Introduction: Balancing flexibility and security for young people during the crisis

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The balance of flexibility and security for labour market participants is a perennial challenge for policy-makers. In the late 1990s, the term ‘flexicurity’ seemed to offer a solution to this balancing act. Indeed, in the first decade of this century, ‘flexicurity’ became a dominant theme at the European and national level, and although its use has declined in recent years, the flexibility/security balance has remained a central factor in determining labour market outcomes – particularly for young people.

However, the concept of ‘flexicurity’ received a lot of criticism, often related to a lack of clarity in its definition. On the one hand, this definitional ambiguity helps explain why the concept was picked up so easily at the policy level across a wide variety of stakeholders and national contexts. On the other hand, the ambiguity also explains how policies resulting in an overemphasis on (external) flexibility and employability, with little emphasis on job and income security, were developed. Whatever the term used, the balance of flexibility and security remains a key dimension in understanding the plight of young people entering the labour market, and the economic crisis only served to further expose the uneven security afforded to different labour market groups.

Young people tend to accumulate negative flexibility outcomes in that they have more limited contractual security, and a greater risk of working on non-standard contracts and of losing their jobs more quickly than the comparable adult population. At the same time, young people also have less job and income security because of their lower seniority and more limited employment histories. Furthermore, in most European countries, workers on non-standard contracts have more limited access to unemployment benefits than workers on standard employment contracts. These are all factors that can exacerbate the position of vulnerable labour market groups, which are often disproportionally engaged on such contracts – young people, women and people with lower education levels. The crisis exacerbated the risks of these negative outcomes.

Mapping flexibility and security for young people

In order to identify clusters of policy-making and flexibility-security outcomes, including key trends during the crisis period, it is important to explore the balance between flexibility and security for young people and to map flexibility-security indicators for EU member states.

Using national-level data from the OECD and Eurostat, this mapping exercise shows that, in terms of institutional settings of flexibility and security, there are a number of clear clusters – Eastern European countries consistently group together, as do Nordic countries with the Netherlands and Germany. These results are generally in line with earlier attempts to cluster flexibility-security regimes (see, for example, EC 2006). Although there are data limitations, the comparison of selected national-level outcome indicators shows that country groups with similar institutional settings do not necessarily have similar labour market and/or social outcomes for young people.

These results also support earlier findings that institutional and outcome-type measures of flexibility and security might not be correlated and should be examined separately (Chung 2012). These results suggest that there are a range of forces that shape outcomes on the youth labour market. Within-cluster, and indeed within-country, variations need to be taken into account in explaining these outcomes – further underlining for policy-makers and researchers alike that youth are far from a homogenous group.

Nevertheless, the results confirm that, overall, young people tend to have worse flexibility-security outcomes, especially after the initial effects of the crisis. Vulnerable groups on the labour market, such as youth, the elderly, women, the long-term unemployed and temporary employees, do not experience the same benefits that regular employees might gain from flexibility-security policies (see, for example, Leschke 2012).

Income security is a key measure

Young people’s levels of financial security are closely linked to their flexibility outcomes – both in the labour market (external flexibility) and within firms (internal flexibility). To complement the mapping exercise, a detailed policy analysis of security measures highlights some of the tensions and contradictions that exist in policy-making, while also charting the direction of travel for policy aimed at youth labour markets in recent years. Making use of Europe-wide data (Eurostat LFS and other sources), we observe that older youth are better off than their younger counterparts in terms of external – but not internal – numerical flexibility. Older youth are also better off than the youngest with regard to income security, yet both groups do worse than adults on all three dimensions. More detailed, age-specific information on some security measures would help shed more light on these age differences.

These policy analyses emphasise the complexity of income security measures – such as unemployment benefit schemes. Their coverage and generosity, and the availability of secondary schemes, combined with the impact of frequent and not necessarily coherent adjustments during the first part of the economic crisis, all add to the complexity. Thus, comparative analysis of various aspects of access to benefits, and the impact upon young people, is not straightforward.

Which measure of unemployment?

In order to analyse the performance of European labour markets, adequate metrics are also required. For both younger and older workers, some conventional measures show weaknesses when they are applied to the relative performance of youth labour markets. Unemployment rates measure the share of the active population looking for work, while unemployment ratios capture the share of the age group as a whole (O'Reilly et al. 2015). By comparing ratios across age groups, we can assess relative risks.

The analysis of relative unemployment ratios for youth and adult populations, based on labour force survey data, shows that the labour market for workers below the age of 25 is more volatile, especially for the 20-24 age group. Cross-country differences are, nevertheless, remarkable, despite the greater risks generally experienced by young people and the widespread impact of the crisis.

The ratios of both youth and teen unemployment to prime-age unemployment tend to be stable and, in some cases, have improved over time rather than worsening. In other words, over the last 15 years, the relative disadvantage of young people in the 20-24 age group compared to prime-age individuals has been declining in Europe – a trend that did not change with the crisis.

Youth labour markets need special attention from researchers and policy-makers

These results underline that young people are not a homogenous group, either within or across countries, and suggest that the analysis of the youth labour market needs to capture this diversity, adopting a range of metrics to analyse complex trends. Furthermore, additional work is required to improve the reliability of certain institutional-level data – for example, information on benefit coverage rates in a cross-national perspective and in relation to young people.

The research demonstrates variations in a range of outcomes over the crisis period between age groups within the wider youth category and between young women and men. Policy-makers thus need to adopt a holistic view of the challenges facing young people. Further, policy needs to address the security deficit for young people, given that they are not only more prone to falling out of employment or failing to regain employment, but are also less likely to have access to income security provided by unemployment benefits, thereby accumulating negative outcomes of flexibility.

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