



EUROPEAN POLICY BRIEF



Flexicurity, the Crisis & Young

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INTRODUCTION

'Flexicurity' is a controversial concept but at the core is the delicate balancing act between matching labour market security and flexibility. Labour market flexibility is usually captured by contractual flexibility but can also relate to internal flexibility through adaptation of working time. On the security side there is i) job security' commonly measured through the strictness of employment protection legislation (EPL) ii) employment security provided by active labour market policies or life-long learning and iii) income or social security. In recent years European countries have seen a trend from job security to employment security with limited focus on social security. The challenge of matching security and flexibility is key to young people's effective and sustainable integration in the labour market. As such policies labelled as 'flexicurity' have, in principle, much to offer young people. However, the implementation of flexibility and security policies have tilted towards flexibility, with heightened risks for young people starting work on flexible contracts.

This project conducted a comprehensive exploration of policy and outcomes on the flexibility-security interface for young people. Firstly, we identified the institutional configurations and related outcomes for young people across EU countries. Secondly, we assessed the early labour market experiences of youth with a specific focus on the quality of their employment and the impact of the parental household. Thirdly, we analysed the impact of configurations of "flexicurity" policies on young people's objective and subjective insecurity and their well-being. Finally, we explored developments in employment policy making before, during and after the crisis with a particular focus on 'flexicurity' and youth.

EVIDENCE AND ANALYSIS

One of the challenges of implementing so-called flexicurity policy has been its mixed interpretation and application across countries. A comprehensive mapping exercise of flexibility-security indicators and outcomes showed that country groups with similar institutional settings do not necessarily have similar labour market and/or social outcomes for young people: institutional and outcome-type indicators of flexibility-security might not be correlated. There are a variety of combinations of flexibility-security policies

and a range of forces beyond flexicurity policies shaping outcomes on youth labour markets: it is not possible to find a one-size-fits-all model of security and flexibility. The variety of outcomes further underlines for policy makers and researchers alike that youth are far from a homogenous group.

Relevant measures are required for the youth labour market. By using the unemployment ratio – the proportion of the population that is unemployed – instead of the conventional unemployment rate (share of active population) we show a greater level of stability on youth labour markets. Our results also confirm that external numerical flexibility is very high among youth. Indeed young people find themselves in a 'vicious relationship' between flexibility and security with higher levels of flexibility and lower levels of security.

Temporary contracts allow youth to gain first-hand labour market experience but result in a trade-off between flexibility and security. Young peoples' over-representation in temporary employment implies that their employment fluctuates more than that of adults, making them more prone to unemployment. With shorter average tenure, more limited labour market experience and greater difficulty fulfilling eligibility conditions they have more limited access to the security of unemployment benefits.

The segmentation of young people into precarious jobs and unemployment also places them at greater exposure to feelings of subjective insecurity. This perception of insecurity is influenced by the institutional context and the family situation and although we find some country clustering of results there is no neat mapping onto flexicurity regimes.

The analysis of youth trajectories into permanent positions underlines the need to consider quality of outcomes. The medium-term trajectories of young people (5 years) can be categorised into three relatively successful outcomes (speedy, long search, in&out successful), two unsuccessful outcomes (in&out unsuccessful, continuously unemployed/inactive), and one where young people return to education. The country differences are stark across the 17 EU countries analysed. From a policy perspective the study shows a positive correlation between active and passive labour market policies (ALMP and PLMP) and successful pathways but a negative correlation with employment protection legislation (EPL). However, we suggest that the current mix of ALMPs and PLMPs is not necessarily effective in helping young people enter secure employment.

We also demonstrate the importance of considering the household context for young people when assessing and understanding the quality of their labour market trajectories. The results suggest that trajectories are affected by household characteristics and that those coming from work-rich households – where two parents work – have better labour market outcomes in terms of employment than those from households with a single breadwinner. There were important gender differences here, working mothers have a positive effect on the integration into employment of their daughters and their sons.

Our analyses of the country specific recommendations (CSRs) explored the key way in which the European Employment Strategy (EES) exercises its influence on member states policy. The results showed a progressive shift of attention from gender issues towards older workers and then somewhat belatedly from older workers towards young people during the crisis.

The general recommendation to implement labour market reforms to enhance flexibility tended to be translated into the so called 'reforms at the margin' – an important area of policy making not directly targeted on young people, but with indirect effects for segmentation of young people. Subsequent reforms were supposed to rebalance flexibility with security. Our parallel analysis of the intensity and direction of policy activity by member states illustrates how policy making changed both in intensity and focus throughout the period. In line with the CSRs, national policy towards young people was rather limited over the period analysed but the intensity of policy making aimed at young people increased.

POLICY IMPLICATIONS AND RECOMMENDATIONS

Our research findings have a number of important implications that inform policy towards young people.

Firstly, the results underline the implicit trade-offs at the core of the flexicurity model for young people. There are risks associated with these trade-offs, shaped by the institutional configurations and the

protective role of the household. The high use of external numerical flexibility – temporary or short-term contracts – means that benefits accrue to employers and generate volatility for young people. Policy makers need to be aware that young people, similarly to other vulnerable groups, do not experience the same wins that regular employees might gain from flexibility-security policies. From the security perspective youth are more prone to becoming unemployed yet less likely to have access to unemployment benefits. Policies towards young people are required that improve their security on the labour market.

Secondly, our analysis underlines the risks for policy makers of adopting a common policy framework. EU-wide or country cluster policy prescriptions require careful consideration of the heterogeneity of institutional arrangements, composition of the labour market, the different securing role that households play and recognition that youth is not a homogenous group. The results of the comparative analysis across institutional settings underline that there is no clear link between so-called flexicurity regimes and performance.

Thirdly, our results stress the need for effective metrics for policy development and evaluation. We raise a number of questions about the applicability of institutional-level variables for the analysis of cross-country differences in labour market outcomes. This weakness is particularly problematic for assessing the impact of flexicurity policy. Our analysis also questions the common reliance on standard measures of EPL. Reliable metrics are particularly important when considering the impact of policy on women and men and different groups of young people. Similarly when it comes to outcomes new measures are required including more nuanced unemployment metrics and measures of well-being and life satisfaction.

Finally adequate policy development also requires recognition of the complexities and inter-linkages of influences on labour market behaviours and outcomes. Our results underline the complexity and layers of influences within different national contexts and the need for the widest consideration of the impact of policy changes on individuals, households and labour markets in order to assess impacts. Policy makers need to give careful consideration to the scope of policies for their intended, and unintended consequences. For young labour market entrants with their working lives in front of them, this perspective is crucial. A gender-mainstreamed approach to policy is required in order to both recognise gender gaps and reduce the risk of future gaps in order to promote more gender-equal outcomes.

RESEARCH PARAMETERS

The research adopted a broad definition of the concept of flexicurity in order to avoid controversies around the political interpretation of the term and maximise the analytical power for the exploration of labour market policy and outcomes related to flexibility and security for young people. In this way we were not constrained by specific definitions and debates. For example, we analysed the often overlooked income security dimension of the initial concept, alongside the more widely implemented active labour market policies (employment security), and labour market flexibility. Our methodologies embraced a wide range of data sources and analytical approaches in order to develop a thorough analysis of the policies and outcomes of flexicurity. This included individual-level micro data from the European Union Statistics on Income and Living Conditions (EU-SILC) and the European Social Survey (ESS) which were complemented by policy-level data from the Labour Market Reforms Database (LABREF) and analysis of more than a decade of Country Specific Recommendations (CSR) issued by the European Council to member states.

PROJECT IDENTITY

PROJECT NAME	Strategic Transitions for Youth Labour in Europe (STYLE)
COORDINATOR	Prof. Jacqueline O'Reilly, University of Brighton, Brighton, United Kingdom J.O'Reilly@brighton.ac.uk

CONSORTIUM

- Centre for European Policy Studies, Brussels, Belgium
- Copenhagen Business School, Copenhagen, Denmark
- Cracow University of Economics, Cracow, Poland
- Democritus University of Thrace, Komotini, Greece
- Economic & Social Research Institute, Dublin, Ireland
- EurActiv, Brussels, Belgium
- Grenoble Ecole de Management, Grenoble, France
- Institute for Employment Studies, Brighton, United Kingdom
- Institute for the Study of Labour, Bonn, Germany
- Koç University Social Policy Centre, Istanbul, Turkey
- Metropolitan University Prague, Prague, Czech Republic
- National University of Ireland Galway, Galway, Ireland
- Norwegian Social Research, Oslo, Norway
- Slovak Governance Institute, Bratislava, Slovakia
- Swedish Institute for Social Research, Stockholm, Sweden
- TARKI Social Research Institute, Budapest, Hungary
- University of Brighton – BBS CROME, Brighton, United Kingdom
- University of Graz, Graz, Austria
- University of Oviedo, Oviedo, Spain
- University of Oxford, Oxford, United Kingdom
- University of Salerno, Salerno, Italy
- University of Tartu, Tartu, Estonia
- University of Tilburg, Tilburg, Netherlands
- University of Trento, Trento, Italy
- University of Turin, Turin, Italy

FUNDING SCHEME

FP7 Framework Programme for Research of the European Union – Collaborative project. SSH - ACTIVITY 8.1: GROWTH, EMPLOYMENT AND COMPETITIVENESS IN A KNOWLEDGE SOCIETY, Area 8.1.2 Structural changes in the European knowledge economy and society - SSH.2013.1.2-1 Overcoming youth unemployment in Europe.

DURATION

March 2014 – August 2017 (42 months).

BUDGET

EU contribution: €4 999 056.

WEBSITE

www.style-research.eu

FOR MORE INFORMATION

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FURTHER READING

Eamets, Beblavý, Bheemaiah, Finn, Humal, Leschke, Maselli and Smith (2015) [*Mapping Flexicurity Performance in the Face of the Crisis: Key Indicators and Drivers of Youth Unemployment*](#), STYLE Working Papers, WP10.1

Leschke & Finn (2016) [*Tracing the interface between numerical flexibility and income security for European youth during the economic crisis*](#), STYLE Working Papers, WP10.1a. CROME, University of Brighton, Brighton.

Berloffa, Matteazzi, Mazzolini, Sandor & Villa (2015) [*Youth School-To-Work Transitions: from entry jobs to career employment*](#), STYLE Working Papers, WP10.2.

Russell, Leschke & Smith (2015) [*Balancing Flexibility and Security in Europe: the Impact on Young People's Insecurity and Subjective Well-being*](#), STYLE Working Papers, WP10.3. CROME, University of Brighton, Brighton.

Smith and Villa (2016) [*Flexicurity Policies to integrate youth before and after the crisis*](#)