



EUROPEAN POLICYBRIEF

NEGOTIATE

Overcoming early job-insecurity in Europe

Long term consequences of early job insecurity

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INTRODUCTION

One of NEGOTIATE's main objectives is to investigate the long-term consequences of early job-insecurity. Having entered the labour market during recession and becoming exposed to unemployment early in a career do not only affect the short term prospects, but may rather lead to long-lasting adverse consequences concerning future job prospects and labour market integration. The research literature has come to talk about all persisting consequences of employment instability and unemployment as *scarring effects*.

Using comparative data at a European level, complemented by high-quality longitudinal data at a national level, the NEGOTIATE team has investigated scarring effects of early job-insecurity in different national and institutional contexts.

DATA AND METHODS USED

The NEGOTIATE project has followed a double strategy of analysis in order to investigate long-term scarring effects of early job insecurity among young workers in Europe. The researchers have used both micro-level and macro-level analyses to give a differentiated and multifaceted picture of scarring effects from a European comparative perspective.

NEGOTIATE has performed macro-level analyses of scarring using a time series of cross-sectional data sets from the *European Labour Force Survey* (EU-LFS) in order to yield confident cross-nationally comparative

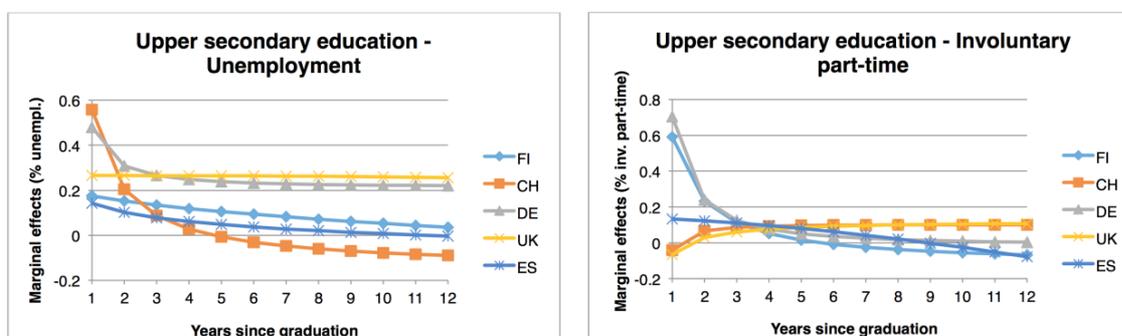
results of long-term scarring. The researchers have used data from Finland, Germany, Switzerland, Spain and the UK to measure aggregated employment insecurity and labour market entry experienced by different cohorts of school graduates. These countries make up for interesting cases as they differ remarkably on institutional and economic dimensions which are assumed to be related to cross-nationally distinct patterns in scarring effects: the vocational orientation of educational systems, strictness of employment protection legislation, active labour market policies and the general level of prevalent youth unemployment. The analyses distinguish between different educational groups while allowing for gender effects.

Based on an international case study approach, micro level analysis of scarring effects were applied to capture mechanisms of scarring for young workers in UK, Norway and Poland. Longitudinal survey data from the *UK Household Longitudinal Survey* (UK), *Social Diagnosis* (Poland) and *Young in Norway* (Norway) provide a wide array of information about the quality of both early and more recent jobs as well as about subjective dimensions of early job-insecurity.

MAIN FINDINGS

Bad luck in timing of labour market entry leaves scars

The macro level analysis shows that bad luck in the timing of labour market entry can scar future careers of school-leaver cohorts in countries across Europe. Graduating and entering the labour market at a time of higher youth unemployment impacts subsequent unemployment and leads to overrepresentation in insecure forms of work such as fixed-term and involuntary part-time employment. Exploring the dynamics of scarring in different national and institutional settings suggest remarkable between-country differences in the pattern of scarring as well as profound within-country differences across education and gender. The figures below display observed scarring effects in terms of unemployment and involuntary part-time work for cohorts with upper secondary education of having entered the labour market in a period with high youth unemployment.



In sum, we find that bad luck in timing of labour market entry can scar future careers over the long run, and especially during the first two three years after graduation, to varying degrees for educational and gender groups. We may see a bad economy at labour market entry as a major risk factor for the future integration of youth cohorts in very different institutional contexts.

Differential scarring effects

Complementing the macro-level study of scarring effects in five countries, the three in-depth country studies show evidence for both converging and complementary gender effects on the underlying process of scarring. In the UK, young women spend on average significantly longer spells in inactivity and part-time permanent employment, whereas young men experience longer spells in full-time employment but also longer spells in unemployment than young women do. Yet, complex trajectories are mainly associated with being unemployed for young women, but not for young men. The findings from Norway, where females experience a greater risk of unemployment and wage scarring than males do, confirm that women face stronger pecuniary costs of employment insecurity. However, the Polish study has highlighted that men more often than women suffer detrimental effects of past unemployment experience on their wellbeing.

The British and the Norwegian micro-level studies highlight a strong effect of education on scarring processes. Similar to Norway, where low level of education goes along with higher unemployment and wage scarring over time, young people with no qualifications in the UK have trajectories dominated by mostly unemployment and inactivity, and they have the lowest average length of full-time permanent employment. In contrast, young people with a higher level of education tend to have long spells in full-time permanent employment and short spells in unemployment or inactivity. Moreover, the British study shows that level of education predicts unemployment or inactivity for young woman, but not for young men. These findings suggest the need for more intersectional analyses of scarring processes, taking the interlocking effects of gender and education into consideration.

The complexity of scarring

The in-depth study from UK shows that the higher the level of complexity of the trajectories at the individual level, the more likely are individuals to end up in part-time or temporary employment, unemployment and inactivity. The Polish and Norwegian micro-level studies investigate the correlation between employment status and wellbeing. Whereas the Polish study identifies negative consequences of past and current unemployment on psychological wellbeing, the Norwegian study find that psychological wellbeing could also moderate the detrimental effect of previous unemployment on subsequent labour market outcomes. Showing that psychological wellbeing can act alternatively as a consequence and as a moderator of scarring, the two studies demonstrate the complex relationship between employment experience and psychological wellbeing.

POLICY IMPLICATIONS AND RECOMMENDATIONS

Entering the labour market at a bad time leads to adverse consequences for the careers of young people. This is a result that should be of high interest to policy-makers preventing “lost generations”. We find some kind of scarring beyond temporary setback in all institutional configurations, with varying effect across educational groups and gender.

However, there is no consistent evidence for the expected impact of institutional and economic country contexts. This leads us to suggest there is currently a theoretical deficit and thus a lack in understanding of the main drivers of scarring in different contexts. Future research should take into account dimensions beyond the institutional context, such as the degree of labour market globalization. For example, we find less scarring effect in countries with higher levels of youth unemployment, which may be attributed to more flexible and non-standard work arrangements. That would mean that job insecurity scarring becomes less prevalent the more a national labour market becomes flexibilised/globalised, which may be evaluated as negative productivity indicators by employers. Hence, a simple focus on unemployment exposure – comparing careers of those experiencing unemployment to those in employment – may not suffice to depict scarring in comprehensive way.

When designing labour market regulations and active labour market policies, the researchers recommend focusing more on trajectories rather than on single jobs spells, because the accumulation of insecurity in the labour market over time is essential to explain why some groups are more at risk of scarring than others. Thinking of trajectories instead of transitions could lead to a different approach to unemployment or inactivity welfare provision and activation.

RESEARCH PARAMETERS

NEGOTIATE is a three year EU funded project (EU contribution: € 2,476,609) exploring early job insecurity in Europe. It is organised around nine complementary work packages structured over three stages.

Stage 1 consists of an assessment of early job insecurity and youth unemployment as a theoretical challenge, leading to a refinement of the overarching analytical framework (Work Package 2). The purpose here will be to ensure that the implementation of subsequent research tasks is underpinned by a common analytical framework that is shared by all consortium members, i.e., across disciplinary and country boundaries.

As part of stage 1, we will also review existing empirical work with a view to operationalizing new tools for capturing the drivers and consequences of early job insecurity.

Overall, stage 1 prepares the ground for the implementation of a set of complementary empirical research tasks, which together approach, at both the micro- and macro-level, the causes and consequences of early job insecurity and youth unemployment from different conceptual and theoretical angles.

Stage 2 represents the main stage of the project. This is where the researchers collect and interpret data according to thematically linked but analytically separable questions and foci (Work Packages 3-7). The project will rely on a combination of primary and secondary data.

Stage 3, the final project stage, synthesises the findings across the thematic work packages (WP3-8). We revisit the overarching questions posed at the start of the project (Work Package 2) and assess policy with the aim of developing policy recommendations (Work Package 8); this will build on the new comparative insights gained through the data analyses from Stage 2.

The formulation of policy recommendations will take place in close cooperation with stakeholder representatives, who are included in the development of the project from its outset, thereby maximising its intended impact.

By involving stakeholders as well as young people themselves in this process, we ensure that one addresses the questions most relevant to the policy community in each country and at EU level.

Research outputs from the project will be presented in a series of Policy Briefs, conference papers, peer-reviewed journal articles and two edited books including a student open access electronic educational resource.

More detailed accounts of this work is available on the project website: www.negotiate-research.eu

PROJECT IDENTITY

PROJECT NAME NEGOTIATE – Negotiating early job-insecurity and labour market exclusion in Europe

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WEBSITE

www.negotiate-research.eu

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