance, do such policies create new jobs or just promote new forms of precarious, poor-quality employment? (For an overview of policies targeted at youth transitions in general across Europe, see Petmesidou and González Menéndez, this volume.) Despite considerable interest among policymakers, there is little evidence regarding the quality of jobs that young people create for either themselves or for further employees. Indeed, Shane's (2008) detailed analysis of entrepreneurship in the United States critically concluded, "Start-ups don't generate as many jobs as most people think, and the jobs that they create aren't as good as the jobs in existing companies" (p. 161). Focusing on EU27 countries, this chapter addresses the question as to whether business start-ups create high-quality jobs for young people.[1]

New economic business models have recently seen a flourishing of self-employment for young people, as exemplified by the growth of companies such as Deliveroo and Uber operating in the "sharing" economy (Cushing 2013; Eichhorst et al. 2016). Young people working for these companies frequently have a self-employment status as own-account workers rather than a traditional

employment relationship with the organization. So-called "gig" workers are typically contracted through virtual "human cloud" platforms such as Amazon's Mechanical Turk, TaskRabbit, and Upwork. The European Commission (2016a) is generally quite positive in its outlook for these new business models and the associated employment opportunities. However, the rise of "gig" workers is also receiving increased media and policy attention, with workers demanding better pay deals and questions being raised about the extent to which these young people really are self-employed or not (BBC 2016; Valenduc and Vendramin 2016). As an emerging form of employment, it is not always clear to what extent these new self-employed workers are protected by domestic labor law (De Stefano 2016), given that they do not have employment contracts but, rather, service contracts on the basis of so-called clickwrap agreements—that is, the workers agree to the terms of a service contract by clicking an "OK" button on the company website.

Encouraging self-employment for young people requires an understanding of what the long-term implications of this work are in terms of job quality. The aim of this chapter is to examine the job quality of self-employed women and men younger than age 35 years and the related job-creation potential. The analysis uses an explorative approach based on current conceptualizations of job quality and secondary data sources such as the European Union Labour Force Survey, the European Working Conditions Survey, and the European Union Statistics on Income and Living Conditions, as well as semistructured interviews with self-employed young people in selected countries and industries. After mapping youth self-employment in EU27 countries, the chapter presents findings concerning the job quality of young self-employed and the job-creation potential of youth self-employment. The analysis takes gender-related differences into account, given that the existing literature indicates that job quality differs substantially between women and men (Smith et al. 2008; Mühlau 2011; Beblo and Ortlieb 2012).

20.2. DEFINING SELF-EMPLOYMENT

In this chapter, we define self-employment in accordance with the definition used by the European Union Labour Force Survey. That is, with the term "self-employment," we refer to a form of employment engaged in by people who work in their own business, farm, or professional practice and who receive some form of economic return for their labor. Thereby, in our analysis we consider both self-employed with employees working for them and self-employed without employees. Alternative terms commonly used in the literature include "employers" and "owner–managers" for self-employed with employees and "sole traders," "solo self-employed," "own-account workers," and "freelancers" for self-employed without employees. With the term "salaried employees," we refer to people employed by organizations.

Defining self-employment is a challenging endeavor because the empirical boundary between self-employment and salaried employment is blurred (Jorens 2008; Muehlberger and Pasqua 2009; Eichhorst et al. 2013; Oostveen et al. 2013). According to definitions typically used by social security institutions and state authorities, people are categorized as self-employed if they fulfill the following criteria: Self-employed individuals autonomously choose the content, time, and place of their work without being bound by the instructions of other persons—such as formal supervisors within a hierarchically structured company—and they take responsibility for business risks on their own (for an overview of legal definitions in selected European countries, see Sheehan and McNamara 2015).

However, within the past few decades, "false" or "bogus" forms of self-employment have been emerging as a consequence of an increase in outsourcing activities by firms (Jorens 2008; Flecker and Hermann 2011). Bogus self-employed people formally deliver their services as an independent firm based on a service contract or a general commercial contract, but factually, they depend on another organization to the same degree as salaried employees depend on their employers. Typically, these people work as sole traders without employees working for them, they have only one client, they are not able to hire staff if necessary, and/or they are not able to make the most important decisions about how to organize their work and run the business (Ostveen et al. 2013). This form of self-employment is related to employers circumventing social insurance contributions and other issues subject to labor law, such as employment protection, working-time limits, maternity/paternity and sick pay, or paid holidays (Román, Congregado, and Millán 2011). In addition, bogus self-employment has been related in the past to circumventing access restrictions to the labor market for migrants from European Union (EU) accession countries (Thörnquist 2013). Thus, although bogus self-employment sometimes may remain the only viable option for youth to find paid work, it is often associated with a quite significant lack of employment protection and social welfare entitlements (Eichhorst et al. 2013). As a consequence, in those countries and occupations in which such institutions exist, bogus self-employed people are at a disadvantage in this regard compared to salaried employees. Moreover, the (bogus) self-employed cannot avail of benefits negotiated from the collective bargaining agreements commonly found in Denmark, Germany, and Sweden, for example.

Both the difficulties related to the empirical distinction between self-employed, bogus self-employed, and salaried employees and the differences between these three forms of employment with respect to dependencies and risks should be kept in mind when interpreting the empirical findings presented in this chapter. We shed more light on bogus self-employment in Section 20.8 on job-creation potential.

20.3. JOB QUALITY: CONCEPTS AND EMPIRICAL EVIDENCE

For policymakers, unions, and many employers alike, the quality of jobs is a highly important issue. For example, one of the declared aims of the Lisbon Strategy launched by the European Council in 2000 reads, "More and better jobs for Europe" (European Council 2000). For unions and other workers' associations, job quality can be viewed as the overarching aim of different kinds of activities. This aim is also reflected in the International Labour Organization's (2015) Decent Work Agenda, which emphasizes fair labor income, security in the workplace, and workers' voice, among other issues. Only recently, management scholars, too, have called for a reinvigoration of research on quality of working life, which also should have a policy impact (Grote and Guest 2017).

A number of studies seek to map job quality in Europe using survey data (Gallie 2003; Smith et al. 2008; Olsen, Kalleberg, and Nesheim 2010; Green and Mostafa 2012; Oinas et al. 2012; Green et al. 2013; Holman 2013). According to these studies, job quality tends to be better in Nordic and Continental European countries than in Southern Europe and especially in Eastern Europe. However, although some studies establish nuanced pictures of job quality in Europe, very few consider the job quality of young people (Russell, Leschke, and Smith 2015), and none explicitly examine the consequences for young self-employed.

Within the job-quality literature, various conceptualizations of job quality have been proposed. Although scholars do not have a common understanding of what "good jobs" or "bad jobs" mean, we can identify workers' well-being as a comprehensive aim. As Muñoz de Bustillo et al. (2011) state in their extensive review, "At a very high level of generality, we can more or less agree that job quality refers to the characteristics of work and employment that affect the well-being of the worker" (p. 460).

The question as to what concrete job characteristics constitute job quality has not yet been conclusively answered. However, review articles indicate that there is agreement on the shortcomings of subjective concepts focusing on factors such as job satisfaction and feelings of well-being (Leschke, Watt, and Finn 2008; Muñoz de Bustillo et al. 2011; Hauff and Kirchner 2014). Although subjective concepts might suit research purposes related to work motivation or general life satisfaction, they fall short with regard to identifying the sources of these attitudes and their long-term consequences for the well-being of both workers and their families. In contrast, objective concepts of job quality directly focus on "the features of jobs that meet workers' needs from work" (Green and Mostafa 2012, 10), which can be summarized under the umbrella concept of workers' well-being. Examples of objective measures include pay, working time, autonomy, health and safety, skills and career development, and participation in decision-making. Objective concepts have a subjective component, too, because they center on the perspective of the working individuals. Correspondingly, research typically relies on self-reported data. Overall, however, objective concepts

rely on measures related to the universal needs of (all) workers rather than on subjective feelings.

In our analysis of the job quality of self-employed youth in Europe, we focus on both objective and subjective job characteristics. These indicators include the following: pay, working hours, work intensity, feeling of social belonging, health and safety, learning and development, perceived job security, and subjective satisfaction with pay and working hours.

20.4. RESEARCH DESIGN AND DATA

With the aim of understanding and comparing the job quality of self-employed youth in Europe, we draw on a range of complementary methodological approaches. The analysis of secondary data relies on three cross-EU individual-level representative surveys. First, the European Union Labour Force Survey (EU-LFS)—run by the national statistical authorities—is the standard household-based survey of labor market information, such as rates of unemployment and inactivity, in the EU. In the analysis, we used data for EU27 countries from 2002 until 2014. In recent years, the number of annual observations has ranged from approximately 20,000 to 600,000. Second, the European Working Conditions Survey (EWCS) run by Eurofound is the source of information for working conditions and the quality of work in the EU. We used the most recent available data (year 2010) for 27 countries, with the number of observations per country being in the range of 1,000 to 4,000. Third, the European Union Statistics on Income and Living Conditions (EU-SILC) is the source for comparative statistics on income distribution and social inclusion in the EU, with a focus on income. In the analysis, we used three waves from 2004, 2008, and 2012 for 31 countries (for details, see Masso et al. 2015, 61).

The quantitative data are supplemented by case study data originating from semistructured interviews with 72 young self-employed under 35 years of age and by additional company information gathered from websites and personal visits. Applying purposeful sampling, we conducted the case studies in six selected countries: Estonia, Germany, Ireland, Poland, Spain, and the United Kingdom. We selected these countries because they represent very different business environments in terms of institutional, economic, and cultural contexts. Specifically, these countries cover different types of Hall and Soskice's (2001) *Varieties of Capitalism* typology and of Pohl and Walther's (2007) categorization of school-to-work transition regimes.

Germany reflects many elements of coordinated market capitalism and has an employment-centered transition regime, Ireland and the United Kingdom both have liberal market economies and liberal transition regimes, Spain has some degree of market coordination and a subprotective transition regime, and Estonia

and Poland both have liberal market economies and post-socialist transition regimes. We sought to take account of different regimes in our sample because we expected that these frameworks would help provide a theoretical explanation for patterns of youth self-employment in the six study countries and possibly across the EU. In addition, hypothesizing that national unemployment rates and youth self-employment rates reflect more general labor market and institutional conditions, we selected the countries in such a way that the sample covers different labor market contexts.

The six countries differ in terms of youth unemployment rates (ranging from 7.2% in Germany to 48.3% in Spain in 2014; Eurostat 2016) and youth self-employment rates (ranging from 4.3% in Germany to 11.1% in Poland in 2014; authors' calculations based on EU-LFS data; see also Section 20.5). Regarding social protection systems, in all six countries the self-employed have access to health care and pension insurance. Differences between the countries relate to the degree of compulsion, the cost of social insurance, and the related benefits (for details on selected European countries, see Schulze Buschoff and Protsch 2008). For instance, in Germany, health care and pension insurance are compulsory, with contributions depending on the amount of tax paid. In contrast, all self-employed in the United Kingdom receive health care benefits without paying contributions. In Spain, the self-employed can voluntarily contribute to a special system that also provides cash benefits in the event of sickness (for further details, see European Commission 2014). The fact that the sample does not include a country with a very high rate of self-employment—for example, Greece or Italy—is recognized as a limitation of this study.

In the six countries, we focus on two selected industrial sectors so as to reduce complexity. We selected the cultural and creative industry (CCI) and the information/communication technologies sector (ICT) because they provide comparatively good opportunities for youth, especially, to start a business. Moreover, the ICT industry represents 4.8% of the European economy, where investments in ICT account for half of the productivity growth in Europe (European Commission 2016b), whereas the CCI industry is perceived as one of Europe's most dynamic sectors, providing approximately 5 million jobs across the EU27 (European Commission 2010). In addition, the importance of these two sectors within the European economy is expected to increase in the future so that they could become a significant source of future self-employment opportunities for young people (for details, see McNamara et al. 2016).

The value of this case study research is to provide insights into perceptions of job quality and into the job-creation potential associated with youth self-employment that go beyond those available from an interpretation of more quantitative aggregate data. In this sense, our research design incorporates both a macro, comparative dimension and a more specific, micro perspective to evaluate the issue of job quality for the young self-employed in Europe.

20.5. YOUTH SELF-EMPLOYMENT RATES ACROSS EUROPE

The extent and significance of youth self-employment in Europe are indicated by the figure of more than 5.6 million EU27 citizens younger than age 35 years who were self-employed in 2014 (according to EU-LFS data). Within the group of working people aged 25–34 years, more than every tenth person was self-employed. The self-employment rate—that is, the share of self-employed among all employed—within this group of older youth is more than twice as high as the rate for younger youth aged 15–24 years, but it is decidedly lower than that for adults aged 35–65 years (older youth, 10.1%; younger youth, 4.2%; older adults, 17.0%). During the past decade, the self-employment rate has been fairly stable. The overall rate across EU27 countries has oscillated within the range of 14.2% to 14.7%, with a peak in 2004 and a decreasing trend during the past 5 years.

Self-employment rates in EU27 countries are presented in Figure 20.1, which compares youth younger than age 35 years and older adults in the years 2002 and 2014. The graph shows that youth self-employment rates vary significantly across the EU. For example, in 2014, the rates for youth younger than age 35 years were highest in Greece and Italy (18.3% and 17.8%, respectively), whereas they were lowest in Denmark and Germany (3.6% and 4.3%, respectively). Regarding age groups, Figure 20.1 indicates that the largest gaps in self-employment rates between youth younger than age 35 years and older adults exist in Ireland and Austria. By contrast, the self-employment rates of youth younger than age 35 years and older adults are similar in Italy and Slovakia.

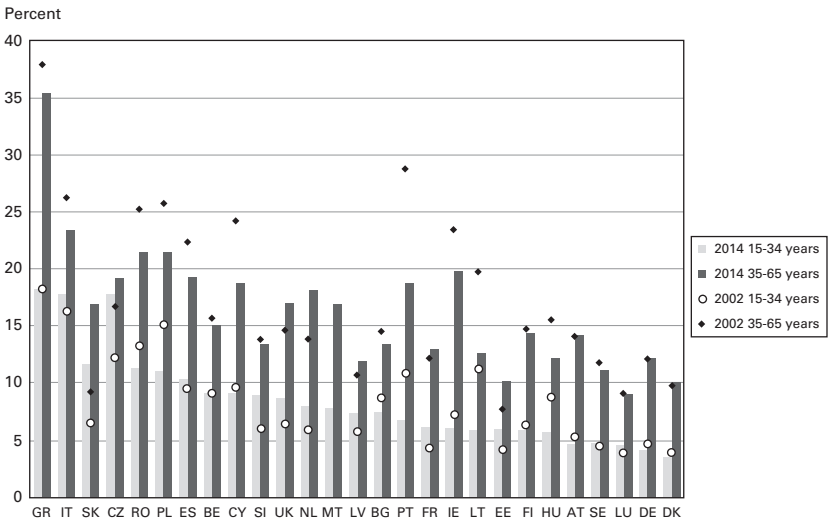

Figure 20.1 Self-employment rates of youth (aged 15–34 years) and older adults (aged 35–65 years) across EU27 countries: 2002 and 2014.
Source: EU-LFS.

A comparison of the years 2002 and 2014—spanning a period that may entail effects of the recent economic and financial crisis but is still long enough to shed light on longer term trends—indicates that self-employment rates decreased especially in those countries that were characterized by comparatively high self-employment rates in 2002 and poor general economic environments. Examples include Portugal, Poland, and Romania. Interestingly, countries such as Estonia, Latvia, and Slovakia, where self-employment rates increased, faced similarly difficult economic conditions. But because self-employment rates in these countries were comparatively low in 2002, they apparently subsequently caught up with the other EU countries. Western European countries with increased self-employment rates include France, the Netherlands, and the United Kingdom. In these countries, self-employment rates possibly increased because of both improved governmental support for entrepreneurship and increased outsourcing activities—resulting in bogus self-employment.

A further interesting finding is that in some countries, youth self-employment rates changed differently over time from those for older adults, whereas in most countries the rates for youth and older adults changed in a similar way—that is, between 2002 and 2014, the rates for both age groups increased, decreased, or they remained at the same level. Specifically, in Spain and Italy, youth self-employment rates increased, whereas rates for older adults decreased. Similarly, in Cyprus and Greece, rates for older adults considerably decreased, whereas those for the young remained nearly stable. Because these four countries are among those EU countries with the highest youth unemployment rates, the patterns suggest that a high number of young people may have tried to escape from unemployment by working as self-employed, although they might have preferred salaried employment had it been available.[2]

Although we are not able to identify a clear pattern of differences across countries according to Hall and Soskice's (2001) *Varieties of Capitalism* typology, we interpret these findings as reflecting country specificities, such as the youth unemployment rate, the size of the informal sector, the relative importance of sectors typical of self-employment (e.g., agriculture), institutions related to starting a business and social welfare, as well as the skills and mindsets of young people (Packard, Koettl, and Montenegro 2012; Eichhorst et al. 2013; Mascherini and Bisello 2015; Organization for Economic Co-operation and Development/European Union 2015). Likewise, differences between age groups may be traced back to different labor market opportunities, economic structures, and mindsets. Furthermore, although young people and adults of one country act within the same institutional environment, these institutions may affect young people differently compared to adults.

20.6. WHO ARE THE SELF-EMPLOYED AND WHAT KIND OF BUSINESSES DO THEY RUN?

Confirming previous research findings on the sociodemographic characteristics of the self-employed (Dawson, Henley, and Latreille 2009; Barnir and McLaughlin 2011; Poschke 2013; Caliendo, Fossen, and Kritikos 2014; Simoes, Crespo, and Moreira 2015), our analyses based on EU-LFS data show that the probability of being self-employed increases with age. In addition, this probability is higher for men than for women, for nationals than for non-nationals, for less educated people (below secondary education) than for the better educated, and for those whose parents are self-employed (for details, see Masso et al. 2015, 20–21). Self-employment does not appear to be very attractive to the rising number of "overeducated" young people across the EU (for a comprehensive analysis of youth overeducation across the EU, see McGuinness, Bergin, and Whelan, this volume).

Regarding industrial sectors, according to EWCS data for 2010, young self-employed under 35 years of age tend to cluster in the wholesale, retail, food, and accommodation sectors (22.6%); other services (21.8%); and agriculture (20.5%). Figure 20.2 displays their distribution across sectors compared to all self-employed and all young working people under 35 years of age. In addition, it presents the distribution of young self-employed women under 35 years of age.

Figure 20.2 shows a very similar pattern for young self-employed aged under 35 years and for all self-employed, with approximately 3% of the young working less in the agricultural sector and 3% more providing other services. These trends might result from a cohort effect, shaped by the general decline of

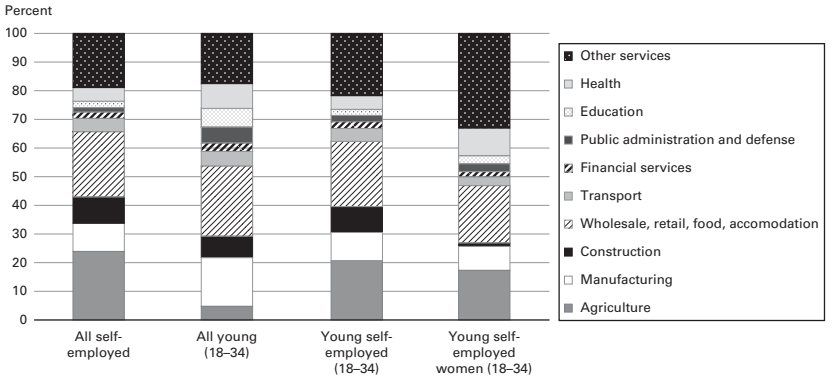

Figure 20.2 Sectors of all self-employed (aged 18–65 years), all young working people (aged 18–34 years), young self-employed (aged 18–34 years), and young self-employed women (aged 18–34 years) in EU27 countries: 2010.
Source: EWCS.

the agricultural sector and the emergence of the service sector during the past few decades. Nevertheless, agriculture is still an important sector for young self-employed, particularly in comparison to young salaried employees. Furthermore, Figure 20.2 indicates typical gender segregation within the group of young self-employed under 35 years, with young women strongly over-represented in the health sector and in other services.

Altogether, these findings support previous evidence, according to which young people tend to focus on sectors with low entry barriers and low capital requirements (Parker 2009). At the same time, because these sectors are characterized by high shares of low-skill jobs and poorly paid work, they are often associated with lower job quality (see Grotti, Russell, and O'Reilly, this volume).

20.7. JOB QUALITY OF YOUNG SELF-EMPLOYED

Using EWCS data for the EU27 countries (the wording of the items is provided in the Appendix to this chapter), this section concentrates on selected job characteristics, as outlined in Section 20.3 on concepts of job quality (for an overview of youth transitions and job quality in general, see Filandri, Nazio, and O'Reilly, this volume). Figure 20.3 depicts the median net earnings and average working hours, as well as ratings concerning further working conditions, of all self-employed, all young working people under 35 years, young self-employed people under 35 years, and young self-employed women.

Figure 20.3 shows that the young self-employed under 35 years receive a median income of €1,158, which is higher than the income of young salaried

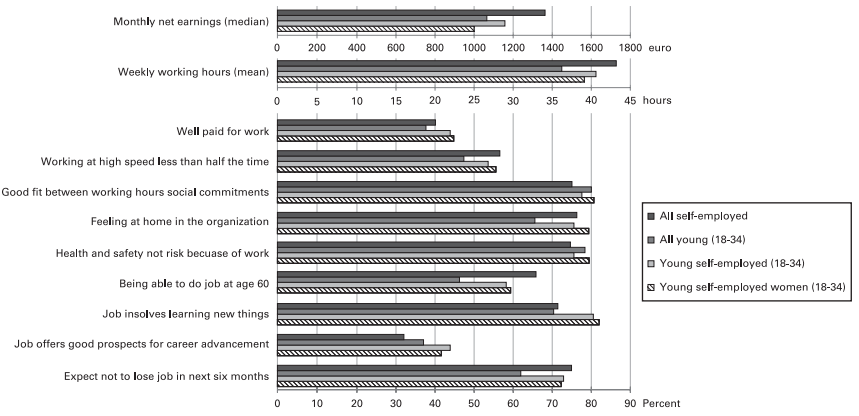

Figure 20.3 Working conditions of all self-employed (aged 18–65 years), all young working people (aged 18–34 years), young self-employed (aged 18–34 years), and young self-employed women (aged 18–34 years) in EU27 countries: 2010.
Source: EWCS.

employees but lower than the income of older adult self-employed. Within the group of the young self-employed under 35 years, women—with a median income of €1,000—receive less than men.[3] Interestingly, among the young self-employed under 35 years, and thereof among women in particular, the share of those who believe they are well paid for their work is larger than in the groups of older adult self-employed and young salaried employees under 35 years.

Regarding working hours, young self-employed under 35 years work 40.8 hours per week, on average, which is more than 4 hours above the mean for all young working people (36.5 hours) and 2.6 hours less than the mean for all self-employed (43.4 hours). Young self-employed women, on average, work 38.6 hours per week. However, the median working hours of young self-employed women and men equal those of all young working people and all employees, amounting to 40 hours per week. According to Figure 20.3, young self-employed under 35 years—and, in particular, young self-employed women—perceive a good fit between their job duties and their social commitments. Although the share of those perceiving a good fit is smaller than that of the young salaried employees, this finding indicates satisfactory working-time arrangements, also in comparison with older adult self-employed.

Likewise, young self-employed aged under 35—and, especially, young self-employed women—report comparatively low work intensity. According to figure 20.3, the ratings of this job feature correspond with those of the following three items, where young self-employed perceive themselves as having better working conditions than their salaried employed peers, but (slightly) worse conditions than older adult self-employed: "Feeling at home in the organization worked for," "Being able to do job at age 60," and "Expect not to lose job in next 6 months." The finding that young self-employed at least partly perceive these job features more negatively than older adult self-employed can be traced back to effects related to age and experience. For example, it is less likely that a 30-year-old person would envision doing her/his job at the age of 60, as compared to a 50-year-old person, simply because the time horizon for the 30-year-old is much longer.

Besides satisfaction with pay, the young self-employed evaluated two further job characteristics more positively than the other groups, namely "Job involves learning new things" and "Job offers good prospects for career advancement." Figure 20.3 additionally shows that young self-employed women rate learning opportunities more positively than their male peers, but career prospects more negatively. These gender differences might be associated with the different industrial sectors women and men work in, as described in section 6 above. Notwithstanding these differences, this finding is particularly notable because good learning and development opportunities are especially crucial for young people, both in their current situation and for their future.

However, although young self-employed perceive comparatively good learning opportunities, they also view themselves as lacking skills. According to EWCS data, compared to all self-employed and all young working people,

young self-employed under 35 years more often report that their present skills do not correspond well with their job duties (for details, see Masso et al. 2015, 30–31). In particular, the share of those who perceive themselves as lacking skills is largest among young self-employed women. The share of young self-employed under 35 years reporting that they need further training is particularly large in Austria (58.2%), Estonia (41.1%), and Denmark (37.5%). Although this finding points, on the one hand, to the potentially problematic situation of high demands faced by young self-employed, it can be viewed, on the other hand, as a positive indicator of the fact that these people work not just in low-skill jobs.

In summary, compared to other groups of working people, young self-employed generally report good job quality. However, the overall good ratings should not hide the fact that a large share of young self-employed indicated that they do not believe they are well paid for their work and that their job does not offer good career prospects. Moreover, even if they express less job insecurity than peers working as salaried employees, the consequences of losing their jobs are more severe because in many countries they are not entitled to unemployment benefits (for details, see Schulze Buschoff and Protsch 2008).

20.8. JOB-CREATION POTENTIAL

This section takes a closer look at the job-creation potential for both the young self-employed and additional people working for them. Indicators of the job-creation potential of self-employment relate to the following three questions: Do young people leave unemployment by becoming self-employed? Are young self-employed to be classified as bogus self-employed? and Do young self-employed have further employees working for them?

20.8.1. Do young people leave unemployment by becoming self-employed?

Regarding this question, analyses of labor market status transition rates based on EU-LFS data reveal a mixed picture (for details, see Masso et al. 2015, 14–17). Table 20.1 presents results for transitions between different labor market statuses in 2011 and 2012.

Table 20.1 shows that 1.4% of young unemployed under 25 years in 2011 and 2.8% of older youth aged 25–34 years in 2011 became self-employed in the following year—that is, in 2012. Of both youth age groups, approximately two-thirds remained unemployed in the following year; one-fourth became salaried employees; and 6.1% or 7.0%, respectively, moved into labor market inactivity (e.g., by entering further training). The small shares of those young unemployed who moved from unemployment into self-employment indicate that opportunities for young people to escape unemployment by founding their own

Table 20.1 Labor market status transitions of young youth (aged 15–24 years), older youth (aged 25–34 years), and older adults (aged 35–64 years) in EU27 countries, 2011–2012

		Labor market status in 2012 (row %)			
Age group	**Labor market status in 2011**	**Unemployed**	**Self-employed**	**Salaried employed**	**Labor market inactive**
15–24 years	Unemployed	67.9	1.4	23.8	7.0
	Self-employed	6.1	78.1	8.1	7.7
	Salaried employed	9.2	0.6	82.5	7.7
	Labor market inactive	5.5	0.2	6.2	88.1
25–34 years	Unemployed	66.4	2.8	24.8	6.1
	Self-employed	3.1	89.0	4.7	3.2
	Salaried employed	6.1	0.8	90.4	2.7
	Labor market inactive	10.2	1.3	13.4	75.1
35–64 years	Unemployed	72.4	2.0	16.9	8.7
	Self-employed	2.0	92.5	2.2	3.3
	Salaried employed	3.9	0.5	92.8	2.9
	Labor market inactive	2.2	0.5	2.2	95.1

Notes: Authors' calculations; no data for Germany, Ireland, or the United Kingdom.
Source: EU-LFS.

business are limited. Even so, these numbers are slightly higher for older youth aged 25–34 years compared to older adults aged 35 years or older.

Relatedly, the transition rates of young self-employed under 25 years suggest that for many younger youth, self-employment is a temporary option only (for details, see Masso et al. 2015, 14–17, 65–67, 70–73). Of the self-employed aged 15–24 years in 2011, in the following year 6.1% were unemployed, 8.1% were working as salaried employees, and 7.7% were inactive in the labor market. Overall, transition rates out of self-employment decrease with increasing age. Of the older self-employed youth aged 25–34 years in 2011, in the following year 3.1% were unemployed, 4.7% were working as salaried employees, and 3.2% were labor market inactive. The shares for self-employed adults aged 35–64 years amounted to 2% being unemployed in the following year, 2.2% becoming salaried employees, and 3.3% being labor market inactive.

The finding that transition rates out of self-employment decrease by increasing age can be interpreted as partly resulting from a higher share of involuntary self-employment among youth. For some of those young self-employed who moved into salaried employment, running their own business may have functioned as a steppingstone to a less insecure job. On the other hand, young people may,

on average, change jobs more often than older adults because they still have to determine what kind of work suits them. However, the high transition rates of young self-employed—especially of those younger than age 25 years—into unemployment or labor market inactivity point to larger problems.

20.8.2. Are young self-employed to be classified as bogus self-employed?

To analyze bogus self-employment, our second indicator of job-creation potential, we apply the criteria suggested by Oostveen et al. (2013) and outlined previously. Data from the 2010 wave of the EWCS show that young self-employed under 35 years of age are likely to a similar degree as older adults to belong to the category of bogus self-employed (for details, see Masso et al. 2015, 22–23). Among the young self-employed under 35 years without employees working for them, 13.4% indicate that they have only one client (all self-employed: 14.0%), 40.9% are not able to hire staff (all self-employed: 43.6%),[4] and 9.7% do not make the most important decisions on how to run their business (all self-employed: 7.9%). Furthermore, 28.1% receive regular payments from their client(s) (all self-employed: 25.4%). We interpret regular payments as an indicator of bogus self-employment, too, because they are associated with dependencies typical of employer–employee relationships. These findings indicate that a large share of young self-employed people factually work in jobs resembling salaried employment rather than self-employment. In terms of job-creation potential, the question is whether these jobs would exist if the same work had to be done on the basis of an employment contract.

20.8.3. Do young self-employed have further employees working for them?

Our third indicator refers to the employment of further people. According to EU-SILC data for 2012, the majority of young self-employed run their business without employees working for them (for details, see Masso et al. 2015, 17–20). Within the group of the younger self-employed under 25 years of age, only 11.2% have one or more employees working for them. For older youth aged 25–34 years, this share increases to 21.8%, whereas 27.7% of the self-employed adults aged 35–64 years have at least one employee. Within all age groups, compared to men, fewer women have employees. The correlation of age with number of employees could be due to various reasons, such as longer life of the business associated with growth or different sectors. These findings appear to curb the hope that young self-employed serve as a source of further job creation.

Altogether, these findings provide a comprehensive insight into youth self-employment in Europe. However, although the statistical analyses showed that youth self-employment has many shapes (e.g., in terms of the size and the sector

of the business), they cannot identify what exactly is behind a statistical case. To obtain a better understanding of the concrete circumstances under which young self-employed people work, further investigation at the micro level of analysis is needed. In Section 20.9, we take such a micro perspective, focusing on selected cases of young self-employed people.

20.9. FINDINGS FROM INTERVIEWS WITH YOUNG SELF-EMPLOYED PEOPLE

Building on the findings from a macro perspective on youth self-employment in Europe, we turn in this section to a micro perspective. Our case studies in the CCI and ICT sectors based on semistructured interviews and further company information offer deeper insight into job quality and job-creation potential. In the analysis of this qualitative material, certain patterns emerged in these regards—related to the business success of the start-up and subjective concerns of the founders regarding social protection. We identified four such patterns that we present next by describing one prototypical case standing for each pattern. We chose the four cases that are best suited to illustrating details related to the job quality and the job-creation potential of young self-employed people.

Originating from Germany, Estonia, and Ireland, the four selected cases are embedded in different institutional, economic, and cultural contexts (see the description in Section 20.4). However, because of the small sample size of 12 cases in each country, our findings are not intended to make generalizations about country differences. Rather, by presenting these 4 cases from three countries, we aim at a condensed illustration of the larger trends we have identified in the empirical material.

Here, we first describe the four cases. Then we juxtapose the cases in order to carve out the specific details related to job quality and job-creation potential. The cases are real, but the names are pseudonyms and several details have been omitted to ensure the anonymity of the interviewees. We indicate the number of cases in our empirical material that belong to the same category as the prototypical example.

The case of Hanna from Germany, exemplifying young self-employed people who work hard and receive considerable income but face challenges related to staff (14 cases in the empirical material)

Hanna provides post-production services related to photography and video clips. Holding a master's degree in arts, she taught herself how to use graphics software. Her company is located in a large city, where Hanna can draw on a large pool of national and international clients. She migrated from another

European country and started working as a freelancer 5 years before the interview. After a few months, she had earned the initial capital for a limited company. Hanna did not apply for financial assistance from the state because she had been generating revenue from the outset and because she lacked the German language skills she would have needed to complete application forms.

Hanna works between 50 and 80 hours per week, often including working in the evenings and on bank holidays, and sometimes working during the night, on weekends, and during holidays. She would prefer to work less hours and spend more time with her two children, but she is afraid of losing her clients if she works less. Although Hanna perceives the financial performance of her business to be below the industry average, her income amounts to €6,000 per month before tax.[5] Her skills match the job requirements very well.

Asked about risks associated with her work as self-employed, Hanna indicates that at the time of founding her business she was unsure whether clients would like her work. Sickness is a risk, as her clients rely on her. Because the business depended on her, a challenging period was when she gave birth to her two children. Although she usually works even if she is sick, she perceives the risk that if something serious happened to her, the whole business would be affected. She tries to invest in real estate so as to have a pension when she is old.

Hanna has one full-time and one part-time employee, both aged younger than 35 years. Because she has many orders, Hanna can afford to employ more staff. However, she has difficulties in finding and retaining qualified employees. The major challenge is that job candidates expect to receive both training and a salary, but Hanna is too busy to devote much of her time to instructing new staff because she has to carry out the regular work herself. In addition, she has had bad experiences regarding employees who quit their job once they have received training from her. She wishes to find employees with appropriate skills or the willingness to earn only a little during the training stage and to stay with her company for a longer period of time.

The case of Bettina from Germany, exemplifying young self-employed people who are creative and perfectionists but in a precarious economic situation (21 cases in the empirical material)

Bettina is a sole trader in fashion design. After obtaining a master's degree and working for several years abroad at a large, high-quality fashion company, she realized a long-cherished desire and founded her own label. Bettina has no employees but does have a few temporary interns. Although she learned a lot during her previous job, she thinks that it would have been better if she had entered self-employment immediately after her studies when she had more energy and better social networks. Setting up her own label initially

went well, but then Bettina became pregnant and had to take a break for several months. She is currently a single parent without financial support from the child's father.

Bettina works approximately 40 hours per week. She never works on Sundays, but sometimes she works in the evening or at night, on Saturdays, on bank holidays, and during holidays. She perceives herself as having a good work–life balance, particularly when she compares the current working hours with those of her previous job as a salaried employee in a leadership position. The financial performance of the business is comparatively low. Bettina has difficulty assessing her monthly takings from the business and her total income. Roughly, monthly takings are less than €2,000, and Bettina earns less than €500 per month after tax. She receives financial assistance from the public employment service, supplemented by social benefits. An investor had been interested in her company, but Bettina decided to stay independent because she highly appreciates her autonomy regarding design, materials, and working style. Although her move from salaried employment to self-employment was associated with a considerable loss of income and social security, Bettina prefers her current situation over the previous one. She regularly contributes to a sickness insurance scheme and a pension scheme, which is covered by the social benefits she receives.

Bettina would like to hire staff in the future because she still has many ideas she would like to follow through on. However, it is unclear at what time the financial performance of her label will be good enough to pay salaries.

The case of Sofia from Estonia, exemplifying young self-employed people with a good business partner, a solid business, and a down-to-earth mindset (20 cases in the empirical material)

Sofia runs a company specializing in embroidery, sewing, and female fashion design. She jointly founded the company with another woman. The two women decided to start their own firm when one of them moved to another city and could not find a job matching her skills and the other had been made redundant and was thus also searching for a job in which she could utilize her professional skills in fashion design. The two women started with their own funds and took loans from their relatives. After a few months in business, they successfully applied for state funding to invest in machinery. The company operates on the local market; there is good demand, and the financial performance is above industry average.

Sofia earns less than €500 per month.[6] She works 40 hours per week, sometimes in the evenings and at night or on Saturdays, but never on Sundays, during holidays, or on bank holidays. Living with her husband and small children, she perceives her work–life balance as being good. Her skills set

perfectly matches the job requirements. She does not see any risks related to social security. Rather, when she founded the company, she was concerned about her products and the size of her customer base. Later, she perceived difficulties associated with lack of managerial skills and lack of skilled staff.

Sofia's company employs three full-time employees, all of whom are aged older than 50 years. Because the order situation is good, she could hire further employees. However, Sofia and her partner lack the time and money to strategically invest in the company's growth. Sofia also sees a shortage of skilled job candidates, and in the past she had to deal with employees who had a poor work ethic, especially young employees.

The case of David from Ireland, exemplifying young self-employed people who are innovative, run a growing business, and postpone thinking about social insurance to the future (17 cases in the empirical material)

David runs a company that provides an Internet platform to connect customers with cleaning professionals. He holds a bachelor's degree related to information technology (IT) and founded the company immediately after finishing his studies. He rejected a job offer by an IT company and preferred entering self-employment, aiming at doing something he loved to do, working for himself, and developing his own idea. Although less than 1 year in operation, the business has already created revenue. However, the monthly takings are less than €1,000 before tax.[7] The company has no employees, and David does not receive a salary from his company. Because he has a convincing business plan, David receives financial assistance from several state programs.

David works between 60 and 70 hours per week; he works sometimes in the evenings but never at night, usually on Saturdays and during holidays, and sometimes on Sundays and bank holidays. He is single and lives alone. He perceives himself as having a good work–life balance and especially enjoys flexibility because he can work from anywhere. He can utilize his skills, and he appreciates the fact that through running his own business he can learn a lot.

David expressed no concerns about social protection regarding his job status as self-employed. He does not contribute to any insurance schemes. Given his young age, he plans to go 2 or 3 years without any social security and to look more, as he gets older, into pensions, health care, and other insurance. The major risk factors he saw when he started his own business included lack of finances and the risk of personal failure. David is less concerned about financial losses, but he fears that if his business fails, people would question his ability. At the time of the interview, David sees the major risks as originating from upcoming competitors on the market and from having employees that have to be paid.

David plans to employ staff in the future. He wants to hire 15 full-time employees within the next 3 years. He perceives no challenges related to hiring employees because he believes that many people want to work for a start-up, which—according to his experience—is seen as a "cool thing" to do.

20.9.1. Discussion of the interview findings

The micro perspective highlights several topics related to youth self-employment that were hidden in the macro perspective. Regarding job quality, the presented cases illustrate different patterns of working hours and income as well as underlying reasons. Whereas all four interviewees indicated that their job requires them to work long hours, Hanna does so because she is interested in retaining clients and has difficulty delegating work. David works long hours, too, but it seems that he does so more voluntarily than Hanna. Bettina and Sofia work less hours. The working times of the latter two women are restricted by their family responsibilities, whereby Sofia has the advantage that she can share working tasks with her business partner. All interviewees emphasized that one of the major advantages of self-employment is flexibility of working time—despite the long working hours overall—and working place. Because the three women have children, they especially benefit from flexibility, but David also highly appreciates the flexibility.

Whereas Hanna and Sofia earn their living from work, Bettina and David depend on subsistence provided by the state. David appears to be in a less difficult situation compared to Bettina. David receives a large amount of financial assistance related to planned investments and business growth. Living without a family, for a certain period of time he can make ends meet even without a regular salary from his company. In contrast, Bettina belongs to the group of precarious workers. Working without pay may be more prevalent among young self-employed compared to older adults because young people may believe that they are still at a stage of learning and training within their vocational career. Even Hanna, who was able to make a living from the beginning and at the time of the interview was receiving a high salary, trained herself without getting paid. Later on, she accepted poorly paid orders because she needed them to build up her service portfolio, a customer base, and her reputation.

At the time of the interviews, Hanna's income was more than 10 times as high as Sofia's, reflecting different service/product markets and national income levels. However, Sofia appears to be more satisfied with both her business and her coworkers compared to Hanna. The underlying reasons may include the different points of reference in terms of national contexts and the different experiences related to colleagues and employees: Sofia has worse alternative job opportunities in the Estonian fashion industry compared to Hanna in her market segment in Germany. At the same time, whereas Sofia perceived the financial performance of her company as above average, Hanna viewed her company's performance as

below average. Furthermore, although both women reported that they were disappointed by former employees and job candidates, Sofia eventually found three employees with whom she was satisfied. In addition, Sofia benefits from the professional and social support of her business partner.

A further important topic related to job quality is professional skills and the degree to which skills sets match job requirements. Echoing our findings based on EWCS data, all the interviewees emphasized that they can utilize their skills and that they continue to learn while running their business. In particular, for Sofia, a major incentive for founding her own business was that she wanted to utilize her skills. Although for all working people the utilization of skills and further learning opportunities are viewed as important, this particularly holds true for young people because they need to create a solid body of knowledge, skills, and abilities for their future career. Thereby, all interviewees expressed their strong desire to do at work those things at which they are best. They repeatedly described their work as something they really love to do. Especially for youth, this typical feature of self-employment will contribute to personal development.

On the other hand, the interviewees also perceived several risks related to self-employment. However, although in the interviews we explicitly asked about risks related to social protection, the interviewees actually mainly referred to business failure. In contrast, their long-term future and social insurance coverage only played a minor role. Apparently, business comes first, and the interviewees were much more concerned about potential competitors, lack of clients, or lack of money. Although the interviewees were well aware of the consequences of business failure, such as poverty or unemployment, they put far more emphasis on their business than on their private situation. This finding holds true for the whole sample of 72 interviews. Even if interviewees expressed their concerns about becoming sick without sickness pay or if they said it was unfair that social protection legislation differentiates between self-employed and salaried employed, their major concerns basically revolved around their businesses.

Of the four cases presented previously, David is illustrative of those young self-employed who believe they are too young to think about social insurance. Hanna and Bettina are aware that they must take care of social security, and they act accordingly. Sofia perceives that the question about social security risks was not relevant in the Estonian context. However, although in some European countries social security legislation provides self-employed with buffers against socioeconomic downfall, these people may be at disadvantage. For instance, young self-employed persons may have lower entitlements to social security over their entire life cycle if their earnings have been low and/or if their contributions were discontinuous. Indeed, after a detailed analysis of social protection for dependent self-employed across the EU, Eichhorst et al. (2013) concluded, "It is doubtful that most dependent self-employed workers sufficiently improve their

income over time and save enough to compensate for insufficient public pension entitlements" (p. 9). These authors express serious concerns for potentially high levels of risk of old-age poverty among self-employed EU citizens in the future.

Regarding the job-creation potential of youth self-employment, apparently all four interviewees created jobs that would not exist otherwise, as they invented new services or products. Thereby, the jobs of Bettina and David are not self-sustaining so far but, rather, financed by the public employment service and state programs, respectively. In contrast, both Hanna's and Sofia's work generate sufficient income. In addition, Hanna and Sofia created jobs for further employees. However, they faced challenges related to personnel recruitment. In particular, they reported on negative experiences related to employees' lack of skills and poor work ethic. Although these issues present challenges for all kinds of firms, they will affect young self-employed more than older adults because the young may more often lack professional skills in human resource management. Moreover, apparently there is a danger that young self-employed seek out people with skills and work ethics very similar to their own, leading to disappointment if they see that there are no "clones" of themselves on the labor market.

In summary, although our analyses based on the EWCS suggest that the job-creation potential of youth self-employment is moderate only, the case studies shed light on experiences of young self-employed and rationales behind these findings. Furthermore, the four cases illustrate that the job quality of young self-employed is intertwined with job-creation potential because the interviewees were searching for employees who were willing to work under the same conditions as the interviewees themselves. However, because many job candidates refuse to accept these working conditions, the job-creation potential is only small, in both qualitative and quantitative terms.

It is important to note several limitations related to our case-study analysis. To reduce complexity, we concentrated on very few countries and relatively small labor market segments. In particular, because we selected the creative and ICT sectors, the finding that the young self-employed appreciate autonomy and the opportunity to realize their wishes may be more pronounced than in the transport/logistics, retail, or food service industry. Thus, future case study research should also take account of sectors such as these. Thereby, job quality related to bogus self-employment could be considered—a topic that did not arise in our study because none of the interviewees are categorized as bogus self-employed. In addition, our analyses are based on cross-sectional data. Although our sample comprised self-employed people at different stages, ranging from less than 1 year after founding their business to more than 4 years later, we were not able to trace them over time. Accordingly, future research applying a longitudinal design should cover longer time periods. Specifically, consideration of (formerly) self-employed at older ages and after business failure would be important.

20.10. CONCLUSIONS

This chapter examined the job quality and the job-creation potential of self-employed people younger than age 35 years. The analysis on the basis of EWCS data revealed a somewhat mixed picture in terms of pay and hours worked. The young self-employed report comparatively low work intensity, indicating scope for a good work–life balance. On the other hand, this finding may also reflect under-employment. Importantly, young self-employed see good opportunities for learning and career development. Among the young self-employed, women tend to report better working conditions compared to men. Nevertheless, large shares of the total group of young self-employed do not believe they are well paid for their job and believe that their job offers limited career advancement. The case studies of young self-employed in the creative and ICT sectors additionally showed that despite the long working hours and sometimes very low income, self-employment has the advantage of providing young people with autonomy and an opportunity to utilize their skills. However, the interviews also highlighted that young self-employed see more risks related to their business than related to their private situation in terms of social protection. Because young self-employed have only limited social protection in many European countries (Eichhorst et al. 2013; European Commission 2014), a lack of awareness of the associated risks or insufficient financial means for contributing to optional insurance schemes is worrying. Thus, policies that expand the social security of salaried employees to the self-employed are needed and should address various issues, such as health insurance, sickness and disability pay, maternity/paternity pay, unemployment benefits, and pension coverage.

There already exist national welfare systems that take account of the particularities of self-employed workers. Examples include the health care system of the United Kingdom, which provides high-quality health care for all citizens without monthly contributions to be paid by the beneficiaries. Spain has a comprehensive legal framework related to its special system for the self-employed, including the establishment of benefits for the cessation of self-employment activity and temporary sick leave, along with maternity/paternity pay. In Austria and Germany, the self-employed can opt in to public unemployment insurance. However, as long as young self-employed are not concerned about their futures or if their business profits are too small to cover insurance contributions, they may not take this option.

This chapter has also highlighted that the job-creation potential associated with youth self-employment is only limited. The analysis based on EU-LFS data showed that only a few young people exit unemployment by means of becoming self-employed. At the same time, a non-negligible share of young self-employed become unemployed. A considerable share of young self-employed are categorized as bogus self-employed, and only a small share have employees.

Our case study findings in the creative and ICT sectors indicate that the main obstacles to hiring employees are financial costs and difficulties in finding candidates with appropriate skills and work ethic. Accordingly, policies that promote job creation should comprise measures to address these issues, such as wage subsidies, assistance in finding qualified personnel, or targeted training of job candidates.

Our findings related to bogus self-employment and the hiring of employees also point to the need for policymakers to specify the target groups of policies aiming at the promotion of self-employment (for details, see Sheehan et al. 2016). Likewise, evaluation of policy measures should consider different forms of self-employment. Furthermore, there is a need to carefully assess the employment status of the self-employed working in "human clouds" and organizations that rely on the self-employed for their competitive advantage. For example, Uber regards contracted drivers as "partners," who are thus not protected by labor law. Despite the heavy critique coming from trade unions, Uber's competitors, researchers, and the courts (for a summary, see Adam et al. 2016), presumably other firms will adopt this business model in the future. In general, the so-called "collaborative" and "sharing" economy is in need of specification and regulation. Although the European Commission (2016a) has indicated general support for these rapidly growing forms of economy, new questions of social security arise. For instance, it is difficult to distinguish between those people who provide services on an occasional basis and those who do so in a professional way. However, those people who view their activities within the collaborative economy as a main source of earning a living face the problem that they lack both social protection and protection by labor law.

In summary, for some young people, self-employment presents an option that offers high-quality jobs, as perceived by the young self-employed themselves. In particular, young self-employed people report that they can use and further develop their skills, and they appreciate the high degrees of autonomy and flexibility. However, job quality is impaired by poor social protection, with severe negative consequences especially in the long term. The actual volume of jobs created through self-employment lags behind what politicians had expected, and further policy measures are needed in order to realize existing job-creation potential in the future. Such policy measures would include mentoring and job-shadowing initiatives between established self-employed and young people exploring this career trajectory, as well as easier access to seed funding and other kinds of support for aspiring self-employed. Policies will also need to address the high risks associated with self-employment, especially in relation to unemployment, health care, and pension benefits. Overall, given the large amount of resources targeted at promoting self-employment within the EU, there is an important need for policies that address the current and future well-being of the young self-employed.

NOTES

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2 Increases in youth self-employment rates can also reflect a decline in salaried employment. The absolute numbers of salaried employed and self-employed in Spain, Italy, Cyprus, and Greece for 2002 and 2014 based on EU-LFS data do not support this reasoning, however.

3 The means and confidence intervals are as follows: All self-employed: €1,588 (1,533; 1,643); all young (aged 18–24 years): €1,103 (1,087; 1,120); young self-employed (aged 25–34 years): €1,272 (1,182; 1,361); and young self-employed women (aged 18–34 years): €1,160 (1,041; 1,279).

4 The high share of young self-employed who indicated that they are not able to hire staff may have resulted from a misunderstanding because the respondents may have evaluated their (lacking) resources for hiring staff instead of the mere freedom to make a decision.

5 In 2015, the median gross labor income in Germany amounted to €1,928 per month (Eurostat 2017).

6 In 2015, the median gross labor income in Estonia amounted to €834 per month (Eurostat 2017).

7 In 2015, the median gross labor income in Ireland amounted to €2,246 per month (Eurostat 2017).

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APPENDIX

Wording of the items capturing working conditions and response categories considered in Figure 20.3, as taken from the EWCS:

Well paid for work: "I am well paid for the work I do"—strongly agree; agree (not: neither agree nor disagree; disagree; strongly disagree).

Working at high speed less than half the time: "Does your job involve working at very high speed?"—never; almost never; around ¼ of the time (not: around half of the time; around ¾ of the time; almost all of the time; all of the time).

Good fit between working hours and social commitments: "Do your working hours fit in with your family or social commitments outside work?"—very well; well; (not: not very well; not at all well).

Feeling at home in the organization: "I feel at home in this organization"—strongly agree; agree (not: neither agree nor disagree; disagree; strongly disagree).

Health and safety not at risk because of work: "Do you think your health or safety is at risk because of your work?"—no (not: yes).

Being able to do job at age 60: "Do you think you will be able to do the same job you are doing now when you are 60 years old?"—yes, I think so (not: no, I don't think so; I wouldn't want to).

Job involves learning new things: "Generally, does your main paid job involve learning new things?"—yes (not: no).

Job offers good prospects for career advancement: "My job offers good prospects for career advancement"—strongly agree; agree (not: neither agree nor disagree; disagree; strongly disagree).

Expect not to lose job in next 6 months: "I might lose my job in the next 6 months"—strongly agree; agree (not: neither agree nor disagree; disagree; strongly disagree).

21

ARE THE WORK VALUES OF THE YOUNGER GENERATIONS CHANGING?

Gábor Hajdu and Endre Sik

21.1. INTRODUCTION

A common stereotype emerging in political speeches and everyday intellectual conversations about the younger generations paints them as increasingly less work oriented. Specifically, they are seen to be increasingly less motivated with regard to finding a job and working hard in the interests of developing a career. In comparison to older generations, the value of work as a significant part of personal identity is believed to be declining. It is often assumed that one of the consequences of increased labor market flexibility and precarious employment has been to create weaker incentives to build a career or invest in long-term human capital. The seeming impossibility of achieving what previous generations obtained in terms of career jobs (with attractive benefits and pensions) may generate attempts to reduce cognitive dissonance by rejecting the value of these achievements. It is thought that these attitudinal trends are likely to be exacerbated by the growing obstacles to labor market entry, lengthening spells of unemployment, and/or the spread of precarious work. If these arguments are true, youth-oriented European Union (EU) or national labor market policies will fail because the new entrants to the labor market (and even more so those who cannot enter at all) will in any case not respond positively to them.

In this chapter, instead of testing the existing theories of generational differences, our research aim is exploratory: We test empirically whether work values indeed differ between birth cohorts (with an emphasis on the youngest cohorts), age groups, and time periods. Specifically, we analyze whether the

centrality of work varies by birth date, age, and time period,[1] using large cross-national surveys from more than 30 countries (most of the European countries and some Organization for Economic Co-operation and Development (OECD) countries from the Euro-Atlantic area).

Sections 21.2 and 21.3 describe the conceptual basis of the analysis, the main characteristics of the data, and the methodology applied. In Section 21.4, we first illustrate the trends for attitudes regarding the centrality of work and then test the role of age, time period, and birth cohorts with respect to these trends. Section 21.5 concludes that given the lack of evidence of significant gaps between birth cohorts with regard to relative centrality of work, there is not a generational divide in contemporary Europe with respect to work values.

21.2. BACKGROUND

21.2.1. Birth cohort versus generation

We decided to use the concept of birth cohort as opposed to generation for our analysis because the latter concept is rife with ambiguities. The term *generation* refers to individuals born at approximately the same time. From this, it follows that they experience more or less similar historical and life events during their early years. The underlying assumption is that because in their childhood and adolescent periods they are influenced by actors with similar value systems and are exposed to identical events and developments (news, economic or social booms and crises, technological innovation, policy and political influences, etc.), the values they hold will be rather similar, and they will be different from those of all other generations. It is also assumed that this impact is the strongest during an individual's childhood and adolescence and remains relatively stable from then on (Harpaz and Fu 2002). The stability of such generation-specific values offers a chance for a generation to develop into a social group with a shared loose form of self-consciousness and identity (Diepstraten, Ester, and Vinken 1999).

The consciousness of a generation is a stochastic and dynamic social phenomenon. In other words, if it emerges at all, there should be a significant event such as a war or a revolution, a brand-new technology, or some other major phenomenon to lay the foundation of the new generation. If such an impetus is strong enough to mobilize a group of young people who are in a position to influence their fellows from the same cohort in identifying themselves as an "imagined generational community," then the nucleus of a generation may appear. If such a feeling of generational community takes hold, then the shared set of values and goals becomes the common denominator of a generation.

The essence of this generation concept is well captured by the concept of generation subculture theory, which is defined by Egri and Ralston (2004) as follows:

> Significant macro-level social, political, and economic events that occurred during a birth cohort's impressionable pre-adult years result in a generational identity comprised of a distinctive set of values, beliefs, expectations, and behaviors that remain relatively stable throughout a generation's lifetime. . . . A generation's values orientation becomes more pervasive in a national culture as it becomes the majority in societal positions of power and influence. (p. 210)

Although seemingly concise and elegant, there are several problems with the generation concept. For example,

- It is much too loosely defined timewise, in that it sometimes covers more than a decade, which might be too long to assume that the members of a generation indeed have similar experiences.
- The characteristics used to capture the main features of generations are often based on anecdotal evidence or on invalid and unreliable survey data.
- The assumption that there are global generations (i.e., a generation can be defined by the same characteristics all over the planet) is very likely a myth.[2] Even if generations are rather similar across different countries, they can be very different in terms of historical moment: Their periodization depends on a country's specific timeline of technological, political, and policy development.

Unlike the generational approach, the *birth cohort* is usually narrowly defined—in demography, for example, usually as a 5-year-wide "mini-generation." Moreover, the birth cohort does not fluctuate according to vague, quasi-theoretical assumptions usually based on technological–political changes in the United States.

21.2.2. Work values

Work values form a core subset of the general value system (Wuthnow 2008; Jin and Rounds 2012). They have been the target of several large-scale comparative projects since the 1970s and 1980s that use quantitative databases to describe the differences between citizens from various countries with respect to the centrality of work in their lives (Roe and Ester 1999). Most of these studies have treated work-related values (Roe and Ester 1999)

> as expressions of more general life values. . . . All definitions treat values as latent constructs that refer to the way in which people evaluate activities or outcomes. . . . Holders of values are not necessarily individuals but may also be collectivities, i.e. the people belonging to a certain occupational

> group, a firm, a subculture, a community, a national category, or a country. (pp. 2–4)

To understand the association between values and other socioeconomic characteristics of society, as well as the relationship between value systems in general and work values in particular, large quantitative data sets have been used since the 1980s for comparative analysis of work values (Wuthnow 2008). Since the late 1990s, a promising new direction in comparative quantitative research on values (cultural economics) has emerged, rephrasing old questions in a new format using large-scale surveys carried out in several countries (e.g., the World Value Survey, the European Values Study, and the International Social Survey Programme) to analyze the high inertia of culture.[3]

In the course of our analysis, we used "centrality of work" as the dependent variable. This term covers both paid and unpaid work and measures the attitude of the respondent toward work in general—in other words, how important work is for a respondent as a part of his or her life and identity.[4] Centrality of work (under various names) is a core concept in organization, business, and management sciences, in which it is considered a crucial aspect of activity in a workplace. From the employees' viewpoint, it is necessary to achieve higher income and subjective well-being, satisfaction, a career, and so forth; from the employers' viewpoint, it is the primary source of commitment to hard work, efficiency, informal and on-the-job training, and so on (Hansen and Leuty 2012).

21.2.3. Previous literature

The most widely accepted hypothesis regarding the trend followed by centrality of work is that generations have different attitudes toward work to the extent that (Tolbize 2008)

> the perceived decline in work ethic is perhaps one of the major contributors of generational conflicts in the workplace. Generation X for instance, has been labelled the "slacker" generation, and employers complain that younger workers are uncommitted to their jobs and work only the required hours and little more. Conversely, Boomers may be workaholics . . . while "Traditionals" have been characterized as the most hardworking generation. (p. 5)

This hypothesis dominates the discourse despite the fact that a meta-analysis of generation-specific work values (Costanza et al. 2012) found moderate or zero differences between generational membership and work-related attitudes.

Other research combining longitudinal panel data between 1981 and 1993 and a representative survey of the Israeli Jewish labor force in 1993 analyzed how time period, cohort, and life course (in our vocabulary, age group) affect work

values (primarily the importance of work). The study concluded that in contrast to other developed countries, the centrality of work has strengthened in Israel since the early 1980s (Sharabi and Harpaz 2007, 103–4).

Kowske, Rasch, and Wiley (2010) analyzed the role of time period, age, and cohort on work values (satisfaction with company/job, recognition, career, security, pay, and turnover intentions) among generations of Americans with a special focus on the so-called millennial generation. According to their research,

> Work attitudes differed across generations, although effect sizes were relatively small and depended on the work attitude. Compared to Boomers and GenXers, Millennials reported higher levels of overall company and job satisfaction, satisfaction with job security, recognition, and career development and advancement, but reported similar levels of satisfaction with pay and benefits and the work itself, and turnover intentions. (p. 265)

According to these authors, the role of generations is significantly weaker than a set of labor-market sensitive individual factors such as gender, industry, and occupation (p. 273).

Regarding the impact of different generations, Kowske et al. (2010) found curvilinear trends (i.e., U-shaped curves) in the case of all work values. This means that the least satisfied with the various aspects of work were the late baby boomers, whereas the "GI" (born around the time of World War II) and millennial generations were the most satisfied (the latter especially with recognition and career). However, the most important conclusion of their analysis was that contrary to the popular view of the role of generation with respect to the labor market, "generational differences might be re-named 'generational similarities'" (p. 275).

To conclude, we quote a more recent overview in which the authors convincingly summarize the theoretical and methodological state of the art of research on generations (Becton, Walker, and Jones-Farmer 2014):

> Considering the extent to which generational stereotypes are commonly accepted, it is surprising that empirical evidence of generational differences is relatively sparse, and the research that exists is somewhat contradictory. . . . There exists a great deal of controversy about whether or not generational differences exist at all with some suggesting that perceived generational differences are a product of popular culture versus social science. Scholars have also noted that observed generational differences may be explained, at least in part, by age, life stage, or career stage effects instead of generation. (pp. 175–76)

21.3. DATA AND METHODS

The basic problem in analyzing generations stems from the fact that the effects of age, time period, and birth cohort are closely intertwined. Any change over time can be determined by any of the three effects, as can be illustrated with the following fictional dialogue (based on Suzuki 2012, 452):

> ENDRE: I'm very tired, I must be getting old. (*Age effect*)
> GÁBOR: You're no spring chicken indeed, but maybe you're crawling into bed early every night because life is so stressful nowadays. (*Period effect*)
> ENDRE: Could be, but you seem to be tired too. The truth is, you young people are not as fit as we used to be at your age. (*Cohort effect*)

21.3.1. The problem of decomposing the effects of age, period, and birth cohort

Because age, time period (year of the survey), and birth cohort (year of birth) are linearly interdependent, their effects cannot be simultaneously estimated using standard regression models (Firebaugh 1997; Yang and Land 2006, 2008). A possible solution to this identification problem is to use a hierarchical age–period–cohort (HAPC) regression model (Yang and Land 2006, 2008).[5]

To minimize the effect of multicollinearity between age, birth cohort, and period, we defined fixed and equal-period (year of the survey) clusters.[6] In this grouped data, age, period (with 5-year intervals), and birth cohort (year of birth) are not perfectly dependent. In other words, we are no longer able to directly calculate the year of birth from age and period (with 5-year intervals); nonetheless, remarkable multicollinearity still remains.

Moreover, whereas age is an individual-level variable, period and cohort are macro-level variables.[7] This means that we have a multilevel data structure assuming that the attitudes of the individuals in the same birth cohort, or interviewed in the same year, will be more similar than those from other periods or birth cohorts.

Yang and Land (2006, 2008) propose cross-classified hierarchical models to represent clustering effects in individual survey responses by period and birth cohorts when using repeated cross-sectional data. In this analysis, we use these models where it is assumed that individuals are nested simultaneously within the two second-level variables (period and cohort); thus, we use cross-classified hierarchical regression models.[8]

Bell and Jones (2014), however, argue that there is no statistically and mathematically correct solution to the age–period–cohort identification problem in the absence of preliminary theoretical assumptions: "There is no technical

solution to the identification problem without the imposition of strong (and correct) a priori assumptions" (p. 335). They show with simulations that in several scenarios, the results of the HAPC model are biased: For example, if there is quadratic age effect and linear cohort trend, these effects are estimated as a period trend. In other words, the effects of the three time-related variables might be assigned to each other or be combined by the effects of the other two variables. However, Bell and Jones also show that the model works if there are no trends for periods or cohorts. Given that our results show that the cohort and period effects are quite small, our findings should be "probably justifiable," according to Bell and Jones (i.e., because the results are not biased by strong cohort and/or period effects, the use of the HAPC model is feasible).

Twenge (2010) recommends another solution to avoid the identification problem mentioned previously by taking one step backward. She suggests using the time-lag method, in which individuals of the same age at different points in time are compared: "With age held constant, any differences are due to either generation (enduring differences based on birth cohort) or time period (change over time that affects all generations)" (p. 202). Twenge argues that because the impact of period is often the weakest, a time-lag design should be able to isolate generational differences.

Here, we first provide a descriptive analysis in which we separately model age, period, and birth cohort effects on work values to illustrate the main trends. Some of these descriptive analyses are equivalent to Twenge's (2010) time-lag method; however, the results might be biased by omitted variables because they are based on bivariate relationships in which the sociodemographic characteristics of the respondents are uncontrolled. In the second step, we develop HAPC regression models to avoid problems stemming from the linear dependency of these three dimensions of time (Yang and Land 2006, 2008). As part of this exercise, we also separately run models for the youngest respondents (aged 18–40 years) so as to meet the requirements of the time-lag method recommended by Twenge; in other words, individuals with more homogeneous ages are compared.

21.3.2. Data

Given that our strategy of analyzing the changing (or unchanging) attitudes of generations toward work was based on secondary analysis of existing large, repeated cross-sectional, cross-national databases, we first had to select those precious few questions that were asked either similarly in these surveys or could be made identical by recoding and therefore be used as proxies of work values.[9]

Questions about the importance of work and other aspects of life were asked in the questionnaires of the World Values Survey/European Values Study (WVS/EVS). Respondents were asked to answer the question, "How important is *[life aspect]* in your life?" on a 4-point scale.[10] We used four variables: importance of

work, importance of family, importance of friends, and importance of leisure time. We calculated the relative importance of work as the difference between the importance of work and the average importance of the other three life aspects (i.e., family, friends, and leisure time). Thus, positive values of the variable indicate that work is more important in the respondent's life than other life aspects, whereas negative values indicate that it is less important than other life aspects—in other words, that work plays a relatively minor role in the respondent's life.

Our analysis covers most of the European countries and some OECD countries from the Euro-Atlantic area. Table A21.1 in Appendix 2 contains the list of countries (arranged into three groups: post-socialist, EU15, and other OECD countries) included in the various waves.

Because the question was not asked in the first wave of WVS/EVS and the number of observations between 2000 and 2004 was relatively low, we only have data from three periods.[11] Because our analysis is extremely time sensitive to the year of the information the analysis is based on, we decided to use the year of the fieldwork country by country.[12]

The number of observations and the means of the variable of relative centrality of work by period are shown in Table 21.1. The aggregate value of relative centrality of work is highest in 1990–1994, somewhat lower in 1995–1999, and lowest in the mid-2000s. This means that compared to the importance of other aspects of life, work was more important in the 1990s and became less so in the second half of the 2000s.

In the descriptive analysis, the period, the age of the respondent, and the birth cohorts were coded into 5-year intervals, which are conventional in age–period–cohort analyses (Yang, Fu, and Land 2008) and significantly shorter than those used in the sociological or management literature on generations. The result of this operation was 12 age groups (from 18–22 to 73+ years), 3 period groups (1990–1994, 1995–1999, and 2005–2009), and 16 cohort groups (from –1916 to 1987–1991).

In the multivariate models, age was allowed to have a nonlinear (curvilinear) effect (squared age is also included in the models), cohorts were included as birth year, and periods (year of the survey) were grouped into 5-year intervals as in the descriptive analysis.

Table 21.1 Number of observations and average relative centrality of work by period

Period	*N*	Mean	SD	Min	Max
1990–1994	36,370	0.050	0.805	–3	3
1995–1999	64,407	0.023	0.810	–3	3
2005–2009	65,563	–0.105	0.832	–3	3
Total	166,340	–0.022	0.821	–3	3

To control for the changing composition along the basic socioeconomic characteristics of subsequent generations in our multivariate models, we used the following control variables:

- Gender (binary variable, 1 = female)
- Education (binary variable, 1 = more than secondary education)
- Marital status (married/living with partner, divorced/separated, widowed or never married)
- Labor force status (binary variable, 1 = respondent has a job; i.e., his or her employment status is "working")
- Type of settlement (binary variable, 1 = respondent lives in a city (with population >100,000))

In addition, every model contained country-fixed effects in order to control for time-invariant country characteristics.

21.4. RESULTS

21.4.1. The cumulated impact of age and period on the relative centrality of work

Table 21.2 displays the mean relative centrality of work by age group and period. The last column (age effect) shows that the centrality of work increases until age 43–52 years and then decreases continuously. In other words, people slowly "learn" the importance of work, but this (centrality of work) holds only as long as they are in their active years. If we focus on the bottom row, we find an aggregate decrease in the mean relative centrality of work (period effect) between 1995–1999 and 2005–2009. This can be interpreted as indicating that work in general is losing its importance.

The differences by age groups and birth cohorts (the final column in Table 21.3) show that work seems to be relatively most important in the birth cohorts 1947–1961 and less important for the earlier and later cohorts.

To visualize the main differences and similarities of the trends between age and period, we designed two closely related figures (Figure 21.1a and Figure 21.1b). Figure 21.1a shows the trend of the relative centrality of work by age, controlling for period. The general pattern (the inverted U-curve) is rather similar in the three periods, but the highest level of the centrality of work lasts longer (from age 43–47 to age 53–57 years) in the first period than in the second or the third period. For every age group, the importance of work is lowest in the final period (2005–2009). Among those aged older than 53 years, work is relatively more important in the first period (1990–1994), whereas among the younger age groups, there is no real difference between the first two periods.

Table 21.2 Means of relative centrality of work by age group and period (cohort uncontrolled)

Age group (years)	Period			Total
	1990–1994	1995–1999	2005–2009	
18–22	–0.095	–0.115	–0.236	–0.155
23–27	–0.028	–0.006	–0.090	–0.042
28–32	–0.008	0.028	–0.035	–0.004
33–37	0.054	0.062	–0.027	0.028
38–42	0.120	0.128	0.037	0.091
43–47	0.189	0.165	0.043	0.122
48–52	0.181	0.170	0.049	0.123
53–57	0.176	0.100	–0.018	0.066
58–62	0.111	0.009	–0.113	–0.018
63–67	0.036	–0.077	–0.312	–0.144
68–72	–0.038	–0.116	–0.334	–0.186
73+	–0.152	–0.245	–0.409	–0.308
Total	0.050	0.023	–0.105	–0.022

Figure 21.1b focuses on the trend for the relative centrality of work by period in six age groups.[13] Although the general trend is a slight decrease between the first two periods and a steeper decrease after 1995–1999, centrality of work declines sharply after 1990–1994 in the two oldest age groups. In the middle age groups, the trend is similar to the average, and they have the highest level of relative centrality of work throughout all periods. As for the youngest age groups, there is a slight increase between 1990–1994 and 1995–1999 in the group aged 23–27 years, whereas subsequently the decrease for both age groups is less sharp than in general.

21.4.2. The HAPC models of the relative centrality of work

The HAPC regression models (Table 21.4) contain the three time-related and all control variables. Whereas age and squared age are included as individual-level variables, period (year of the survey) and cohort (year of birth) are second-level predictors. Random period and cohort intercepts allow level 1 intercepts to vary randomly by cohorts and periods; that is, they allow variation from the mean for each cohort and period. The models in columns 0–5 show results from the entire sample, whereas the model in column 6 covers the young (age 18–40 years) individuals only.[14]

Comparing the six models, the sign and the size of the coefficients are fairly stable. Age differences become smaller with the inclusion of the other variables,

Table 21.3 Means of relative centrality of work by birth cohort and age group (period uncontrolled)

	Age												
Cohort	**18–22**	**23–27**	**28–32**	**33–37**	**38–42**	**43–47**	**48–52**	**53–57**	**58–62**	**63–67**	**68–72**	**73+**	**Total**
–1916												–0.225	–0.225
1917–1921											–0.107	–0.250	–0.190
1922–1926										–0.004	–0.082	–0.312	–0.173
1927–1931									0.056	–0.073	–0.081	–0.429	–0.138
1932–1936								0.151	0.064	–0.034	–0.408	–0.339	–0.081
1937–1941							0.154	0.118	0.032	–0.403	–0.300		–0.056
1942–1946						0.168	0.169	0.121	–0.201	–0.266			0.006
1947–1951					0.107	0.168	0.185	–0.106	–0.073				0.074
1952–1956				0.046	0.113	0.178	0.009	0.023					0.087
1957–1961			–0.028	0.059	0.141	0.036	0.068						0.069
1962–1966		–0.035	0.009	0.066	0.014	0.046							0.028
1967–1971	–0.097	–0.042	0.042	–0.057	0.048								–0.004
1972–1976	–0.114	0.012	–0.032	–0.012									–0.021
1977–1981	–0.112	–0.095	–0.036										–0.079
1982–1986	–0.168	–0.088											–0.114
1987–1991	–0.268												–0.268
Total	–0.155	–0.042	–0.004	0.028	0.091	0.122	0.123	0.066	–0.018	–0.144	–0.186	–0.308	–0.022

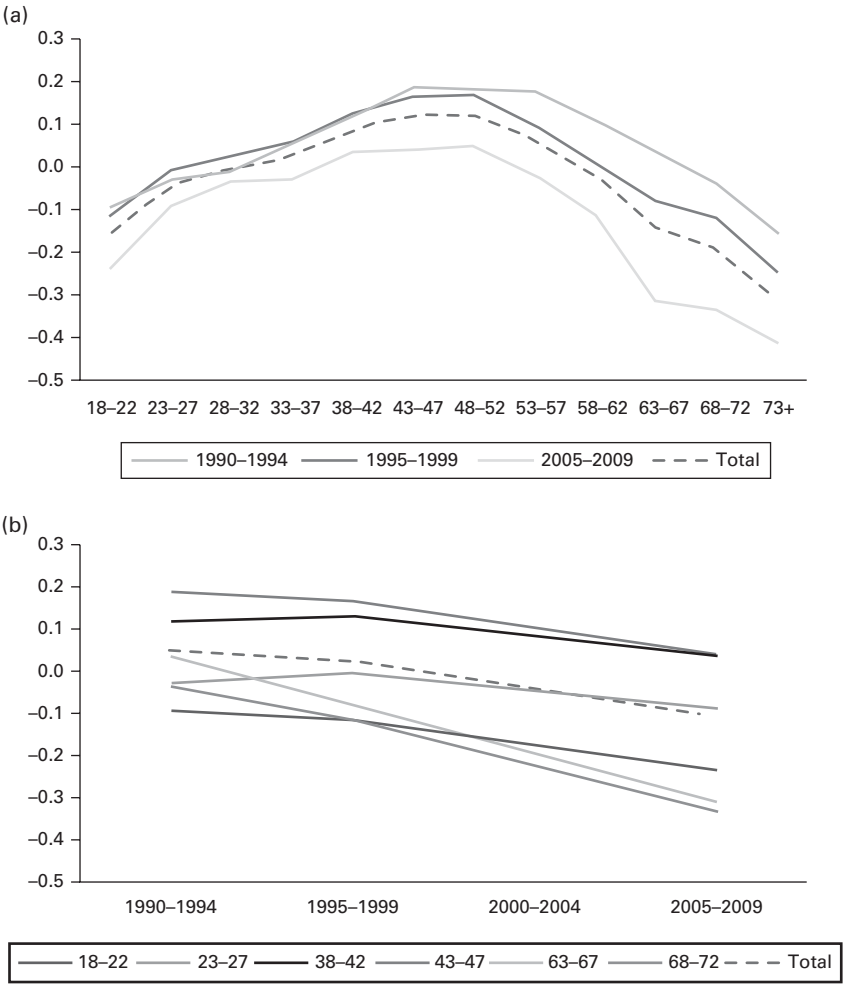

Figure 21.1 Means of centrality of work by (a) age in the three periods and (b) period in seven age groups.

given that there is collinearity between age and other variables (e.g., labor force status or marital status). Focusing on the role of the three time variables, we find that although they have a significant impact on the centrality of work, this is small compared to the impact of the non-age individual variables and the country-fixed effects.

The visualized results (Figure 21.2) show that—controlling for period, birth cohort, and relevant sociodemographic characteristics—the centrality of work increases from age 18 years, reaches a peak at approximately age 50 years, and decreases thereafter. This result is similar to that of the uncontrolled inverted

Table 21.4 HAPC models of centrality of work

	(0)		(1)		(2)		(3)		(4)		(5)		(6)	
	All		All		All		All		All		All		Youth (18–40 years)	
Individual effect	***B***	**SE**	***B***	**SE**	***B***	**SE**	***B***	**SE**	***B***	**SE**	***B***	**SE**	***B***	**SE**
Age			–0.0011***	(0.000)	–0.0008***	(0.000)	0.0024***	(0.000)	0.0021***	(0.000)	0.0026***	(0.000)	–0.0013	(0.003)
Age squared			–0.0004***	(0.000)	–0.0004***	(0.000)	–0.0004***	(0.000)	–0.0003***	(0.000)	–0.0003***	(0.000)	–0.0003***	(0.000)
Female									–0.0659***	(0.004)	–0.0646***	(0.004)	–0.0687***	(0.006)
Education: More than secondary									–0.0710***	(0.005)	–0.0339***	(0.005)	–0.0676***	(0.006)
Employment status: Working									0.1831***	(0.005)	0.2064***	(0.005)	0.1160***	(0.006)
Type of settlement: City									–0.0607***	(0.004)	–0.0491***	(0.004)	–0.0518***	(0.006)
Marital status														
Single									Ref.		Ref.		Ref.	
Married/living with partner									0.0122**	(0.006)	–0.0007	(0.006)	0.0150**	(0.007)
Divorced/ separated									0.0603***	(0.009)	0.0769***	(0.009)	0.1002***	(0.013)
Widowed									0.0051	(0.010)	–0.0381***	(0.010)	0.0623*	(0.036)
Intercept	–0.0233***	(0.002)	0.0899***	(0.003)	0.0987**	(0.040)	0.1294**	(0.051)	0.0540	(0.046)	0.0236	(0.060)	0.0180	(0.044)

Variance component	Variance	SE	Variance	SE	Variance	SE	Variance	SE	Variance	SE	Variance	SE	Variance	SE
Individual	0.6822***	(0.001)	0.6661***	(0.001)	0.6613***	(0.001)	0.6600***	(0.001)	0.6510***	(0.001)	0.6175***	(0.001)	0.0028***	(0.001)
Period					0.0047***	(0.002)	0.0076***	(0.003)	0.0061***	(0.003)	0.0074***	(0.003)	0.0224***	(0.003)
Cohort							0.0055***	(0.002)	0.0030***	(0.001)	0.0024***	(0.000)	0.0004***	(0.000)
Country											0.0381***	(0.004)	0.5059***	(0.001)
N	166,340		166,340		166,340		166,340		166,340		166,340		70,664	
AIC	408,443.9		404,466.7		403,287.3		403,187.4		400,861.9		392,271.8		152,622.9	
Deviance (*df*)	408,439.9(2)		404,458.7(4)		403,277.3(5)		403,175.4(6)		400,835.9(13)		392,243.8(14)		152,594.9(14)	

*$p < 0.10$.
**$p < 0.05$.
***$p < 0.01$.

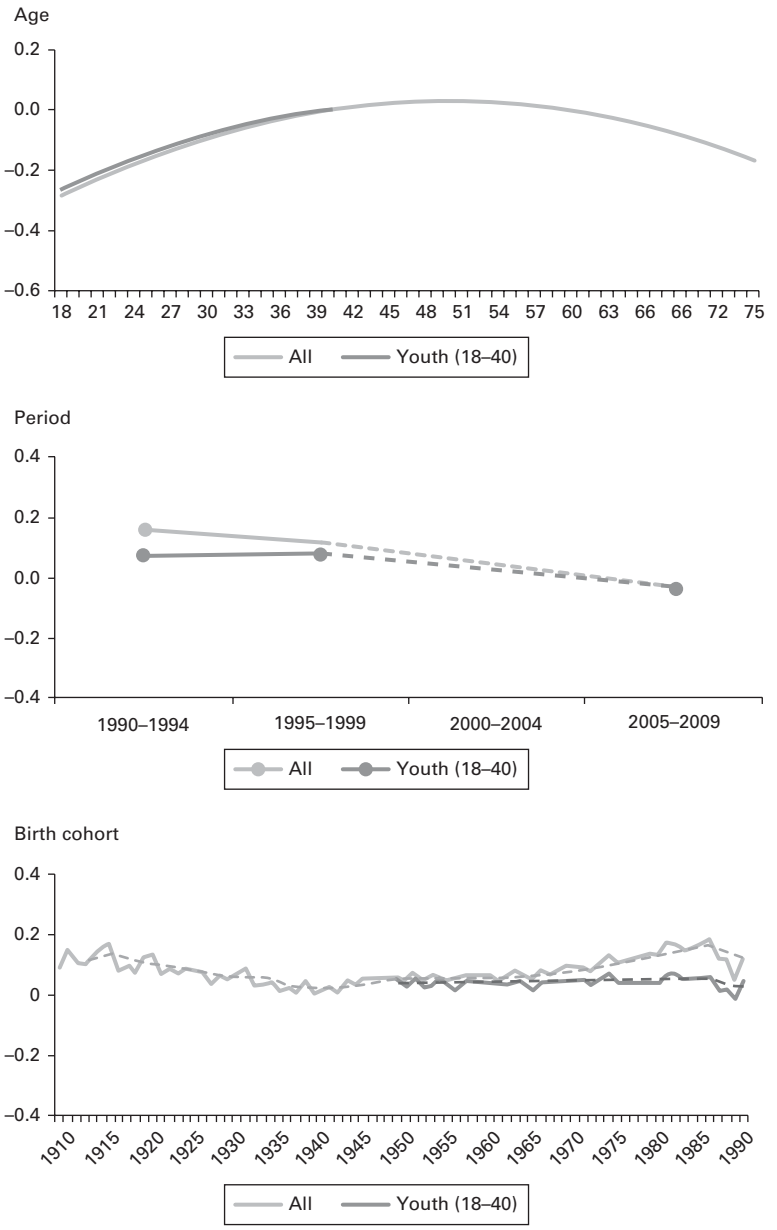

Figure 21.2 Age, period, and birth cohort effects on relative centrality of work in total sample and in young (aged 18–40 years) cohorts (HAPC regression model).

U-curve (Figure 21.1a) and is in accordance with a life course concept of economic activity: Because younger people are not yet involved and older people are no longer involved in income-generating activities, it makes sense that their attitude toward the importance of work should be lower compared to that of people

for whom work plays the central role in their identity (i.e., career-oriented, human capital investing, etc., individuals in (early) middle age), who are in their active household and labor market cycles (i.e., entering the labor market, becoming adults, establishing a family, having children, etc.).

The results shown in the second panel in Figure 21.2 confirm that—controlling for age, cohort, and relevant sociodemographic characteristics—the centrality of work is significantly lower in 2005–2009 than in the 1990s. However, period accounts for only 1.17% of the variance of the centrality of work; that is, the effect size is rather small.

Finally, after controlling for age and period and relevant sociodemographic characteristics, work is somewhat less important for birth cohorts born in the mid-20th century compared to the earlier and later-born cohorts. This result may be interpreted as a generational effect: For those who entered the labor market in approximately 1968, the centrality of work has temporarily decreased. However, because the effect size is quite small (cohort accounts for only 0.38% of the variance in the centrality of work), we are better to conclude that there is no generational effect.

The cohort and period differences among the youngest group (aged 18–40 years) are even smaller compared to those of the full sample. Period differences are slightly smaller than in the whole sample, suggesting that relative importance of work seems to have decreased less among the younger generation. However, in general, it seems that our findings regarding the full sample are valid in the case of the young subsample as well.

21.4.3. Gender differences

To test whether the determinants of the relative centrality of work differ by gender, we ran the HAPC models for men and women separately. The results (the detailed results in Table 21.5 and the visualized effects of the three time-related variables in Figure 21.3) show that the differences by gender are very small.[15] The effect of the three time-related variables does not differ between men and women, whereas cohort differences are somewhat larger among women, although the effect size is very small.

There are, however, other significant gender differences, such as the following:

- Being married or living with a partner has a positive but insignificant effect on the centrality of work among men, but it has a negative and significant effect among women.
- The effect of employment status is larger among men than among women.
- Work is more important for an average man than for an average woman.[16]

These findings might be explained by gender norms, such as the traditional prescription that a man has to work more and has to be the main earner in the family.

Table 21.5 HAPC models of centrality of work among men and women

	Men		Women	
Individual effect	***B***	**SE**	***B***	**SE**
Age	0.0018***	(0.000)	0.0013***	(0.000)
Age squared	–0.0003***	(0.000)	–0.0003***	(0.000)
Education: More than secondary	–0.0305***	(0.007)	–0.0388***	(0.007)
Employment status: Working	0.2313***	(0.007)	0.1926***	(0.006)
Type of settlement: City	–0.0392***	(0.007)	–0.0577***	(0.006)
Marital status				
Single	Ref.		Ref.	
Married/living with partner	0.0144	(0.009)	–0.0277***	(0.008)
Divorced/separated	0.0857***	(0.014)	0.0625***	(0.012)
Widowed	–0.0440***	(0.017)	–0.0518***	(0.012)
Intercept	–0.0350	(0.051)	–0.0349	(0.062)
Variance component	Variance	SE	Variance	SE
Period	0.0055***	(0.002)	0.0071***	(0.003)
Cohort	0.0270***	(0.003)	0.0509***	(0.006)
Country	0.0001***	(0.000)	0.0009***	(0.000)
Individual	0.6063***	(0.002)	0.6248***	(0.001)
N	76,477		89,863	
AIC	178,982.0		213,068.7	
Deviance (*df*)	178,956.0(13)		213,042.7(13)	

*$p < 0.10$.
**$p < 0.05$.
***$p < 0.01$.

21.4.4. Regional differences

We compared the impact of age, period, and birth cohort in two subgroups of European countries:[17] post-socialist and EU15 countries.[18] We hypothesized that because state socialism as a "natural experiment" influenced post-socialist countries for five decades in terms of their state-induced work-oriented ideology, we might detect path-dependent, cohort-specific characteristics for the value of work. For instance, the work values at least at the beginning of the post-socialist period might be stronger than those of people living in EU15 countries—that is, in societies without this socialist heritage.

The results of two HAPC models for the two groups of countries (the detailed results in Table 21.6 and the visualized effects of the three time-related variables in Figure 21.4) show that the coefficients of the control variables are mostly similar: The centrality of work is significantly higher for men, for divorced people

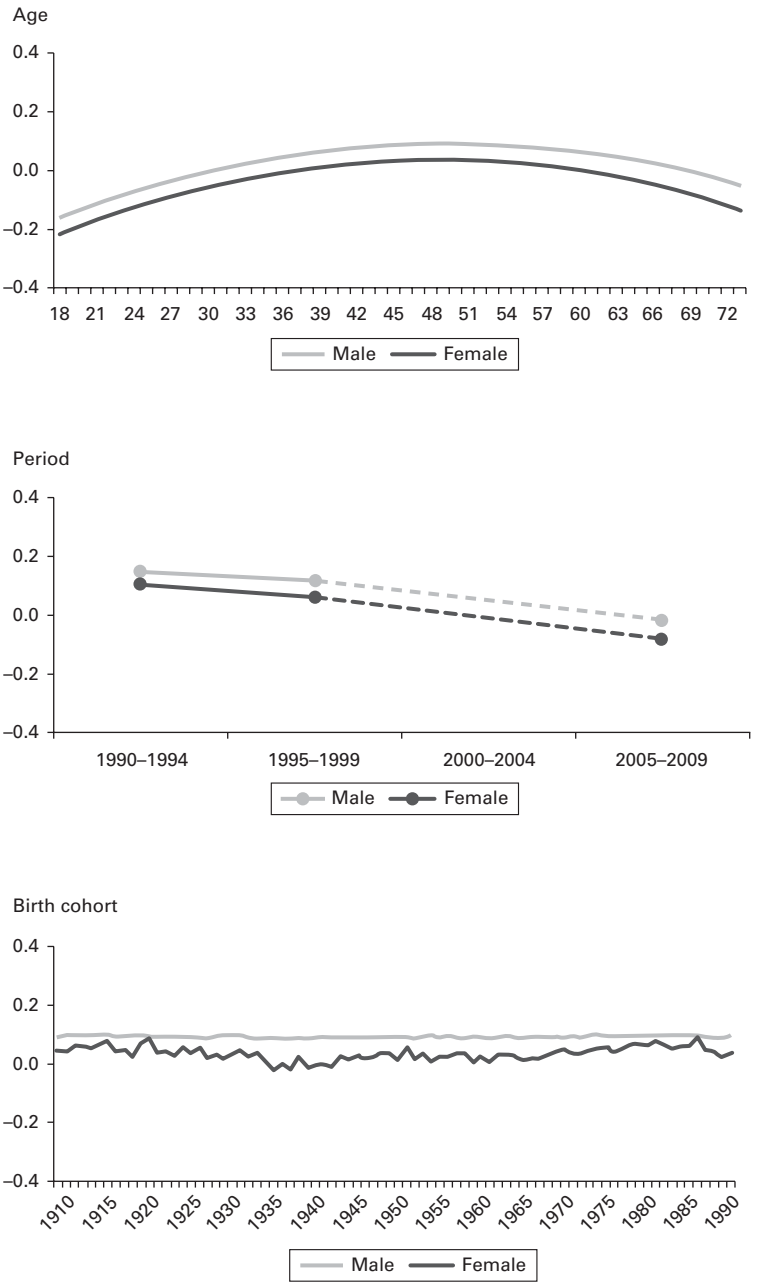

Figure 21.3 Age, period, and birth-cohort effect on centrality of work among men and women (HAPC regression model).

Table 21.6 HAPC models of centrality of work in EU15 and post-socialist countries

	EU15		Post-socialist	
Individual effect	**B**	**SE**	**B**	**SE**
Age	0.0010***	(0.000)	0.0081***	(0.001)
Age squared	–0.0002***	(0.000)	–0.0005***	(0.000)
Female	–0.0761***	(0.006)	–0.0438***	(0.006)
Education: More than secondary	–0.0534***	(0.008)	–0.0196***	(0.007)
Employment status: Working	0.1918***	(0.007)	0.1966***	(0.007)
Type of settlement: City	–0.0316***	(0.007)	–0.0736***	(0.006)
Marital status				
Single	Ref.		Ref.	
Married/living with partner	–0.0194**	(0.009)	0.0263***	(0.009)
Divorced/separated	0.0343**	(0.014)	0.1154***	(0.013)
Widowed	–0.0863***	(0.016)	0.0101	(0.014)
Intercept	–0.0699	(0.067)	0.2159***	(0.075)
Variance component	Variance	SE	Variance	SE
Period	0.0045***	(0.002)	0.0141***	(0.006)
Cohort	0.0004***	(0.000)	0.0221***	(0.003)
Country	0.0436***	(0.008)	0.0085***	(0.002)
Individual	0.0436***	(0.008)	0.0085***	(0.002)
N	66,400		77,405	
AIC	157,627.8		179,739.0	
Deviance (*df*)	157,599.8(14)		179,711.0(14)	

*$p < 0.10$.
**$p < 0.05$.
***$p < 0.01$.

(compared to single individuals), and for working people, whereas it is lower for city dwellers and for more highly educated people in both country groups. However, there are system-specific differences as well, including the following:

- In the EU15 countries, the overall level of centrality of work is lower.
- In the EU15 countries, high education has a more negative effect on the centrality of work.
- Being widowed has a negative effect in the EU15 countries but no effect in the post-socialist countries.
- The signs of gender and higher education effects are the same in the two groups, but the sizes of the coefficients are twice as large in the EU15 countries compared to the post-socialist countries.
- The effect of being married or living with a partner is negative in the EU15 countries, whereas it is positive in the post-socialist countries.

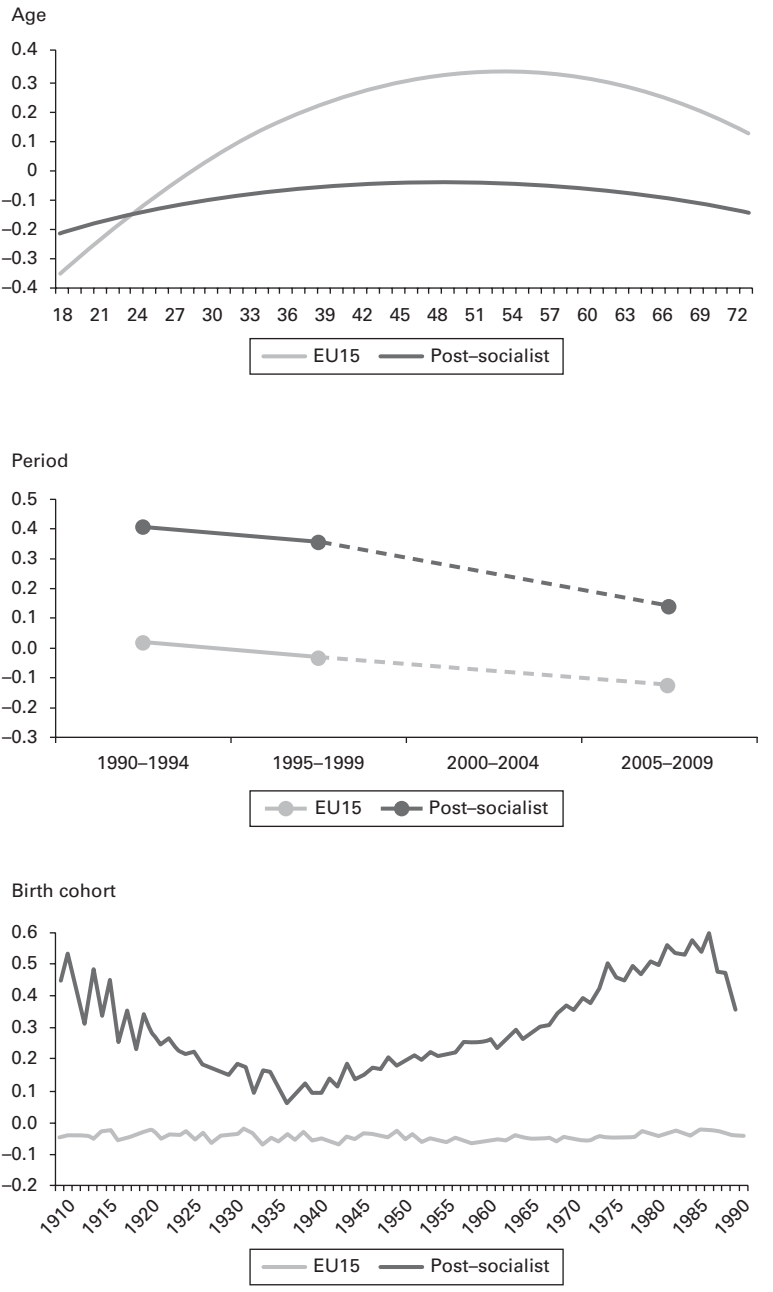

Figure 21.4 Age, period, and birth cohort effect on centrality of work in EU15 and post-socialist countries (HAPC regression model).

If we compare the effects of the three time-related variables, we can see that age differences are smaller in EU15 countries, whereas the curve is more similar to an inverted U-shape for post-socialist countries. However, the effect size is notable in EU15 countries as well: Work is 0.15 points less important for an 18-year-old individual than for an individual in his or her fifties. This effect size is close to that of working people and higher than the effect of education. The period trends are similar in the two country groups, but the centrality of work declines somewhat more in the post-socialist countries than in the EU15 countries. Period accounts for 0.7% and 2.2% of the variance in the centrality of work in the EU15 and the post-socialist countries, respectively. Finally, centrality of work falls and remains very low among those born in the 1940s in post-socialist countries and starts increasing thereafter. In the EU15 countries, however, there are no real differences between cohorts. Cohort accounts for only 0.1% of the variance in the centrality of work in the EU15 countries and for 3.5% in the post-socialist countries. It is worth noting that cohort differences in post-socialist countries might not be detectable if we analyze single countries, but a more detailed analysis goes beyond the scope of this chapter. However, some analyses in the working paper version of this chapter suggest that cohort differences within single countries do not exist (Hajdu and Sik 2015).

21.5. CONCLUSIONS

We did not find significant gaps between birth cohorts with respect to relative centrality of work and thus claim that in contemporary Europe, the generations are not divided significantly with regard to their work values. In this respect, our findings reinforce the results of Clark (2010), Kowske et al. (2010), Costanza et al. (2012), Jin and Rounds (2012), and Becton et al. (2014): Rather than pointing to generational differences, we should instead emphasize the lack of them.

There are, however, different trends in the centrality of work by age and birth cohort. The effect of the former is close to an inverted U-shaped curve—the centrality of work is higher in the middle age groups than among the younger or older groups—whereas the effect of the latter is closer to a curvilinear curve—the centrality of work is higher in the earlier and in the later-born cohorts. However, it is worth noting that although this effect can be regarded as statistically significant, the effect size is rather small. Regarding the impact of period, it is characterized by a linear and slightly decreasing trend.

The interpretation of the inverted U-shape of the relative centrality of work by age is rather straightforward: Because younger people are not yet involved and older people are no longer involved in income-generating activities, it is logical to find that work is less central for both of these groups compared to individuals in their active household and labor market cycles. The decreasing linear trend of the centrality of work by period fits well into what the literature proposes: It

indicates a shift from modernity toward postmodernity (Egri and Ralston 2004; Twenge et al. 2010).

The U-curve for the centrality of work by birth cohort might mean that work is less central for the cohort born between 1940 and 1959 compared to the earlier and later-born cohorts. This result may be interpreted as a rather weak generational effect in the sense that for those who entered the education system and the labor market in the 1960s and 1970s, intrinsic values became more important than work (or other extrinsic aspects of life). However, this change was quite quickly reversed, and the values of those who entered the labor market after the mid-1970s became more extrinsically oriented again.

The first conclusion from a policy standpoint is that we could not identify any relevant gap between the birth cohorts. From this follows that the generational differences often referred to in public debates and used in political discourses are a myth. Kowske et al. (2010) quite rightly summarized their findings as indicating that instead of generational differences, we should speak about "generational similarities." Our results imply that in contemporary Europe, generations follow a similar age trend: As the younger generations become older, their work values change similarly. Of course, this does not mean that within a country (and especially in smaller social units such as a region, a settlement, or a workplace) generational effects could not emerge, but these do not add up in our aggregated analysis as a generational trend.

If there are no significant differences between the generations, for policymakers this means that those social and economic efforts made in the interest of decreasing youth unemployment will not be hindered by changing generational attitudes toward work.

In summary, our assumption that younger generations are increasingly less work oriented, have less faith that they will achieve a career, and are less optimistic about getting a job and making ends meet on the basis of a salary turned out to be wrong. Therefore, if there sound EU policies are implemented to cope with youth unemployment, they will not fail because of generation-specific attitudes. Moreover, if the proposition of the management literature is correct that work values have a significant impact on values in general as well as on behavior in the workplace and on the labor market, then the unchanging nature of work values provides policymakers with firm ground to act.

The second conclusion is based on the fact that although birth cohort does not have a strong impact on work values, we did detect differences in work values by both age and time period. Thus, we should be aware that generational stability does not mean full-scale similarity. For example, the slow but steady decrease in the centrality of work by period might call for the development of policies that relax the association between life and work for future generations. It seems likely that instead of having work as the central social phenomenon that gives meaning to life, multiple centrality (having work as one important life aspect) is becoming increasingly more common among Europeans.

NOTES

1 In the course of our analysis, we use "centrality of work" as the dependent variable because it refers to work in the widest sense (i.e., work as a basic human activity). As we note in Section 21.2.2, the working paper version of this chapter covers other variables of work values as well, such as employment commitment and extrinsic/intrinsic values (Hajdu and Sik 2015).

2 Usually, political/economic/technological periodizations relating to the United States are the basis of these global generational definitions, as defined, for example, by Twenge et al. (2010):

- Baby boomers by the civil rights and women's movements, the Vietnam War, and the assassinations of John F. Kennedy and Martin Luther King
- GenX by the AIDS epidemic, economic uncertainty, and the fall of the Soviet Union
- GenY by being "wired" and "tech savvy," liking "informality," learning quickly, and embracing "diversity"

On the other hand, Diepstraten et al. (1999), for example, identified "prewar," "silent," "protest," "lost," and "pragmatic" generations for the Netherlands on the basis of an entirely different national "story."

3 For example, on redistribution, see Luttmer and Singhal (2011); on trust, see Dinesen (2013); on subjective well-being, see Senik (2014) and Hajdu and Hajdu (2016); and on female labor force participation, see Fernández and Fogli (2009) and Alesina and Giuliano (2010). The most notable example of illustrating the impact of ethnicity on work values is the analysis of the role of an ethnic border (the so-called *Röstigraben*) in Switzerland (Brügger, Lalive, and Zweimüller 2009).

4 In the working paper version of this chapter, employment commitment and extrinsic/intrinsic work values were used as dependent variables as well. *Employment commitment*—that is, paid work only—was considered as a more restricted form of the centrality of work. From this viewpoint, work is conceptualized as the source of income, and the question is whether the respondents consider paid work as a standard economic resource (and therefore work only until its aggregate return does not start to decrease) or not (i.e., they do paid work for its own sake). *Extrinsic/intrinsic work value*s are widely used in the organization, business, and management literature. An extrinsic work value is "dependent on a source external to the immediate task-person situation . . . such as status, respect, power, influence, high salary." An intrinsic value, on the contrary, is "derived from the task per se; that is, from outcomes which are not mediated by a source external to the task–person situation. Such a state of motivation can be characterized as a

self-fulfilling experience" (Brief and Aldag 1977, 497–98). In the working paper, we used three extrinsic work values (good income, security, and flexibility) and two intrinsic values (interesting job and having a job that is useful to society) that are considered important by the respondents in evaluating a job (Hajdu and Sik 2015).

5 Hierarchical age–period–cohort (HAPC) regression models have been used to analyze repeated cross-sectional data by Yang and Land (2006, 2008) in examining verbal test scores; by Schwadel (2014) in examining the changing association between higher education and reporting no religious affiliation in the United States; by Down and Wilson (2013) in examining life cycle and cohort effects on support for the EU; and by Kowske et al. (2010) in examining the effect of generation on job satisfaction and on satisfaction with other job aspects.

6 This can only be done artificially, so it is ultimately a subjective decision by the researcher. However, we grouped our data by taking account of waves of surveys so that data from each wave were grouped together into 5-year intervals, which can be considered the most "natural" (i.e., "theory-blind") grouping principle.

7 Yang and Land (2008) argue that whereas the age variable is related to the biological process of individual aging, period and cohort effects reflect the influences of external (political, technological, economic, etc.) forces; thus, the latter two variables can be treated as level 2 (or macro-level) variables. Suzuki (2012, 453) shows a data structure in which individuals are nested simultaneously within periods and birth cohorts, whereas age is an attribute of individuals rather than a random sample of age categories from a population of age groupings.

8 Detailed descriptions of the models are provided in Appendix 1.

9 Other researchers using these variables created complex scales (Wollack et al. 1971; Ros, Schwartz, and Surkiss 1999; Den Dulk et al. 2013), but we wanted to keep our variables simple so as to ensure that they are understood identically by respondents in subsequent surveys and different cultures.

10 The coding was as follows: 1 (very important), 2 (quite important), 3 (not important), and 4 (not important at all).

11 Although the second wave of WVS/EVS was conducted between 1989 and 1993, the date of the fieldwork was between 1990 and 1993 in all but two of the participating countries. We excluded from this wave two countries (Poland and Switzerland)—where the year of the fieldwork was 1989—in order to avoid a small sample size for this year (or in the period 1985–1989) and also to avoid results driven by only two countries. Moreover, because the number of observations between 2000 and 2004 is relatively low, given that the fourth (1999–2004) wave of WVS/EVS was conducted in most countries in 1999, we excluded this period from the analysis as well.

12 The same applies to defining the age of the respondent: It was calculated as the difference between the year of the fieldwork and the respondent's birth year.
13 We show only six age groups (two of the youngest groups, two from the middle-aged groups, and two of the oldest groups) in order to have a less cluttered table.
14 Because we analyze respondents of similar age, this model can be conceptualized as a special form of the time-lag method recommended by Twenge (2010).
15 This lack of differences between men and women has also been found by other authors examining various work values (e.g., Clark 2010).
16 An "average man" is a man who has average characteristics (average values of the control variables among the men), and an "average woman" is a woman who has average characteristics (average values of the control variables among the women).
17 As Table A21.2 in Appendix 2 shows, the relative centrality of work differs significantly across countries. However, because a comparative analysis of the trend for relative centrality of work at the country level would require a separate paper, we restrict ourselves to a regional (i.e., semi-aggregated version of country-specific) comparative analysis.
18 Germany is split into two parts: federal states from the former West Germany as an EU15 country and federal states from the former East Germany as a post-socialist country.

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APPENDIX 1

We use cross-classified hierarchical regression models. The level 1 model is as follows:

$$Y_{ijk} = \beta_{0jk} + \beta_1 AGE_{ijk} + \beta_2 AGE_{ijk}^2 + \beta_3 \mathbf{X}_{ijk} +$$

The level 2 model is

$$\beta_{0jk} = \gamma_0 + u_{0j} + v_{0k}$$

The combined model is

$$Y_{ijk} = \gamma_0 + \beta_1 AGE_{ijk} + \beta_2 AGE_{ijk}^2 + \beta_3 \mathbf{X}_{ijk} + u_{0j} + v_{0k} + e_{ijk}$$

where, within each cohort j and period k, respondents' work attitude is a function of their age, squared age, and other individual characteristics (vector of **X**). This model allows level 1 intercepts to vary randomly by cohorts and periods. β_{0jk} is the mean of the work-attitude variable of individuals in cohort j and period k (cell mean); β_1, β_2, and β_3 are the level 1 fixed effects; e_{ijk} is the random individual variation, which is assumed to be normally distributed with mean 0 and within-cell variance σ^2; γ_0 is the grand mean (across all cohorts and periods) or the model intercept; u_{0j} is the residual random effect of cohort j; and v_{0j} is the residual random effect of period k. Both u_{0j} and v_{0j} are assumed to be normally distributed with mean 0 and variance τ_u and τ_v, respectively.

APPENDIX 2

Table A21.1 Number of observations of relative centrality of work by country and year of fieldwork

Country	1990	1991	1992	1993	1995	1996	1997	1998	1999	2005	2006	2007	2008	2009	Total
EU15															
AT	1,395	0	0	0	0	0	0	0	1,495	0	0	0	1,505	0	4,395
BE	2,578	0	0	0	0	0	0	0	1,785	0	0	0	0	1,490	5,853
DE-W	3,276	0	0	0	0	0	1,954	0	1,990	0	1,908	0	1,999	0	11,127
DK	994	0	0	0	0	0	0	0	998	0	0	0	1,386	0	3,378
ES	3,404	0	0	0	1,202	0	0	0	1,193	0	0	1,175	1,483	0	8,457
FI	48	0	0	0	0	901	0	0	0	973	0	0	0	1,061	2,983
FR	786	0	0	0	0	0	0	0	1,541	0	963	0	1,484	0	4,774
GB	1,405	0	0	0	0	0	0	0	847	0	918	0	0	895	4,065
EL	0	0	0	0	0	0	0	0	1,039	0	0	0	1,489	0	2,528
IE	991	0	0	0	0	0	0	0	902	0	0	0	541	0	2,434
IT	1,960	0	0	0	0	0	0	0	1,970	978	0	0	0	1,409	6,318
LU	0	0	0	0	0	0	0	0	1,107	0	0	0	1,592	0	2,699
NL	976	0	0	0	0	0	0	0	959	0	950	0	1,533	0	4,418
PT	1,088	0	0	0	0	0	0	0	995	0	0	0	1,527	0	3,610
SE	909	0	0	0	0	990	0	0	740	0	984	0	0	987	4,610

(*continued*)

Table A21.1 Continued

Country	1990	1991	1992	1993	1995	1996	1997	1998	1999	2005	2006	2007	2008	2009	Total
Post-socialist															
BA	0	0	0	0	0	0	0	1,178	0	0	0	0	1,356	0	2,534
BG	942	0	0	0	0	0	986	0	974	0	963	0	1,397	0	5,262
CS	0	0	0	0	0	1,455	0	0	0	0	0	0	0	0	1,455
CZ	770	2,082	0	0	0	0	0	1,084	1,879	0	0	0	1,696	0	7,512
EE	960	0	0	0	0	1,000	0	0	989	0	0	0	1,502	0	4,452
HR	0	0	0	0	0	0	0	0	933	0	0	0	1,410	0	2,343
HU	0	981	0	0	0	0	0	630	975	0	0	0	1,506	0	4,093
LT	0	0	0	0	0	0	969	0	993	0	0	0	1,462	0	3,425
LV	813	0	0	0	0	1,160	0	0	984	0	0	0	1,488	0	4,445
PL	960	0	0	0	0	0	0	0	1,082	979	0	0	1,448	0	4,469
RO	0	0	0	1,077	0	0	0	1,226	1,131	1,709	0	0	1,430	0	6,573
RU	1,000	0	0	0	2,007	0	0	0	2,454	0	1,865	0	1,442	0	8,769
SI	0	0	948	0	970	0	0	0	987	1,024	0	0	1,337	0	5,266
SK	381	1,104	0	0	0	0	0	1,037	1,323	0	0	0	1,493	0	5,337
UA	0	0	0	0	0	2,662	0	0	1,142	0	967	0	1,478	0	6,249

Other															
AU	0	0	0	0	1,857	0	0	0	0	1,216	0	0	0	0	3,073
CA	1,675	0	0	0	0	0	0	0	0	0	2,015	0	0	0	3,690
CH	0	0	0	0	0	1,149	0	0	0	0	0	0	1,228	0	2,377
IS	0	0	0	0	0	0	0	0	930	0	0	0	0	0	930
MT	0	0	0	0	0	0	0	0	988	0	0	0	685	0	1,673
NO	1,139	0	0	0	0	1,114	0	0	0	0	0	0	2,096	0	4,349
NZ	0	0	0	0	0	0	0	1,025	0	0	0	0	0	0	1,025
US	1,662	0	0	0	1,379	0	0	0	1,184	0	1,163	0	0	0	5,388
Total	30,115	4,168	948	1,077	7,416	10,432	3,910	6,181	36,513	6,879	12,694	1,175	38,991	5,842	16,6340

Source: World Values Survey/European Values Study.

Table A21.2 Mean of relative centrality of work by country and year of fieldwork

Country	1990	1991	1992	1993	1995	1996	1997	1998	1999	2005	2006	2007	2008	2009	Total
EU15															
AT	0.126								0.082				–0.117		0.028
BE	0.001								0.027					–0.114	–0.020
DE-W	–0.195						–0.148		–0.223		–0.140		–0.234		–0.189
DK	–0.173								–0.358				–0.309		–0.283
ES	0.116				0.051				0.161			–0.198	0.016		0.052
FI	0.069					–0.196				–0.345				–0.435	–0.325
FR	0.170								0.109		0.072		0.102		0.110
GB	–0.339								–0.542		–0.580			–0.625	–0.499
EL									0.044				0.045		0.045
IE	0.033								–0.255				–0.349		–0.159
IT	0.136								0.151	0.074				0.168	0.138
LU									–0.075				0.125		0.043
NL	–0.158								–0.284		–0.506		–0.331		–0.320
PT	0.105								0.166				0.131		0.133
SE	–0.042					–0.090			–0.258		–0.280			–0.334	–0.200
Post-socialist															
BA								0.104					–0.005		0.046
BG	0.151						0.065		0.186		–0.107		0.070		0.073
CS						0.126									0.126

CZ	0.135	0.293						–0.095	0.141				–0.187		0.075
EE	–0.019					0.248			0.159				–0.016		0.082
HR									0.041				–0.017		0.006
HU		0.199						0.008	0.067				–0.048		0.047
LT							0.157		0.216				0.049		0.128
LV	0.041					0.296			0.508				0.192		0.261
PL	0.285								0.362	–0.001			–0.027		0.140
RO				0.401				0.293	0.418	0.183			0.124		0.267
RU	–0.019				–0.003				0.168		–0.115		–0.090		0.005
SI			0.409		0.100				0.176	–0.147			0.031		0.104
SK	0.203	0.260						–0.052	0.147				0.042		0.106
UA						–0.032			0.086		–0.264		–0.069		–0.055
Other															
AU					–0.263					–0.463					–0.342
CA	–0.130										–0.295				–0.220
CH						–0.203							–0.038		–0.118
IS									–0.021						–0.021
MT									0.233				0.118		0.186
NO	0.068					–0.068							–0.183		–0.088
NZ								–0.271							–0.271
US	–0.115				–0.265				–0.222		–0.534				–0.268
Total	–0.003	0.262	0.409	0.401	–0.095	0.011	–0.019	0.008	0.058	–0.097	–0.258	–0.198	–0.037	–0.220	–0.022

Source: World Values Survey/European Values Study.

22

HOW CAN TRADE UNIONS IN EUROPE CONNECT WITH YOUNG WORKERS?

Kurt Vandaele

22.1. INTRODUCTION

Trade union density has almost universally declined across Europe in recent decades (Visser 2016), although substantial cross-country variation still exists. Among the different categories of under-represented groups in unions, young workers are considered the "most problematic group" in this regard (Pedersini 2010, 13). There is ample evidence that they are generally less inclined to unionize (see Section 22.2). Three major (and not mutually exclusive) explanations for this group's low unionization rate have been identified in the literature (Payne 1989; Serrano Pascual and Waddington 2000).

The first involves the assumption that the propensity of young workers to unionize has decreased because of intergenerational shifts in values and attitudes. The second explanation is that the opportunity to unionize has been structurally hampered by the individualization of working conditions (driven by human resource management policies), new developments in work organization (e.g., telework), and changing labor markets for young workers (Blossfeld et al. 2008). These workers are more likely to be employed in nonstandard employment arrangements and in those workplaces, occupations, and economic sectors marked by weak union representation.[1] Finally, the sociology of unionism matters: In light of the developments outlined previously, the current policies and organizational structures of many unions are likely to be ineffective for engaging and organizing young workers, and their predominant (decision-making) culture could be considered unattractive and unfavorable for youth participation

in union democracy and action (Vandaele 2012, 2015). We need to understand that the ways in which unions perceive and prioritize (or not) young workers play a pivotal role in shaping their efforts to address this problem (Esders, Bailey, and McDonald 2011). Moreover, given that there is a significant overlap between young workers and the phenomenon of precariousness, unions' strategies toward precarious work have, by definition, important consequences for these workers (Murphy and Simms 2017).

Based for the most part on a literature review, the aim of this chapter is to explore what kind of strategies unions in Europe could develop to reconnect with the new generation on the labor market.[2] In developing our main argument, we refer first to the main motives for union membership because their *relative* presence in a sector or country will influence unions' strategies and policies for organizing young workers (Heery and Adler 2004). The chapter broadly focuses on three areas of motivation (Ebbinghaus, Göbel, and Koos 2011): the significance of union membership as a traditional custom embedded in social networks; instrumental/rational motives that are influenced by a favorable institutional framework for unions to lower the costs of organizing and servicing (young) workers; and, finally, the principle of solidarity, the identity-forming function of union membership, and the ideological convictions promoted by unions. In the literature on youth unionization, each motive largely corresponds to a different research focus (as shown in Table 22.1), and the different sections of this chapter are accordingly built around this framework. Bearing in mind the diminishing impact of traditional motives and the pressure that employer organizations or governments exert upon "union-friendly" institutional frameworks in the labor market, the argument will be made that union agency takes on a particular importance in the effort to counteract the deunionization trend. Decisive union action in the form, for instance, of comprehensive campaigning can be instrumental in reviving or strengthening these traditional and instrumental/rational motives (Ibsen and Tapia 2017).

If the difficulties in organizing young workers continue unabated, this situation will represent an increasingly serious challenge for existing unions. It could impede their generational and imaginative renewal, exacerbate their already biased representation of today's more diversified workforce, and even seriously call

Table 22.1 The linkage between motives of union membership and the research focus

Motives of union membership	Research focus
Traditional social customs	Young people themselves: Their believes and attitudes
Instrumental/rational motives	Young people in the labor market: School-to-work transitions
Union agency	Young people and unions: Sociology of unionism

Source: Author's own typology.

into question their legitimacy vis-à-vis employers and political authorities, as well as their own organizational survival. Eventually, other or new organizations or social movements might emerge or gain further prominence for representing young (vulnerable) workers (and particularly in specific segments of the labor market such as the "gig economy"). At the same time, many young workers could potentially benefit from union representation. Since the Great Recession, inequalities in the labor market between adults and young people have accelerated, with labor market flexibility tending to disproportionally affect young workers (France 2016). Therefore, the idea will also be developed that young people's early labor market experiences should be placed center stage in any union recruitment or organizing drive toward the young. However, young people entering the labor market are not a homogeneous bloc, a fact that becomes especially clear in their transition from school to work. This crucial phase in young people's lives is marked by differences in the timing, duration, and sequence of labor market events. Distinctive trajectories in the school-to-work transition imply different challenges and opportunities for unions in terms of recruiting and retaining young workers, as well as engaging their participation in union activities, because their exposure to unionism is not uniform.

The chapter is organized as follows. Section 22.2 explores the extent to which an individual's age influences his or her decision to join a union, and it examines the patterns in youth unionization across Europe. Section 22.3 focuses on young people themselves in a discussion of their beliefs and attitudes toward unionization. It then explores the demise of unionization as a traditional social custom as an alternative explanation to simple cohort effects. Section 22.4 examines the significance of school-to-work transition regimes for organizing young people: The opportunities and costs of organizing are dependent on the degree of union integration in those regimes. The internal adaptation and diverse initiatives of unions across Europe toward engaging and organizing young workers are discussed in Section 22.5. Section 22.6 concludes the chapter.

22.2. YOUNG WORKERS AS A DEMOGRAPHIC CHALLENGE FOR UNIONS

In this section, we explore the relationship between age and unionization to assess to what extent there exists an "age deficit" within unions. Based on a literature review on the determinants of unionization (of studies from the 1980s until the early 1990s), Riley (1997, 272) found "conflicting evidence," with age only sometimes having a significant effect on union membership. Some years later, however, in the UK context, Machin (2004, 430) claimed that age is "a more important determinant of who joins trade unions now than it used to be." A seminal study by Blanchflower (2007) concluded that union density in 34 of the

38 advanced economies investigated follows a similar pattern: An inverted U-curve in regard to age shows that workers in their mid- to late forties have the highest likelihood of being unionized, compared to lower membership rates for both younger and older workers. Controlling for existing cohort effects in the United Kingdom and the United States, Blanchflower found that the concave age effect on unionization remains. More recent research on individual countries or across countries has either confirmed the concave age/unionization pattern (Kirmanoğlu and Başlevent 2012, 695; Turner and D'Art 2012, 47) or questioned it (Scheuer 2011; Schnabel and Wagner 2012). Thus, in the latter cases, it is found that the probability of unionization increases monotonically with age.

At first glance, the typical pattern of relatively low youth unionization should not, in itself, worry unions excessively because there might be an age effect at play. As young workers grow older and settle into (if it can be assumed) stable working careers, they might naturally "mature" into unionism. However, Figure 22.1 illustrates that in most European countries considered in this study, the median age of union members increased between 2004 and 2014; the same cohort effect applies to union activists and representatives in many sectors.[3] In fact, in some countries, the median age indicates that a great number of union members are in their mid-forties to early fifties. Because middle-aged workers currently dominate the overall union membership composition, the median voter theorem would suggest that their policy preferences are dominating union strategies (Ebbinghaus 2006). If indeed unions are primarily representing the interests and needs of "insiders" (i.e., older workers), they might appear relatively unattractive

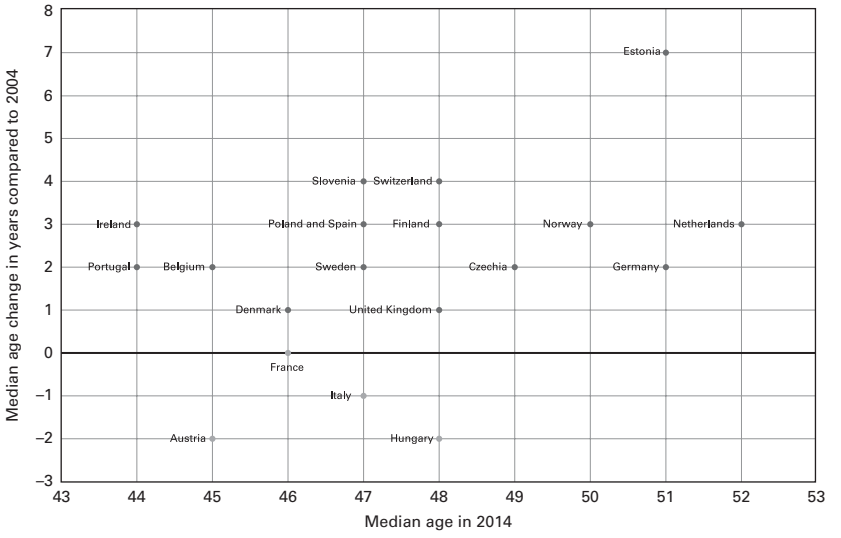

Figure 22.1 Median age of union members in 2014 and its change compared to 2004 in Europe. *Source*: European Social Survey.

to "outsiders" (i.e., young workers). However, such a rationale, based on assumed member preferences, ignores the structural context of labor market dualization and betrays a biased reasoning regarding statistical labor market outcomes. Apart from its rather manicheistic tendencies, this framework disregards "the constraints under which unions operate and the drivers of union strategies beyond their members' interests" (Benassi and Vlandas 2016, 6).

Nevertheless, today's smaller birth cohorts and young people's later labor market entrance (due to higher tertiary education rates) might further contribute to this "graying" of unions.[4] Figure 22.2 provides evidence that, by and large, most unions in many countries are struggling to organize young people or, at least, cannot keep membership developments in line with growing employment rates. The figure compares the unionization rates among "youth" and "adults" at the aggregated level (thus masking sectoral differences) in 2004 and 2014. Here, "youth" is defined as unionization until the age of 24 years and "adult" as unionization between 25 and 54 years. In practice, unions generally use a broader definition by setting the maximum age for "youth" at 35 years (Vandaele 2012, 208). Yet the definition of "youth" used in Figure 22.2 makes it easier to discern the possible difficulties unions have with attracting young people; it is also more in line with youth studies. Three observations can be made from the figure.

First, country differences in adult and youth unionization are *generally* persistent over time. Looking at, for instance, the level of youth unionization, there is a strong positive relationship between the country rankings in 2004 and 2014

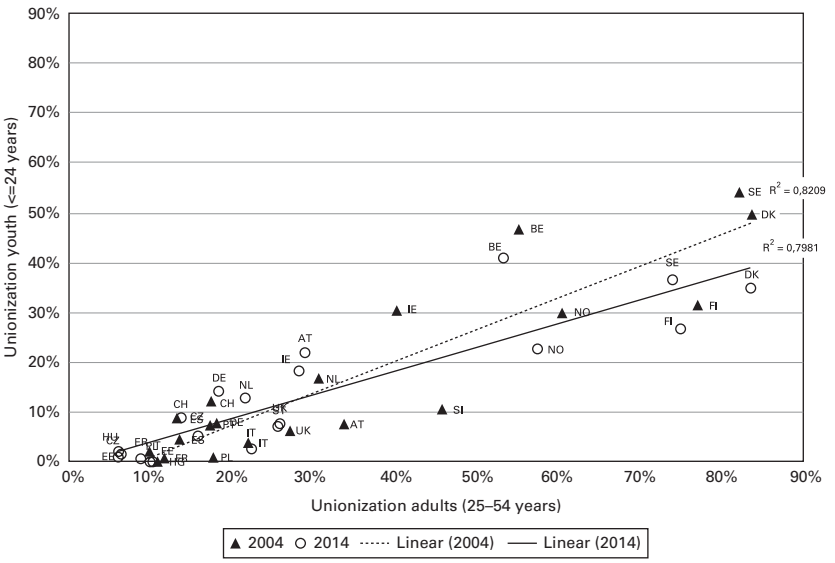

Figure 22.2 Unionization rates among youth and adults in Europe, 2004 and 2014.
Source: European Social Survey.

($r_s(20) = .86$, $p < .00$). Second, there is an equally strong positive association between youth and adult unionization in 2004, which still holds 10 years later. Although the youth/adult gap in unionization in the Nordic countries is relatively substantial because of the very high levels of adult membership, youth unionization is still higher in those countries compared to the others. Finally, there is a drop in both youth and adult unionization rates in most, but not all, countries, with a relatively stronger decline in youth unionization. In other words, during the past 10 years in most European countries considered here, less young people have joined a union, more often than not resulting in a widening of the youth/adult gap in unionization. The fall in youth unionization is especially conspicuous in Denmark, Ireland, and Sweden. Youth unionization has increased in only a small number of countries, notably Austria and Germany.

Figure 22.2 illustrates the strong self-perpetuating tendencies of early union membership and demonstrates that early unionization is key. Indeed, although a typical union member is middle-aged, the first experience with unionism is very likely to happen when a worker is still young (Booth, Budd, and Munday 2010a, 48). Evidence from, for instance, Denmark (Toubøl and Jensen 2014, 150) and the Netherlands (Visser 2002, 416) suggests that the likelihood of first-time union membership is higher when workers are young and entering the labor market than it is later on: They seem "sensitive to reputational effects even at low levels of workplace union density" (Ibsen, Toubøl, and Jensen 2017, 10). In other words, there are many "first-timers" but far fewer "late bloomers" in unions (Booth, Budd, and Munday 2010b). This essentially implies that the window of opportunity for unions to organize workers becomes decidedly smaller the older they get (Budd 2010). Moreover, the early stages of unionization are crucial because the first years of union membership are the period when the probability of member outflow seems to be at its highest (Leschke and Vandaele 2015, 3–5). However, the crucial question for many (but not all) unions is not so much why young workers are resigning from membership but, rather, why so many of them "do not join a union (or at least join a union once they get a stable job)" at all (Peetz, Price, and Bailey 2015, 64).

Further contributing to this bleak picture of the continued existence of unions is the increasing percentage of workers who have never become a union member, a trend that has been evident in Germany (Schnabel and Wagner 2006), the United Kingdom, and the United States (Booth et al. 2010a), as well as across other European countries (Kirmanoğlu and Başlevent 2012, 695). The rise of never-membership can be considered a "demographic time bomb" for unions if organizing young workers is not prioritized. Crucially, although the employment shift—from the traditionally highly unionized manufacturing industries to the less unionized private service sector—has significantly contributed to the rise of never-membership, this is not the whole story. Deunionization would have occurred even in the absence of such a structural employment shift in the labor market (Ebbinghaus and Visser 1999).

22.3. THE YOUNG PEOPLE THEMSELVES: THEIR BELIEFS AND ATTITUDES TOWARD UNIONS

Among many other causes (see Vachon, Wallace, and Hyde 2016), intergenerational change in beliefs and attitudes toward unions is considered an additional explanation for deunionization. Cohort effects in attitudes and beliefs toward collectivism are consequently a central concern in this section, which investigates whether such effects can explain the low youth unionization rate. Many young people do actually seem to demonstrate trade union sympathies (although they have less knowledge about unions), but the traditional sources for the transmission of favorable attitudes and beliefs toward unionization are disappearing. Therefore, instead of "problematizing youth," it is important to understand how young people develop their behavioral attitudes toward unions rather than simply comparing them to those of previous generations.

22.3.1. Framing young people's attitudes and beliefs via cohort effects

Studies on youth unionization that focus on young people *themselves* predominantly emphasize cohort effects. Such a social generation approach claims that young people's attitudes and beliefs toward collective behavior diverge sharply from those of previous generations. There is no consensus here as to how a young worker should be defined, in the sense that different age boundaries are used; when these are too large, this entails the danger of masking significant in-group variance (Tailby and Pollert 2011), which in turn might be influenced by differences in school-to-work regimes (Booth et al. 2010b). Thus, it remains an empirical question whether the attitudes of *very* young workers, with little labor market experience, are always similar to those of *older* young workers with more experience.

Above all other factors contributing to the low level of youth unionization, it has been speculated that young workers, being associated with increasingly individualistic beliefs and values, are less motivated by the collective ethos of unionism compared to previous generations (Allvin and Sverke 2000; Kirmanoğlu and Başlevent 2012). However, there are good reasons to be cautious about this claim. First, *conceptually*, individualism does not necessarily exclude the belief that collective behavior is required to achieve common goals (Goerres 2010). Nevertheless, collective behavior needs backing by collective mechanisms, which are increasingly breaking down or are no longer supported by the state or employer organizations (Peetz 2010). Second, *methodologically*, findings on differential intergenerational attitudes toward unions are often based on small-scale sociological studies, sometimes even of an anecdotal nature, so generalizing them is problematic (Haynes, Vowles, and

Boxall 2005, 96). Finally, *empirically*, pointing to period effects, there is little evidence that young union members are more individualistic than their older counterparts, although there may be differences between the unionized and the nonunionized (Paquet 2005). Instead, employers' hostility to union membership and a fear of victimization among young people may play an important and dissuasive role (Mrozowicki, Krasowska, and Karolak 2015; Hodder 2016; Alonso and Fernández Rodríguez 2017).

Although a narrow interpretation of young people's individualism often negatively associates it with "Thatcher's children" (in the UK context; see Waddington and Kerr 2002; Bryson and Gomez 2005), recent studies referring to "millennials" cast young people in a good light in terms of political engagement (despite their individualism). Again assuming cohort effects, millennials are considered a generational group that is loosely defined as those people who reached adulthood after the onset of the new millennium. Thus, specific attitudes and beliefs have been attributed to this "tech-savvy generation," especially concerning work, such as the minor importance of paid work in their value system. However, many of the intergenerational differences in the workplace could be explained by age and period as opposed to cohort effects (Hajdu and Sik, this volume). It has also been claimed that millennials constitute a new political generation whose differences from their predecessors have become especially apparent in the anti-austerity/pro-democracy movements that have been active since the Great Recession (Milkman 2017).

Although the participants in the anti-austerity/pro-democracy movements differ in their sociodemographic composition—being younger and more educated—and they are more likely to identify with the middle class, these youthful activists do share the same discontent and left-leaning political orientations as unionists (Peterson, Wahlstrom, and Wennerhag 2015). Still, tensions between them, if employed (and more often in vulnerable employment positions), and established union confederations rose notably in those European countries that were heavily affected by the Great Recession, such as Greece (Kretsos 2011) and Spain (Fernández Rodríguez et al. 2015; Köhler and Calleja Jiménez 2015). In these countries, the union confederations' original strategy of political inclusion through co-managing the crisis has contributed to a general decline in trust in them or to a perception of them being "bureaucratic dinosaurs" (Hyman 2015). But the union strategies adopted in the early stages of the recession also show that the disconnection between millennials and unions in those countries should be considered in a specific context. In fact, compared to previous generations, there is little reason to believe that most young people today are born with an "antipathetic union gene." Studies examining their attitudes toward unions paint a less negative picture than the assumed cohort effects suggest; in fact, strong antagonistic attitudes toward unionism *in principle* are not at all common among young people.

22.3.2. Virulent anti-unionism is not the problem

Studies actually point to an underlying and unmet demand for unionization among young workers. Basing their research on European Social Survey data, D'Art and Turner (2008) report largely positive attitudes toward unions, irrespective of age, and the persistence and even strengthening of this view among workers since the early 1980s. In fact, young workers seem even more inclined to join unions compared to their older counterparts. Such findings come from studies in Australia (Pyman et al. 2009), Canada (Gomez, Gunderson, and Meltz 2002), New Zealand (Haynes et al. 2005), the United States (Booth et al. 2010a), and the United Kingdom (Payne 1989; Serrano Pascual and Waddington 2000; Waddington and Kerr 2002; Freeman and Diamond 2003; Tailby and Pollert 2011). Also, as a corollary, a comparison between Canada, the United Kingdom, and the United States concludes that "workers have broadly similar preferences for unionization across age groups and borders" (Bryson et al. 2005, 166).

Significantly, this pattern of unmet demand for unionization can be confirmed for a large range of very different countries beyond the Anglophone world, including Belgium (Vendramin 2007), Denmark (Caraker et al. 2015, 97–111), France (Contrepois 2015, 94–95), Germany (Oliver 2011, 246; TNS Infratest 2015, 36–37; Nies and Tullius 2017), the Netherlands (Huiskamp and Smulders 2010), Sweden (Furåker and Berglund 2003; Bengtsson and Berglund 2011), and elsewhere across Europe (Turner and D'Art 2012); Hungary seems to be an exception (Keune 2015, 15). Furthermore, although results based on focus groups or individual interviews cannot readily be extended to young workers in general, such research methods do allow for a more enhanced differentiation between various youth segments in the labor market.[5] Again, interview-based research in, for instance, Poland (Mrozowicki et al. 2015), Portugal (Kovács, Dias, and da Conceição Cerdeira 2017), and the United Kingdom (Hodder 2016; TUC 2017, 25–28; the latter confirming previous results) highlights the (critical) support toward unions among certain labor market youth segments.

Although young people's attitude toward unionization is generally positive, it has been found that young workers possess very limited knowledge about unions (Fernández Rodríguez et al. 2015, 147; Hodder 2016, 13). Because young people are largely unaware as to what unions actually do, the overall majority of young people seem to be largely "blank slates" (Freeman and Diamond 2003, 40) when they enter the labor market. Even if they have some understanding about unions, it tends to be a stereotyped view, especially because the press and mass media are "biased toward selecting events about actual or impeding strike actions" (Gallagher 1999, 249).[6] Unions' negative public image might feed into the view that they are "representing a different type and culture of work and dynamics in employment to that experienced by young people" (Fernández Rodríguez et al. 2015, 157). In Australia, for example, it was found that young people think that

only "victims" on the labor market need unions, being powerless to bargain effectively for themselves (Bulbeck 2008).

Young workers' lack of knowledge about unionism is particularly evident when they experience concrete problems at work (Paquet 2005). When this is the case, at least in the Australian (McDonald et al. 2014, 321–23) and UK contexts (Tailby and Pollert 2011, 511; Hodder 2016, 66), unions are rarely considered a source of advice. For basic information and assistance on employment-related matters, popular internet search engines are common resources.[7] Young workers also informally approach management for advice. Finally, young workers rely on parental and family support and their circle of friends as a source of information to address job-related dissatisfaction. The literature on union attitude formation has specifically identified parents, family, and friends as socialization agents who could shape young people's union attitudes prior to their labor market entrance; it is to these pre-employment sources that we turn now.

22.3.3. Union attitude formation before labor market entrance

Two theoretical approaches are helpful for identifying sources that could influence young people's attitudes toward unions before their first entry into the labor market. First, applying insights from marketing theory, the "experience-good" model of unionism emphasizes that workers can only truly appreciate unions if they sample membership or become a member (Gomez, Gunderson, and Meltz 2002, 2004; Gomez and Gunderson 2004; Bryson et al. 2005). Joining a union requires some degree of prior knowledge, given that most union-provided benefits are rather unclear for nonunion members; in particular, nonmembers may have difficulty discerning the nonpecuniary benefits of union membership. This problem is especially relevant for young people because most of them do not have first-hand experience with unions. Still, the importance of unionism as an "experience good" should not be overemphasized, for indirect experience through contacts and networks is also important for learning about union benefits. Second, social learning theory likewise highlights the importance of embeddedness in union-friendly social networks in which positive union attitudes are socialized (Kelloway and Newton 1996; Griffin and Brown 2011). Social interaction with parents, relatives, and friends who support unionization increases the probability of young people having favorable union attitudes, and this might also act as a counterbalance to the predominantly negative public image of unions.

Thus, if favorable attitudes toward unionism (as a social custom) are transmitted from one generation to another, family and parental socialization can be identified as a potential source for the development of positive union attitudes among young people (Blanden and Machin 2003; Oliver 2010, 515;

2011, 253; Ebbinghaus et al. 2011, 109). However, it can be expected that such intergenerational social learning has *relatively* lost its importance in most countries because, given the rise of never-membership in a union, parental union membership has itself diminished (Freeman and Diamond 2003, 33–35; Schnabel and Wagner 2006; Kirmanoğlu and Başlevent 2012, 699). Even in a high-union-density country such as Belgium, the traditional social custom of union membership has become a less important motive for unionization among the younger age categories (Swyngedouw, Abts, and Meuleman 2016, 35). Favorable attitudes to unions can also come from young people's union-friendly social networks (Griffin and Brown 2011, 95–96); in fact, with regard to joining a union, peers seem to be a more important source of influence on young workers compared to older people (Freeman and Diamond 2003, 45). Yet, particularly in low-union-density countries, it is again questionable whether such pro-union networks are still strong enough for sustaining the norm of union membership. Finally, social networks in the context of education could also be a source of union attitude formation. Thus, students in certain fields of study, such as the arts and social sciences, seem to be particularly receptive to unionism (Oliver 2010, 515; 2011, 253; Griffin and Brown 2011, 96). Whether this is a consequence of the self-selecting tendencies of these disciplines, which perhaps mainly attract students who already have pro-union attitudes, or whether other factors (e.g., the curriculum of certain courses) are more significant has yet to be ascertained.

One question that arises is whether the initial socializing agents continue to have an influence on young people's union attitudes as they gain experience on the labor market. Based on the experience-good model of unionism, it is expected that the agents will lose their influence somewhat when young people have left full-time education and fully entered the labor market, for the youngsters will then gradually rely more on their own, individually accumulated "sampling history" (Gomez and Gunderson 2004, 108). This point is confirmed by a study on labor market experiences via student employment in Australia (Oliver 2010, 2011): Once young people begin to gain experience on the labor market, norms and influences at the workplace seem to gain greater importance as determinants of union membership compared to parental socialization (Cregan 1991). As Figure 22.2 indicates, the key period for unions to organize young workers is when they first enter the labor market because this gives unions a crucial opportunity to shape young workers' attitudes (Booth et al. 2010b, 66–68). This timing does not necessarily correspond with the completion of education or labor market entrance on a full-time basis; it could also concern student employment. Analyzing the influence of these early labor market experiences and transitions from school to work on union attitude formation is therefore vital.

22.4. EARLY LABOR MARKET EXPERIENCES AND SCHOOL-TO-WORK TRANSITIONS

Concerning the *timing* of labor market entry, one event in the school-to-work transition that deserves special attention is student employment. It provides unions with an opportunity to specifically target students, and it enables students to gauge the benefits of union membership for themselves first-hand (Oliver 2010, 2011). A crucial question is whether these first-time experiences with unionism in student employment serve as lasting impressions for when young people begin their careers after graduating. This exposure to unionism might be particularly different to what young people go on to experience in their future sectors of employment (Booth et al. 2010b, 61–62). Although there are few studies on young people's attitudes toward unionism during student employment, their development does seem to be influenced by these formative experiences of work. Two conclusions can be made.

First, young people in lower quality (student) jobs or who have encountered concrete labor market difficulties (e.g., temporary or involuntary part-time employment or unemployment) seem to have a greater desire to become union members compared to their counterparts with higher quality jobs (Lowe and Rastin 2000; Vendramin 2007, 59–61; Oliver 2010, 2011). This indicates that those in lower quality (student) jobs believe that unions could improve their job quality, which is especially the case among young workers with a longer involvement in the labor market, suggesting that they realize that "exit and different jobs are not necessarily solutions to problems at work which repeat themselves" (Tailby and Pollert 2011, 514). Second, workers with previous union experience generally hold more positive views about the ability of unions to improve working conditions and job security compared to never-members (Kolins Givan and Hipp 2012). Likewise, those who were union members during their period of student employment are more likely to join a union after finishing their studies compared to those young people who have never been a union member (Oliver 2010). However, confirming the experience-good model, it is not union membership per se that seems to matter but, rather, the *positive experience* of that membership during student employment. Communicating with new young members in a personal way and educating them about their social rights could contribute to such a positive experience (Paquet 2005).

Of great importance, naturally, is whether unions are embedded in the workplace, because the extent of union representation influences (young) workers' perception of the effectiveness of unions (Waddington 2014). It is no coincidence that unions' diminishing access to the workplace (linked to the firm size via legal eligibility requirements about union representation) is clearly associated with lower youth unionization (Spilsbury et al. 1987; Payne 1989). It is therefore crucial to map what proportion of those in student employment are exposed to

unionism and to analyze their experiences at work; the same principle, of course, applies for young workers in general (TUC 2016, 2017). It is certain that being in paid employment alongside studying has become widespread throughout Europe (especially for those in tertiary education) out of the need to finance costs or to improve the standard of living (Hauschildt et al. 2015, 95–102). Notable variation in student employment rates exists between countries and between study disciplines, for instance, which alludes to different patterns in school-to-work transitions. At the same time, student employment is especially concentrated in the wholesale, retail, accommodation, and food sectors in most European countries (calculations based on Grotti, Russell, and O'Reilly, this volume)—the very sectors in which union density is far below the national average. Thus, in most countries, the odds are not very high that young people have direct experience with unions at the workplace for the first time during student employment, especially in low-union-density countries. But even in unionized workplaces, one particular finding is that nonunionized students or young workers are not always *actively* recruited: In other words, nobody asks them to join (Cregan and Johnston 1990, 94; Pyman et al. 2009, 12–13; Oliver 2010, 511).

School-to-work transitions are marked not only by variation in young people's labor market entry speed (via student employment or otherwise) but also by differences in the sequence and duration of employment statuses. The distinctive patterns of school-to-work transitions are associated with different degrees of job stability and security, and they have long-lasting effects on labor market outcomes (Berloffa et al., this volume). Patterns depend on differences in educational and training systems, sectoral and national labor market institutions regarding employment regulation, and changing macroeconomic conditions such as the outbreak of the Great Recession (Grotti et al., this volume). Individual characteristics such as gender and educational attainment also clearly influence young people's early employment and career history. All of this explains why the dominance of certain patterns in school-to-work transitions varies across sectors and countries (Brzinsky-Fay 2007). Based on several institutional characteristics, five country clusters or regimes of school-to-work transitions have been identified (Pohl and Walther 2007; Pastore 2016; Hadjivassiliou et al., this volume). It is beyond the scope of this chapter to explore each regime in detail; rather, it is sufficient here to give an account of the degree of integration of unions into the institutional framework of these regimes and how they are (perceived as) helpful in smoothing young people's entrance into the labor market. Thus, in the Northern European universalistic regime, unions play a role (together with public employment services) in the management of income-support schemes and active labor market policies, which increases the probability of young workers' union exposure. Above all, union-managed voluntary unemployment insurance schemes (the "Ghent system") act as a selective incentive for unionization in Denmark, Finland, and Sweden (Ebbinghaus et al. 2011). However, the *state-led* "erosion" of this Ghent system or the promotion of

new institutional alternatives or both have weakened the close relationship between unions and insurance schemes, especially for new labor market entrants (Høgedahl and Kongshøj 2017). Nonetheless, these countries, together with Norway and Belgium (the latter a quasi-Ghent system country; Vandaele 2006), record high youth unionization in both selected years (see Figure 22.2).

While belonging to the employment-centered regime, Belgium has a fairly stable youth unionization rate, explained by the relatively unchanging de facto Ghent system and the quadrennial social elections in large firms in the private sector, which offer unions an opportunity to reach out to young workers (Faniel and Vandaele 2012). In other countries belonging to the employment-centered regime, especially Austria and Germany, the dual educational system plays a central role, helping young people gain specific occupational skills while still at school by providing vocational training opportunities via apprenticeships. Historically supported by a legal framework of firm-level representation (the *Jugend- und Auszubildendenvertretung*), apprenticeships have been unions' dominant and most successful channel for organizing young workers in Germany (Holst, Holzschuh, and Niehoff 2014). Since the late 1980s, however, vocational training has slowly lost its significance as an entry point into the labor market. German school-to-work transitions have become characterized by precarious employment or by tertiary education students entering the labor market directly or via dual studies, with those taking the latter route combining study with practical training or work experience in a company. These different school-to-work trajectories have prompted German unions to strategically rethink their organizing approaches; for instance, the different strategies toward organizing young workers of the IG Metall union have been identified as key to its success (Schmalz and Thiel 2017). Nevertheless, apprenticeships remain a significant recruitment channel for unions in large firms, especially in the manufacturing industry (which continues to be an important provider of employment in Germany). It has therefore been suggested that German unions would do better to focus on young people's apprenticeships and traineeships within their field of study rather than on their possible experiences in non-study-related student employment because this is weakly clustered in particular sectors (Oliver 2011).

Finally, in the three other school-to-work transition regimes—with obvious differences between the liberal, subprotective, and post-socialist regimes—the education, training, and welfare systems *generally* allow less room for union involvement. In the case of the subprotective regimes, it should be noted that unions' associational power is less oriented toward organizing union members. Their power is predominantly based on their mobilization capacity for demonstrations and strikes (as in France, although it belongs to the employment-centered regime; Sullivan 2010) or on the social election results at the company level (as in Spain; Martínez Lucio, Martino, and Connolly 2017). Although these different union identities reveal the various ways in which unions prioritize the organization of young workers (and to what extent), it is important for all unions to renew their

base of union activists, candidates for social elections, or union representatives. In any case, across the five regimes, today's school-to-work transitions are more often than not complex, unstable, and nonlinear. From a historical perspective, this level of complexity and nonlinearity is not typical for contemporary school-to-work transitions (Goodwin and O'Connor 2015). Even so, today's employment has been increasingly plagued by precariousness and the quality of youth jobs has deteriorated, with an increase in part-time and temporary jobs since the Great Recession (Lewis and Heyes 2017; Grotti et al., this volume; Hadjivassiliou et al., this volume). In this respect, given young people's turnover rates, it has been claimed that unions should opt for a life cycle approach to organizing instead of a job-centered approach (Budd 2010).

22.5. UNION AGENCY: UNIONS REACHING OUT TO YOUNG PEOPLE?

Historically, and highlighting their weaknesses in terms of field-enlarging organizing strategies, unions have long found their relationship with young workers to be a challenge (Williams and Quinn 2014): The "generation gap" in unionization between young workers and their older counterparts is not new. But today's positive attitude formation regarding unionization through socializing agents and union exposure at the workplace is becoming a less effective means of reaching out to *all* young workers. However, the shaping of union attitudes also depends on the agency of the union—in the efforts it makes toward developing the collective consciousness, identity, and actions of the young workers (Blackwood et al. 2003). Unions across Europe have gradually (although too slowly) begun undertaking different (small-scale) actions to better engage with young people. Unions' growing awareness of low youth unionization and the economic context of the Great Recession, with its increase in youth unemployment, have both enhanced this engagement (Vandaele 2013).

As illustrated by brochures on "good examples" from the United Kingdom's largest union Unite (2014) and the European Federation of Building and Woodworkers (Lorenzini 2016), among others (Pedersini 2010; Keune 2015), several unions are using a vast array of (not necessarily new) tactics to engage young workers. Reach-out activities include visits to vocational schools, higher education institutions, and job-information conventions; self-promotion; and providing information about young people's social rights and challenges in their school-to-work transitions where unions can provide specific services.[8] Fostering alliance-building between unions and relevant youth organizations, such as student organizations, is another way to achieve a better understanding of school-to-work transitions and young people's problems, also outside the workplace. Some unions are also present at youth events such as music festivals

or advertise in cinemas. Furthermore, although face-to-face communication and traditional forms of mass communication continue to be of importance, young people's media consumption is heavily oriented toward the internet and social media via apps on mobile computer devices. Although unions have increased their presence and activity in this regard, there is often a lack of strategic coherence, meaning that their potential communication power is underutilized (Hodder and Houghton 2015), especially because young people's preferences toward social media communications are based on the opportunities it offers for participation (Wells 2014).

There are also abundant examples of unions offering a reduced-price or free union membership so that students and young workers, often in low-paid or even unpaid work (e.g., in the creative industries), can sample the benefits of union membership. Meanwhile, some unions—for instance, in Italy, the Netherlands, and Slovenia—have set up separate organizations or networks for representing atypical or freelance workers, whose jobs are often characterized by precariousness (Gumbrell-McCormick 2011; Lorenzini 2016). Furthermore, regarding recent labor market developments, so-called "self-employed" workers in the "gig economy" (more likely to be younger) have been building solidarity outside of the traditional unions to deal with employment issues. They have set up their own grassroots campaigns, collective actions, (virtual) community-based self-organizations, and "labor mutuals" (Bauwens and Niaros 2017; Tassinari and Maccarrone 2017). Alliance-building between these self-organizations and existing unions, as well as imaginative and diversified union strategies that make innovative use of technology to connect spatiotemporally distributed workers, is needed now more than ever to "#YouthUp"—that is, to attract the millennials and future generations. However, apart from legal arrangements, current union statutes and representation structures might often act as obstacles to union membership for those workers who frequently change employment status (including "gig workers").

Furthermore, some unions have set up targeted campaigns demonstrating the benefits of collective representation and action in order to alter their media profile and public image among potential (young) members and the wider public (Bailey et al. 2010). Although the findings presented here are solely from the perspective of an observer, the relative success of the Dutch "Young & United" campaign illustrates the possibilities of union agency. In 2015, the *Federatie Nederlandse Vakbeweging* (Dutch Federation of Trade Unions), together with a diverse range of youth organizations, launched this campaign to reach a dispersed young workforce that is difficult to organize, given that many young people are employed in companies and sectors with a high turnover rate. Shining a spotlight on age discrimination, the well-prepared Young & United campaign was launched with the aim of abolishing the low "youth minimum wage" for young workers aged between 18 and 23 years.[9] Intriguingly, this issue-based campaign was successful in terms of political agenda setting and the partial abolishment

of the youth minimum wage, despite the fact that this low wage had not been a public issue in the Netherlands for several decades.

Because the sharing of media content is a social driver, and union-friendly networks are socializing agents for union attitude formation, one of the key challenges of any union youth campaign is "to tap into these networks of young people and provide information in a way that can be easily shared" (Geelan 2015, 77; see also Johnson and Jarley 2005). The Young & United campaign seemed largely effective in gaining a foothold in youth networks by using a language, visuals, and messages that appealed to young people. Inspired by methods from the "community organizing model" (Lorenzini 2016, 24–25), the campaign made heavy use of social media and escalating direct action, often with a festive dimension and led by a large and diverse group of young people who were engaged via like-by-like recruitment. However, research is needed on the extent to which the campaign succeeded in raising awareness among young people about unionism and triggered an ongoing increase in youth union activism. Furthermore, new young members might develop false expectations if they think of unions as primarily social movements, for this ignores the realities of daily, routine union work and the fact that most unions are hardly permanent mobilization machines, especially in the Dutch context. Nevertheless, the Young & United campaign turned its attention in 2017 to problematizing temporary and zero-hour contracts for young workers and putting better employment contracts on the political agenda.

The Young & United campaign demonstrates that, if it is successful, comprehensive campaigning can forge a collective identity and sense of solidarity based on salient (workplace) issues that are politicized and could be addressed by better regulation (Murphy and Turner 2016). The potential for better regulation is crucial, given that young people's interest in unionism is based on the condition that "they feel that their contribution can make a difference" (Byford 2009, 237). From the perspective of union membership as an experience good, campaigns that make *sole or predominant* use of formal advertising channels are likely to be relatively unsuccessful in influencing young people's union attitudes (Gomez and Gunderson 2004, 107). The Danish "Are you OK?" campaign, launched in 2012, illustrates this point. Although this campaign highlighted the importance of collective organization and the concrete benefits of collective agreements, its network embeddedness among young people was weak because of its top-down character; thus, young people's union attitudes were only marginally altered (Geelan 2015). In contrast to a simple marketing campaign, comprehensive campaigning combines a top-down approach with youth-led activism at the workplace or beyond.

Furthermore, it is doubtful whether campaigns that address young workers uniformly as an age-defined or homogeneous group will be successful. A demographic characteristic such as age might be a meager basis for identifying issues of concern because young workers do not necessarily think of themselves

as a group with shared interests (Kahmann 2002). Given the variety of school-to-work transition regimes, young workers' different labor market experiences give rise to different interests and needs, although not necessarily different from those of older generations; still, the precariousness of young people's working conditions might be an issue that is salient and common across the different regimes.[10] Although union campaigns might capitalize on issue-based forms of civic and political participation and the "resurgence in youth activism," youth engagement seems largely to mirror existing national patterns of political participation, which can be clustered into country groups that are similar to the school-to-work transition regimes (Sloam 2016; Bassoli and Monticelli 2018). This indicates that campaign strategies should be contextualized within these regimes.

Finally, if unions want to help young workers develop agency in their working lives, effective internal structures for youth representation are also a necessity, insofar as they make unions more responsive to and knowledgeable about the aspirations, interests, and needs of young people (Vandaele 2012, 2015; Bielski Boris et al. 2013). Increasing unions' responsiveness toward young workers might help disprove the pessimistic stereotype that they are hostile to unions because of individualistic tendencies. In addition, although it could be speculated that "generational differences have perhaps been more apparent to activists than to academics" (Williams and Quinn 2014, 140), the possible misconception about young workers' excessive individualism is certainly not without risk for unions; it could turn into a self-fulfilling prophecy if the resulting behavior of union officials and activists ends up impeding a satisfactory engagement with the new generation on the labor market (Esders et al. 2011). Similarly, certain groups of young workers, at least in the United Kingdom, have internalized the principles of today's labor market flexibility (Bradley and Devadason 2008, 131), which indicates that "how they see the world differs from the union officials who seek to organise them" (TUC 2016, 33). A simple replication of formal union decision-making structures via parallel structures for youth entails the danger of a ghettoization based on age, weakening the articulation of young workers' own agendas and ideas (Dufour-Poirier and Laroche 2015). Furthermore, such age-based structures, unlike gender structures or those for under-represented groups such as migrants, would face regular changes in the membership composition (because of maximum age criteria). Integrating young workers into union activities solely through forms of representative democracy seems insufficient for instigating a more *transformative* change in union strategies and practices. New forms of participatory democracy and self-expression, informal engagement around issues (e.g., precariousness), and training and education (also via mentoring and union leadership development programs) may contribute to a greater—and more politicized—involvement of young unionists in union life and activities and also empower them (Laroche and Dufour-Poirier 2017).

22.6. CONCLUSIONS

Demographic change is a fundamental issue for membership-based organizations, and this is equally applicable to unions. Many of them are in trouble today because union membership is not only heavily skewed toward workers in industry and the public sector but also noticeably "graying." Although youth unionization is persistently higher in the Northern European countries and Belgium than in all other European countries considered here, a decline in youth unionization, at the aggregated level, almost represents a common trend. This representation gap in unionization between younger and older workers is not new. However, it is often explained by attributing specific attitudes and beliefs to the new generation of workers. This is a recurrent popular narrative: Public perceptions, media representations, and political discourses tend to stress intergenerational shifts, although empirical evidence of cohort effects is often lacking. Rather than a deficiency of collectivist beliefs and values, there are other, more significant reasons for unions' difficulties in engaging and organizing young workers.

Thus, socialization via parents and social networks is a less effective means of positive attitude formation for unionism than in the past. Furthermore, young workers are predominantly employed in workplaces, occupations, and sectors in which the social norm of union membership is simply weak. If union leadership continues to hold generational stereotypes about young people, the risk is that it will not be self-reflective or self-critical enough to tackle low youth unionization. Apart from a broad strategic vision on the future of unions, a vast shift in resource allocation is needed for overcoming the widening representation gap and for turning small-scale, local initiatives into large-scale organizing efforts, especially in those growing occupations and sectors in which young workers are employed and need unions the most. In this area, early unionization and demonstration of the effectiveness of unions is crucial. The research on unions and student employment highlights that only student workers with a positive experience have a higher probability of future membership, compared to workers reporting that unions made either a negative impression or little impression at all. Rather than providing historical accounts of the achievements of the labor movement, union activities for engaging young people would do better to emphasize how unions are addressing salient issues that matter to them today.

Furthermore, the continued cross-country variation in youth unionization points to the relevance of unions' institutional embeddedness in school-to-work transitions, inter-related with different union approaches to organizing young workers. In other words, it appears that age itself is a less important factor for explaining low youth unionization; the decision to become a union member is rather "embedded in the context of an individual's work history" (Lowe and Rastin 2000, 217). It is young people's early experiences on the labor market and

their (workplace) issues—either via student employment or when they begin their career after graduating—that matter, along with their direct exposure to unions at the workplace. Analyzing in detail the institutional arrangements within education, training, and welfare systems could contribute to a better understanding of how unions can strengthen their relevance for school-leavers in their transition from school to work by designing tailor-made union strategies for young people in precarious work and other nonstandard forms of employment. Youth unionization is not doomed to failure because of an intergenerational shift, and unions should therefore not resign themselves to such a fate but, rather, should recognize—it must be stressed, the sooner the better—that there is still room for maneuver.

NOTES

1 This latter issue has been the result of either a lack of legal provision for such representation or a lack of deliberate managerial or state strategies of avoiding or resisting union representation in the (fissured) workplace (due to contracting out and subcontracting).
2 I am very grateful for the constructive remarks and suggestions from Carl Roper, Mark Stuart, and the editors of this book.
3 Retired members and other categories of passive members are included in Figure 22.1 because they can also influence union decision-making. Notably in Italy, pensioners have an incentive to become or remain union members because specialized union offices help them access welfare benefits (Frangi and Barisione 2015). Obviously, the overall median age in each country drops slightly if only active union members are included in the count; the country trends over time remain, however.
4 Youth emigration could be another explanatory factor.
5 Disaggregating survey data within the young age group is seldom done because the size of the survey sample usually does not allow for this.
6 In particular, a public transport strike might disproportionally distress young people because they often make use of this means of transport (Schnake, Dumler, and Moates 2016).
7 It remains an open question whether unions are found at the top of the search engine results page.
8 In several countries, unions are legally prohibited from going to schools or campuses, but creative tactics can be employed to get around this restriction.
9 See https://www.youngandunited.nl.
10 Those problems could include issues beyond the workplace, such as affordable housing.

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