



EUROPEAN

POLICY BRIEF



Overall Project Overview

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INTRODUCTION

This Policy Brief summarises the STYLE research project and some of our recent findings and policy implications. The project examines the obstacles and opportunities affecting youth employment in Europe. This involves 25 research partners, an international advisory network and local advisory boards of employers, unions, policy makers and NGOs from over 20 European countries. The aim of this project is to provide a comprehensive understanding of the causes of very high unemployment among young people and to assess the effectiveness of labour market policies designed to mitigate this phenomenon. This aim will be achieved through 10 objectives organised around 12 research, dissemination and management work packages (www.style-research.eu/project).

The central concept informing this project is based on a policy performance and learning approach to the problems of overcoming youth unemployment for different groups of young people. Using a comparative framework, that is sensitive to the impact of historical and regional legacies, our analysis enables us to both identify where policies are working and why. It illuminates when and how labour market analysis informs policy formulation, implementation and evaluation.

EVIDENCE AND ANALYSIS

Flexible labour markets and youth transitions

Youth employment is characterized by high shares of 'flexible' employment: over 42% of those under 25 years in the EU were on temporary contracts, compared with 10% of those aged 25 to 64 (Hadjivassiliou et al. 2015: 31). Youth in Mediterranean countries have experienced some of the greatest difficulties in finding paid work; but these experiences varied significantly between these countries. Berloff et al. (2015) found that more than 50% of young people in Portugal and Spain had a speedy trajectory into employment compared to only around 35% in Italy and Greece. Those young people that found themselves continuously out of work were around 40% in Greece and in Italy, and only about 20% in Portugal and Spain. (Berloff et al. 2015: 16).

The progressive polarization and hollowing out of the labour market have resulted in fewer jobs for the low- and mid-qualified. The reduction of intermediate-level jobs results in fewer opportunities for progression beyond entry-level jobs. Changing employers' expectations that young people should be "job-ready" has emphasized the need for education systems to teach "employability" skills. In attempts to obtain these skills, we have witnessed an expansion of internships (Lain et al., 2014), many of which are

unpaid or very poorly paid. Some employers have been criticized for using these to avoid employing young people with properly paid probation periods. New forms of labour market flexibility, alongside the expansion and reforms to education, are reshaping the characteristics of the youth labour market and the kinds of transitions new generations of youth across Europe are able to make (O'Reilly et al. 2015).

Mismatch of skills and education

While educational reform aims to address problems from the past, such as low levels of educational attainment, these changes can also create new sets of problems in terms of how educational and structural reforms are synchronised to absorb this better educated labour force. McGuinness et al. (2015) argue that overeducation can be a result of an over supply of graduates relative to the capacity of the economy to absorb these; it can be an imbalance in educational attainment and the skills required by employers; or it can be due to *'asymmetric information or variations in individual preferences related to either job mobility or work-life balance.'* (p8). They argue: *'greater attention should be given to the capacity of the labour market to absorb any given increase in educational supply, taking specific account of both the level and composition of current and future labour demand.'* (McGuinness et al. 2015: 34)

Self-employment

Overall, self-employment as a proportion of all employment in Europe has tended to fall. Nevertheless, it still remains an important component of the economic structure in a number of southern and some eastern European countries due to the prominence of agricultural, service-based and informal work in these countries. The rise in self-employment over the last ten years, according to Ortlieb and Weiss (2015), was attributable to an increase of women becoming self-employed, as well as a growth in freelancers and part-time self-employment; there have also been relatively few people starting a business on a full-time basis.

The relatively high levels of self-employment in southern countries have been seen as indicative of a more entrepreneurial culture (OECD 2014). However, González-Menéndez and Cueto (2015), in their analysis of business start ups for young people in Spain, suggest that these relatively high rates may be attributable not only to more limited opportunities in the formal labour market, but to employers' preferences for independent contractors, thereby avoiding additional labour costs and social security contributions associated with having direct employees.

Young people tend to have a much lower take up of self-employment compared to the national average and older age groups. The conditions associated with self-employment, in terms of lower income and longer working hours, tend to be inferior to those in dependent employment. Nevertheless, there have been considerable attempts to promote this form of employment through various policy initiatives, and especially those supported by the European Union (see Sheehan and McNamara (2015: 27-37) for a fuller discussion of these initiatives). However, unemployed youth seem to be less likely to take up policies to promote self-employment. But, according to Ortlieb and Weiss' (2015:5) analysis for Germany, innovative start-ups in high-tech and knowledge-intensive industries have a larger employment growth effect and a better survival rate than those in other sectors. As McGuinness et al. (2015) argue it is the absorption capacity of the economy as well as the skills of young people that affect who gets a job; while Berloff et al. (2015) point out that the difficulties Mediterranean youth face vary between countries in their ability to find stable employment trajectories.

POLICY IMPLICATIONS AND RECOMMENDATIONS

Eichhorst et al. (2015) in their comparative European review of youth-related active labour market policies focusing on education to employment transitions, especially for disadvantaged youth, found these tended to be complex, decentralized and fragmented, where they existed. González-Menéndez et al. (in Petmesidou and González-Menéndez 2015:26-7) focusing on the Spanish case were critical of a number of features associated with the administrative structures that they see as part of the problem in creating barriers to innovative policy making. Some of these problems include the: *"limited availability of funds for policies outside the script provided by the national government; lack of co-ordination between the education system and the employment policy system; and a political, not linked to results, competition between different levels of government for decision-making capacity. Thus, for instance, administrative*

ritualism and competition among levels of governance explains the failure of the policy information systems currently used to reach the young as to the Youth Guarantee.” In addition they also mention the low level of business sector engagement and the structure of micro-firms in the Spanish economy “*often run by persons with low educational level themselves... with less capacity to obtain the institutional and financial support available for training, [and where] training is often seen simply as a too costly activity.*”

Commenting on the Greek situation Petmesidou and Polyziadis (in Petmesidou and González-Menéndez 2015:22) argue that despite a range of policy initiatives ‘*there were no signs of a transition to an economy with innovation potential that could provide an increasing number of jobs for meeting labour supply.*’ They argue that the polarisation of the employment structure with a decline of ‘middle-rung jobs’ and a splintering of pathways between those in professional, technical and managerial jobs alongside those in more elementary jobs such as construction, market sales and tourism, have left a significant gap in the labour market. This is a trend observed across a number of highly developed economies, but it is a trend exacerbated by the consequences of the recent economic crisis. They go on to argue for the Greek case: “*Even if the attractiveness of vocational training increases, it is highly likely that there will be any significant return on such a human capital investment for the country, given the draws on Greece’s skilled labour by North European countries via immigration. In a nutshell, despite enhanced flexibility, sub-minimum wages for youth, and active measures, youth unemployment remains high.*” Petmesidou and Polyziadis (in Petmesidou and González-Menéndez 2015:25). Their analysis illustrates how even within Europe patterns of migration as a response to high levels of youth unemployment and its consequences on patterns of skill formation require policy makers to think in terms beyond the realms of how production, education and skills are organised within their nation state.

RESEARCH PARAMETERS

The project involves a wide range of different methodological approaches that include secondary analysis of large-scale data sets such as the EU-SILC, EU-LFS and the World Values Survey; in-depth qualitative interviews with policy makers and young people; experimental trust games; and co-produced learning resources are used across a range of work packages. The ten project objectives are:

1. To achieve a critical mass of resources collaborating with stakeholders (WP2). Reports on Local Advisory Boards (LABs) in 19 countries are available at: www.style-research.eu/publications/lab-reports.
2. To provide a critical evaluation of the performance of countries and regions (WP3).
3. To assess the prospects for policy transfer mechanisms (WP4).
4. To provide a critical review of the mismatch in supply and demand (WP5).
5. To examine the consequences of labour mobility and migration for young people within the EU (WP6).
6. To analyse business start-ups and self-employment for young people (WP7).
7. To examine the cultural context of family organisation and pathways to enhancing independence (WP8).
8. To map out the voices of vulnerable young people by identifying their values and aspirations (WP9).
9. To analyse the nature and mechanisms of flexicurity regimes on youth unemployment (WP10).
10. To ensure the efficient management and communication of research (WP1).

PROJECT IDENTITY

PROJECT NAME

Strategic Transitions for Youth Labour in Europe (STYLE)

COORDINATOR

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- Cracow University of Economics, Cracow, Poland

- Democritus University of Thrace, Komotini, Greece
- Economic & Social Research Institute, Dublin, Ireland
- EurActiv, Brussels, Belgium
- Grenoble School of 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

O'Reilly, J. et al. (2015) 'Five Characteristics of Youth Unemployment in Europe' SAGE Open Mar 2015, 5 (1) DOI: 10.1177/2158244015574962
<http://sqo.sagepub.com/content/5/1/2158244015574962>
 Berloff, G. et al. (2015) Youth School-To-Work Transitions: from Entry Jobs to Career Employment STYLE Working Papers, WP10.2 (forthcoming)
 Eichhorst, W. et al. (eds.) (2015) **STYLE Working Paper WP3.3 Policy Performance and Evaluation – Synthesis Report**
 Hadjivassiliou, K. et al. (2015) **STYLE Working Paper WP3.1 Indicators and Drivers of Youth Unemployment**
 Lain, D. et al. (2014) Evaluating internships in terms of governance structures. *European Journal of Training and Development*, 38, 588-603.
 McGuinness, S. et al. (2015) **STYLE Working Paper WP5.1 Overeducation in Europe**
 Ortlieb, R. & Weiss, S. (2015) **STYLE Working Paper WP7.1 Germany**
 Petmesidou, M. and M. González-Menéndez (eds.) (2015) **STYLE Working Paper WP4.1 Barriers to and triggers of policy innovation and knowledge transfer**
 Sheehan, M. and McNamara, A. (2015) **STYLE Working Paper WP7.1 Business Start-Ups Youth Self-Employment Policy Literature Review**