

Editorial

Social Exclusion of Youth in Europe: Consequences of Labour Market Insecurity

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Insecure labour market positions are widespread among young people in Europe. The unemployment rate and temporary employment rate among those first entering the labour market or those who are still at the beginning of their working lives is much higher than among the rest of the working-age population (Breen, 2005; Baranowska & Gebel, 2010). There is a large body of research on micro and macro-level drivers of youth unemployment and temporary employment in Europe. From a theoretical perspective, it is usually argued that young job applicants are at a high risk of unemployment and temporary employment because, being outsiders, they lack experience, seniority, and networks in contrast to the more experienced workers, who represent the insiders (Lindbeck & Snower, 1989). Another explanation is information problems that arise in the two-sided matching process of young job applicants and employers (Sørensen & Kalleberg, 1981). It has been shown that individual resources such as education qualifications matter for a successful integration into secure labour market positions, particularly with respect to avoiding unemployment (Gebel & Giesecke, 2011; Shavit & Müller, 1998; Kogan et al., 2011). European comparative research has highlighted that the degree of youth labour market problems varies strongly across countries. Specific institutional configurations of the education and training system (such as the existence of apprenticeship systems), the labour market, and the welfare state (such as employment protection legislation and activation measures), as well as specific macro-structural conditions (such as economic growth and globalization) have been identified as the drivers of country differences (Müller & Gangl, 2003; Blossfeld et al., 2008; O'Reilly et al., 2015).

It is still very relevant to study the drivers of labour market insecurity and find the ways to reduce labour market insecurity. However, in the context of the pervasiveness of labour market insecurity, the consequences of labour market insecurity are also a growing concern. Following the life course research paradigm, the central research question about the consequences emerges especially pertinently, since the school-to-work transition is a central stage in the individual life course. This research question has been partly addressed by the literature on how an initial period of insecure labour market positions affects the work careers, theoretically contrasting the entrapment hypothesis and the integration/stepping-stone hypothesis (Gebel, 2015). Previous research has particularly investigated the short-term career effects of experiencing unemployment (Scherer, 2004; Steijn et al., 2006; Rokicka et al., 2018), temporary employment (Barbieri & Scherer, 2009; Gebel, 2010; McGinnity et al., 2005) or overqualification (Scherer, 2004; Baert et al., 2012).

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Building on this research tradition, the project entitled ‘Social Exclusion of Youth in Europe: Cumulative Disadvantage, Coping Strategies, Effective Policies and Transfer’ (EXCEPT)² was dedicated specifically to a more comprehensive investigation of the consequences of labour market insecurities of young people (for an overview on the project results, see Unt & Gebel (2018)). Instead of just focusing on the career consequences, the central aim was to study the multifaceted risk of social exclusion that the youth face as a consequence of being in insecure labour market positions. Specifically, the project sought a comprehensive understanding of how job insecurities and labour market exclusion affect the youth’s subjective well-being and health, their chances of gaining autonomy by leaving the parental home, gaining economic independence from parents as well as their short-, medium and long-term economic situation in terms of risks of poverty, material deprivation and capabilities of qualifying for social security.

The consequences of labour market vulnerabilities on various dimensions of social exclusion were addressed in a multilevel dynamic approach. At *the individual level*, descriptive analyses of European microdata reveal that well-being and health are lower among the unemployed, particularly the long-term unemployed, compared to the employed, while there are smaller (well-being) or no differences (health) by type of contract (permanent vs. temporary employment) (Athanasiaides et al., 2016). Using hybrid panel data models and drawing on the Social Diagnosis panel survey from Poland Baranowska-Rataj et al. (2016a) shows that job loss decreases both personal life assessments and willingness to live, particularly if a person valued the role of employment in his/her life. Regarding the outcome “autonomy”, Baranowska-Rataj et al. (2016b) demonstrate in their descriptive analyses of European microdata that housing autonomy is negatively affected by unemployment and, to a much lesser extent, by temporary employment, whereas there is no effect of subjective job insecurity. Moreover, it can be shown that psychological autonomy is negatively associated with unemployment and subjective job insecurity, whereas there is no association between having a temporary contract and psychological autonomy. Regarding the economic situation, descriptive analyses of European microdata reveal that the unemployed are more likely to be income poor, have a higher chance to live in a severely deprived household and more often report facing financial difficulties subjectively (Rokicka & Kłobuszewska, 2016). Hourly wages and satisfaction with their financial situation is lower among the temporary employed than the permanently employed youth (Rokicka & Kłobuszewska, 2016).

Thus, unemployment and temporary jobs have immediate consequences. However, social exclusion is a dynamic process (Gallie et al., 2003), which needs to be studied in a *dynamic and life course perspective*. Some forms of labour market vulnerability, such as experiencing a sequence of short term jobs, might not have immediate consequences, but might relate to long-term disadvantages in terms of high poverty risk in old age. Some immediate consequences of labour market insecurity vanish over time, while others leave permanent scars on the lives of the youth. Thus, we need to account not only for the short-term but also for the long-term consequences of labour market insecurity. Studying the medium-term consequences, Hofäcker (2017) finds that experiencing unemployment at ages 18–29 increases the likelihood in four years’ time to be at risk of poverty, to live in a materially deprived household, and to live in a household that reports more financial stress. In contrast, such medium-term scars are not observed among those who experienced temporary jobs in their early career. In their long-term analyses, Hofäcker et al. (2017) show that strong negative long-term effects are expected for the experience of unemployment, which not only often reduces contributions to public pensions, but also makes contributions to occupational and private pension plans impossible. Fixed-term jobs – which implied no or only little significant increase in poverty risks in the medium-term – may, however, lead too to socio-economic disadvantages in old age, given that lower wage levels have long-term negative consequences for public pension savings. Long-term effects emerge also with respect to health. For example, Voßmer et al. (2018) find based on data from the Survey of Health, Ageing and Retirement in Europe (SHARE) that early-

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career involuntary job loss due to a layoff or plant closure increases the probability of fair or poor self-rated health in late life, i.e. 30 years later, by about 6 percentage points. Following the life course research paradigm, there are also *spillover effects*. For example, Baranowska-Rataj & Strandh (2017) show that the health consequences of job separations, particularly in the case of men, extend beyond the unemployed youth and affect also their partners. Men's unemployment deteriorates their female partners' health most of all in conservative countries, with social norms supporting male breadwinner supremacy.

Drawing the attention to the macro-level in the multilevel model, life course research has highlighted that youth individual life courses are socially embedded in the *macro-institutional and structural context*, which defines the set of opportunities and constraints to which individual persons respond when making their life course decisions and transitions (Breen & Buchmann, 2002; Buchmann & Kriesi, 2011; Mayer, 2009). Thus, institutional settings and policies in particular are expected to have a moderating effect on how the risks of labour market exclusion and the job insecurity of young people translate into risks of social exclusion (Blossfeld et al., 2008; Tosun et al., 2017). Country differences in the institutional and structural context are also expected to be the reason behind the strong variation in the effects of insecure labour market positions on youth's subjective well-being and health, their chances of gaining autonomy and their economic situation, which were detected in the descriptive studies of the EXCEPT project (see above).

In this respect, for example, Voßemer et al. (2018) investigate the moderating role of *labour market policies*. They highlight that higher unemployment benefit generosity buffers the negative effects of unemployment on well-being but not on health, while higher active labor market policies expenditures are associated with more negative effects of unemployment on well-being and health. With respect to employment protection legislation, it is found that in countries with high insider protection, deregulating the restrictions on the use of temporary employment increases the negative effects of unemployment on well-being and health. Kłobuszewska et al. (2017) show in multilevel analyses that in countries with stronger active and passive labour market policies and unions the negative impact of unemployment on the financial situation of youth is effectively mitigated. No moderating effects were found in this respect for employment protection legislation. Regarding the moderating role of *education policies*, for example, the article by Högberg et al. (2019), based on multilevel analyses of European Social Survey (ESS) data, shows that education policies mitigate the negative effects of unemployment by providing opportunities for education and, thus, ways to exit unemployment, which enhances the control that individuals have over their situation.

It is of utmost importance to give voice to young people themselves to reach an in-depth understanding of how disadvantaged youth themselves perceive and cope with the consequences of labour market uncertainties in different economic, institutional and cultural environments. Bertolini et al. (2018a) focus on these topics and this theoretical background, using a *qualitative comparative approach*. On the one hand, the analysis takes into account the differences of the institutional contexts among countries at the macro level, and on the other, the coping strategies and the decision-making processes are investigated not only at the micro but also at the meso level, considering the informal social support from parents or peer groups, for example. The analysis was based on the semi-structured interviews with young people (aged 18-30) conducted in the nine countries involved in the EXCEPT project: Bulgaria, Estonia, Germany, Greece, Italy, Poland, Sweden, United Kingdom, and Ukraine (Bertolini et al., 2018b).

The results underline the different effect of subjective job insecurity in different institutional contexts. Becoming autonomous has a different meaning for youth, manifesting itself in different ways to combine economic, psychological and housing autonomy in contexts that offer different levels of social protection. For example, the results showed that the self-perception of an individual's labour market position might affect decisions of leaving the parental home, but this differs by different contexts. In Italy, Poland and Greece, it was a matter of job insecurity. In Ukraine and Bulgaria, the young people express more a feeling of insecurity due to low income attached to the contract and not the security of their jobs. On the contrary, in a second group of countries, the UK, Estonia and Sweden, it is not only having a secure job, but also having enough money that affected the decisions of leaving the parental home. Finally, Germany, and partly Sweden, are single cases where job insecurity did not affect the decision to leave the parental home.

Regarding economic autonomy, youth interviewees put different emphasis on the short-term and long-term perspectives: the young people who were unemployed or more economically deprived seemed more likely to associate autonomy with the ability to cover their own daily expenses. On the contrary, the interviewees with a personal income and more education in all the countries tended to mainly connect economic autonomy to future prospects. Mainly in Italy, Greece and Poland, many respondents put more emphasis on a short-term meaning of autonomy. In countries such as Germany, Estonia, Sweden and the UK, respondents defined economic autonomy in a longer-term perspective.

Psychological autonomy was mainly described as taking care of themselves without strong support from other people or institutions and taking responsibility for the decision-making process, relating to important aspects of life, and being capable of reflecting their own interests and values (all country reports with the exception of Bulgaria). When this kind of decision latitude was difficult, due to low economic autonomy and a lack of housing autonomy, people sought ways to reach a little daily autonomy, managing themselves each day and not just when making important life decisions.

The selection of the four articles in this issue of *Studies of Transition States and Societies* reflects the above described research tradition of the EXCEPT project in various ways. Among the manifold consequences of social exclusion, this issue focuses on the implications of labour market insecurities on youth's life course in two domains: their ability to reach independence from parental home and their well-being, including job satisfaction. With these perspectives in mind, the articles in this issue are organised along these two key dimensions.

All four articles also follow a European comparative approach by studying the consequences of unemployment and temporary employment in different institutional contexts. Following the multilevel model, the role of various dimensions of the macro-institutional and structural context are highlighted. Bertolini, Goglio, Moiso & Torrioni (2018) aim to tackle whether and how labour market policies and the structure of the housing market buffers the effect of unemployment on decisions about leaving the parental home across Europe. The next article by Bertolini, Hofäcker & Torrioni (2018) compares three different institutional contexts – Germany, France and Italy – to scrutinise the education-specific patterns of employment precariousness on individual decision-making to leave the parental home. Stasiowski & Kłobuszewska (2018) shed light on the relationship between job satisfaction and temporary work across the EU. They test whether the negative impact of temporary work on the level of job satisfaction is moderated by overall unemployment rate and by level of unionisation. Rokicka & Palczyńska (2018) investigate the impact of becoming unemployed on the well-being of young people and how it relates to the local unemployment rate in Poland. By using the variation in structural context at the regional instead of the country level, the authors are able to work out the role of the structural context while keeping the national institutional context constant.

The four articles also reflect the variety in data, methods and research designs employed in the EXCEPT project. Bertolini, Hofäcker & Torrioni (2018) and Stasiowski & Kłobuszewska (2018) draw on data from the European Statistics on Income and Living Conditions (EU-SILC) 2014/2013 for 28 European countries and they employ multilevel analysis techniques. Bertolini, Hofäcker & Torrioni (2018) use a mixed-method design by doing a quantitative analysis of data from the European Labour Force Survey (EU-LFS) 2010 and combining it with qualitative analysis of interview and focus group data. The qualitative part brings in important insights into the mechanisms that drive young peoples' decision to leave the parental home. Thus, it also gives youths a voice to share their experiences of how institutions and specific policy measures affected their process of leaving the parental home in the three countries: France, Germany and Italy. Rokicka, Palczyńska & Kłobuszewska (2018) use longitudinal individual data from the Social Diagnosis data set in Poland for six waves during the period of 2005 to 2015. They employ hybrid models that combine characteristics of fixed effect and random effect panel data models.

Regarding the findings of the four articles, Bertolini, Goglio, Moiso & Torrioni (2018) demonstrate that in the majority of European countries, the unemployed are less likely to live autonomously compared to the employed youth. In terms of institutional context, the effect of unemployment on the chances of leaving home is neither moderated by the level nor by the coverage of passive labour market policies. However, the structure of the housing market plays a positive role – a higher share of tenants seems to provide more affordable opportunities to live autonomously for all, while the level of indebtedness of the households decreases the chances of autonomy for the unemployed in Europe. Bertolini, Hofäcker & Torrioni (2018) demonstrate that institutional differences, in addition to influencing the timing of leaving the parental home, also provoke the specific strategies of particular social groups, thus shaping the structure of nation-specific social inequalities. Qualitative insights show mechanisms behind these patterns: in Italy, highly educated youth use the strategy of waiting, in France and Germany “jump and see”, which is due to the different cultural norms as well as family and institutional social support for youth in these countries.

The other two papers shed light on how job insecurity relates to youth well-being, considering the role of the different contexts. Stasiowski & Kłobuszewska (2018) show that temporary contracts are associated with lower job satisfaction mainly in Central Eastern and Southern European countries. Moreover, the country context moderates the relationship: the negative effect of temporary work is stronger in countries with a higher unemployment rate and a lower level of unionisation. Rokicka, Palczyńska & Kłobuszewska (2018) show that the loss of job deteriorates the well-being of young people compared to those who managed to stay employed, with the effect being bigger for men. Interestingly, a higher level of unemployment in the region does not contribute to a further decline of distress level among the unemployed, but decreases the well-being of employed men.

The findings highlight the contextual nature of the consequences of labour market insecurity. Youth biographies are embedded in specific institutional settings and policies, which have a moderating effect on how the risks of labour market exclusion and job insecurity of young people translate into risks of social exclusion.

Collectively, all of the members of the EXCEPT project (see also Unt & Gebel (2018) for a synthesis of the main findings across the EXCEPT project) and the authors in this issue showcase the value of bringing multiple perspectives to study the life course of vulnerable youth, thus, we extended the current knowledge on the consequences of labour market insecurities in early adulthood and possible ways to buffer these risks.

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