Understanding the consequences of early job insecurity and labour market exclusion: The interaction of structural conditions, institutions, active agency and capability

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Abstract

This document is the first deliverable from Work Package 2 of the NEGOTIATE project, “Early job insecurity and youth unemployment as a theoretical and societal challenge”. The Work Package’s first objective is to develop “an original analytical framework for a comparative assessment of the individual and societal consequences of job insecurity early in a career. The analytical framework integrates concepts such as negotiation, agency, capability, empowerment, social resilience, embedded employability, networks, transition regimes, welfare state regimes and multi-level governance. A key interest is how to conceptualise the interactions between the young adults’ agency and structurally given constraints and opportunities, (e.g. how they perceive and use their scope for action through networks and active agency, even in seemingly adverse circumstances) and in what sense young adults’ find ways of negotiating the challenges of prolonged unemployment and job insecurity.” (DoA, Annex 1, Part A, p. 16). NEGOTIATE’s core question is how young people’s scope for agency interacts with different layers of structural conditions in a multi-level governance system.

As means to answering this question, the deliverable will review and summarise relevant theoretical literature on key concepts and assess how they contribute to an understanding of the consequences of early job insecurity for young people. A particular interest is the extent to which young women and men are able to negotiate these conditions and avoid the most adverse consequences of such insecurity. We will be particularly attentive to mechanisms of gendered labour market outcomes and patterns of market marginalisation of young people.

The practical goal of presenting the analytical framework and undertaking a conceptual clarification is to provide a common basis for the empirical work of NEGOTIATE (cf. Work Packages 3-8), as well as a conceptual base for the final synthesis of results.
A note on vocabularies and conceptualisations

The NEGOTIATE project is a response to the Horizon 2020 call Young-1 2014 “Early job insecurity and labour market exclusion”. As the title indicates, the topic is multifaceted. The title and text of the call reflect this diversity, as the most frequently used terms include¹:

- Unemployment or unemployed (six times)
- (Job) insecurity (six times)
- Exclusion (four times)
- Precarity (one time)

A number of scholars have argued that the concept and term of ‘unemployment’ are problematic or even misleading in the case of young people (Halvorsen & Hvinden, 2014). The argument is that young people’s situation anyway tends to be unsettled and in flux. They may be shifting states along several overlapping and sometimes interlinked dimensions over considerable periods. They are in transitions

- From youth to adulthood,
- From school and work,
- From dependence on parents to at least relative independence
- From living in parents’ household to living in their own household
- From being part of their parents’ family to having their own family and children

Moreover, young people are in many cases combining school with part-time, temporay or seasonal employment. For some time, they may move out and in of their parent home because of the combination of having limited incomes and relatively high accommodation costs in the open housing market. Structural changes in the labour markets in many countries, involving more use of part-time and / or fixed-term contracts or weaker employment protection for young people, may reinforce such apparent instability or unsettledness. However, many young people obviously enjoy the experience of freedom and not having strong commitments and binding attachments, at least for a period.

Unsettledness is a problem at the point when it becomes involuntary; when the person is ready for settling down but finds it impossible. In other words, when the person would like to get an adequate and stable income from work, afford a flat or least sharing a flat and establish his or her own family, but finds that he or she is not able to achieve this. In NEGOTIATE; we regard such states of involuntary unsettledness as the core meaning of job insecurity. We see a situation of prolonged involuntary unsettledness and insecurity as the main meaning of (labour market) exclusion. In other words, only a long duration of involuntary lack of an adequate and stable income from work can justify the use of the label of labour market exclusion.

¹ See Appendix of this Deliverable for the full text of call.
The term **unemployed** has an everyday meaning - being jobless or out of paid work against one’s own will – as well as a more administrative-technical meaning. For instance, according to the ILO and OECD, unemployed persons as those who are without work, that is, not in paid employment or self-employment; who are currently available for work, that is, available for paid employment or self-employment, and who are actively seeking work, by taking specific steps to get paid employment or self-employment².

There have been arguments both against and for seeing young jobless people as unemployed in this administrative-technical meaning. On the one hand, young people have seldom earned the rights to regular unemployment insurance benefits and may therefore have lacked one reason to register as unemployed, for instance with the public employment service (PES). On the other hand, to the extent that young jobless people believe that the PES may help them to find a suitable job; they can have an incentive to register as unemployed with the PES. Furthermore, with the turn to ‘activation’ in many countries, young people may experience more often than before that in order to claim means-tested minimum income or social assistance, they are required to register as unemployed at the PES. Hence, in cross-national contexts, it is partly an empirical issue whether it is appropriate to see young jobless people as unemployed in the administrative-technical sense outlined above.

In the NEGOTIATE project we are interested in the possible scarring effects of having experienced a long period of job insecurity or joblessness in early adulthood. Here it is again partly an issue for empirical investigation what kind of information received by potential or actual employers that create such effects. Is it that a job seeker has been registered as unemployed for a long time? That he or she is unable to document having been in employment for a substantial period in early adulthood? Or that the employer perceive that the job seeker has insufficient human capital from on-the-job training and experience, or that such capital has been depreciated because of long absence from the labour market?

As mentioned, the call text mentions **precarity** once. This concept is strongly associated with the work of Robert Castel (2003), where he pointed to the emergence of a vulnerable group, a precariat, that in contrast to a group with quasi-permanent jobs, never succeeds in establishing itself firmly in the labour market, but remains permanently marginal with short-term jobs, with low pay and unsatisfactory working conditions. Scholars have later pursued this theme as part of the renewed research interest for the dualisation of labour markets in Europe (e.g. Emmenegger et al. 2012). While a growing share of young people are likely to experience as period of precarious jobs (with short fixed-term contracts, weak protection against firing, low

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wages, involuntary short part-time work, etc), we expect that in it is only under particular circumstances that this experience results in a state of permanent precarity.

Finally, in the NEGOTIATE project we will have to be somewhat pragmatic in the operationalisation of prolonged job insecurity. Whether it is appropriate to use and test the relevance of the concepts of job insecurity, exclusion, unemployment or precarity in our detailed analyses, depends to considerable extent on what variables the relevant available cross-national comparative data sets allow us to apply. To the degree that we collect primary data ourselves, for instance, the coordinated life course interviews, we will have greater scope for operationalising, applying and testing the four concepts.
1. Introduction – An Analytical Framework

This deliverable presents an analytical framework for a comparative assessment of the consequences of early job insecurity and labour market exclusion across different labour market contexts. Our aim is to conceptualise how structural conditions, institutions, active agency and individual capabilities interact to shape differential outcomes across European countries at the societal (macro) and individual (micro) level in the short-, medium- and long-run. We are interested in exploring new ways to capture the (meso-level) mechanisms connecting micro- and macro-levels when applying different time-horizons. To achieve this, we need a dynamic framework that centres on processes and interactions between agents and structures and does not conceive given social outcomes as the isolated end-point and sole dependent variable in the model.

Building a dynamic framework of this kind requires an attempt to specify key feedback mechanisms as explicitly as possible. While complexity is inevitable in such a model, we regard it as preferable compared with one that portrays social outcomes as static and clearly defined end states. Ultimately, the framework should be able to identify factors that promote ‘social resilience,’ conceived to operate both at the societal and individual level. Part of the task is to review and synthesise what existing research says about young people’s agency in relation to job insecurity and how public policies may constrain or enable agency. Moreover, the analytical framework should help us shed light on the impact of structural and institutional differences – across and within countries – in shaping the consequences of early job insecurity at the individual and societal levels. Against this background, we suggest that the concepts of capability and social resilience help us understand the mechanisms underlying the consequences of early job insecurity. Both concepts require attention to interactions between structures and individual agency.

The empirical backdrop and main motivation for seeking a better understanding of what drives the consequences of experiencing long-term job insecurity, exclusion and unemployment early in the career, is the concerns for the current labour market situation in Europe. Almost everywhere in Europe, the international economic crisis has affected the employment chances of the working aged population but it has had disproportionally adverse effects on the job prospects and job quality of young workers. Therefore, we also need to be able to take into account what role policy developments at the European level play in shaping the job prospects of young people.

At the same time, there are clear geographical asymmetries as to the severity of the employment situation of young people in Europe. In some countries and regions the situation is better (or worse) than in others (see for instance Bell and Blanchflower, 2011; 2015). Poor labour market prospects for the young also force new entrants to be less selective in terms of the types of jobs to apply for and with regard to employment and working conditions (ILO, 2013), adding another dimension to the job insecurity and risk of labour market exclusion facing young people. The higher presence of ‘non-standard’ forms of employment is disproportionately
affecting young workers in Europe compared with the average European worker. This is reflected in the higher presence of temporary, part-time and other non-standard forms of employment such as temporary agency employment and work without contracts (Eurofound, 2013).

This work follows in the theoretical footsteps of the capability approach (CA) associated with Amartya Sen and Martha Nussbaum. We attempt to take this approach a step further by showing how we can link it to the diverse literature interested in the concept of social resilience. More specifically our framework highlights the mechanisms shaping individuals’ room for (active) agency or degree of agency freedom when negotiating or navigating key transitions in the early stages of their working lives.

**Figure 1.1:** Young adults’ experience of early job insecurity - basic model of the relations between initial conditions, mediating processes and outcomes

The framework offers tools for conceptualising how youth-to-adulthood transition pathways influence individuals’ subsequent life courses in a non-deterministic manner. Following Hobson (2013; see also Fahlén, 2013), we assume that important agency and capabilities gaps
exist and that these differ, not only across social classes or groups, but also across institutional, cultural and economic contexts. A main task in the NEGOTIATE project as a whole is to map and explain the extent of this variation. We have designed each of the empirical Work Packages (WPs) 3-8 to generate distinctive insights that will inform the more general analysis that we carry out in WP2. The purpose of this deliverable (D2.1) is to provide the project’s overarching analytical framework. Subsequent deliverables from other the WPs will discuss relevant perspectives and concepts and existing research in more detail.

Figure 1.1 outlines the basic elements of our analytical framework. Its construction unfolds in two steps.

1.1 Capability

First, we address the notion of capability (and capability set) and the role of conversion factors. Concerned with what people are able to be and do rather than only with what they actually are and do, the capability concept emphasises the significance of freedom and choice in a person’s life.

Sen adopted capability as a term for “the alternative combinations of things a person is able to do or to be – the various functionings he or she can achieve” (Sen 1993: 30). He emphasised that the person’s capability to achieve functionings constitutes the person’s effective freedom – the freedom actually enjoyed by the person (Sen 1992: 40, 81). In the words of Robeyns (2005: 94), capabilities are what people are ‘effectively able to be or do.’ Therefore, a study of people’s capabilities means assessing the extent to which they are able to live a kind of life they have reason to value and requires attention to what it takes to remove potential obstacles.

In the context of the NEGOTIATE project we are interested in what the notion of capability means in the context of transitions from youth into adulthood, of which labour market entry is a key marker. At this point, we could attempt to define upfront a list of what we consider as the central capabilities for this stage of the life course in the European context. The would be similar to what Nussbaum (2011: 33–34) does when she defines a set of ‘basic capabilities’ that should be universally available. However, since individual freedom and aspirations are at the core of the capability concept, we choose to take a more open-ended approach. Drawing up a list of core capabilities associated with young persons’ transition to adulthood is a task we may, instead, want to pursue in the concluding analysis of the NEGOTIATE project, based on the data collected in the other WPs.

The notion of conversion factors is another key element in the capability approach. Sen underlined that even if the volume and nature of the various means (commodities, goods, resources broadly defined, etc.) that a person has access to, influence his or her capability set, these means do not determine this capability set in a uniform or definitive way. According to Sen, the diverse characteristics or circumstances of a person effect his or her possibilities for translating means into a capability set (and in the next instance, into achieved functionings).
Since the experience of (or exposure to) such characteristics or circumstances is likely to vary between persons, their ability to convert means into a capability set (and next into achieved functionings) will also differ. For these reasons, it is insufficient and misleading to evaluate distributions of outcomes (however defined) solely based on knowledge about persons’ access to the means to reach such outcomes, and more generally, without taking into account human diversity and the heterogeneity of needs.

In recent publications, Sen has identified five main sources of variation in the conversion of capability-inputs into capability sets and functionings (Sen 1999: 70-71; Sen 2005: 154; Sen 2009: 254-5):

- **Personal heterogeneities** [diversity in individual characteristics, physical and mental capacities, knowledge & skills]
- **Distributions within the family** [intra-family distribution of paid and unpaid work, earnings and purchase power; gendered divisions of labour,]
- **Differences in relational positioning** [e.g. cultures, social norms and conventions negatively affecting the respect of others as well the person’s dignity, self-respect and “the ability to appear in public without shame”,]
- **Varieties in social climate** [e.g. the quality of public services and community relations]
- **Environmental diversities** [e.g. climate, differential exposure and risk of illnesses]

In our context, we find it useful to distinguish between conversion factors operating at the **micro**, **meso** and **macro** level respectively (see Table 1.1).

**Table 1.1**: Examples of initial conditions and/or conversion factors at different societal levels

<table>
<thead>
<tr>
<th>Micro</th>
<th>Meso</th>
<th>Macro</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Gender and age</td>
<td>- Regional/local institutional arrangements (sub-national administrative institutions, PES)</td>
<td>- Supra-national (EU) institutional arrangements (market regulations, specific redistributive &amp; regulatory provisions aimed at youth)</td>
</tr>
<tr>
<td>- Intelligence</td>
<td>- Local geographical and physical environment (e.g., urban vs. rural location)</td>
<td>- National institutional arrangements (education and training systems, social cash transfers &amp; regulations, in-kind social provisions, statutory social rights)</td>
</tr>
<tr>
<td>- Level and type of skills</td>
<td>- State of local economy</td>
<td>- Industrial relations, employment legislation</td>
</tr>
<tr>
<td>- Work experience</td>
<td>- Employers perceptions &amp; practices</td>
<td>- Business cycles</td>
</tr>
<tr>
<td>- Own (or family’s) resources &amp; networks</td>
<td>- Family resources &amp; networks</td>
<td>- Macroeconomic conditions</td>
</tr>
<tr>
<td>- Self-perception &amp; confidence</td>
<td></td>
<td>- Economic structures (varieties of capitalism)</td>
</tr>
<tr>
<td>- Dispositions (habitus)</td>
<td></td>
<td>- National social norms</td>
</tr>
<tr>
<td>- Ethnicity (command of language of host society)</td>
<td></td>
<td>- Political institutional structure &amp; power relations</td>
</tr>
<tr>
<td>- Health status</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>- Place of residence</td>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>
Hence, our emphasis and terminology differ slightly from Robeyns’ (2005) categorisation into individual, societal and environmental conversion factors. Other scholars distinguish only between individual on the one hand and external or social conversion factors on the other side (e.g. Bonvin and Orton, 2009; Hollywood et al., 2012a; several contributions in Otto (Ed) 2015; Egdell and McQuaid, 2016). We see the differentiation between conversion factors at different levels as an important tool for sensitising us to the possible interactions between factors at different levels. Moreover, this differentiation is necessary in efforts to operationalise the capability approach for measurement purposes in empirical studies (see for instance Comim, 2008; Hollywood et al. 2012a).

Conversion factors are instrumental in the process of moving from means or inputs via the capability set to actual functionings (understood as realised capabilities). At the same time, the same factors may operate also as initial conditions or sources of capability inputs. This means that empirically they are not distinct from each other. Therefore, we can make the same analytical distinction between capability inputs or initial conditions situated on the micro, meso and macro level as we do with the conversion factors. It is the purpose and analytical focus of any given study that should determine whether we adopt a framework that treat these factors as initial conditions, conversion factors or both. Sometimes it may be fruitful and even necessary to switch between the two perspectives within the same study. For instance, following the capability approach, institutional actors (most prominently the state) should centre their activities on the interactions between initial conditions and conversion factors in order to enhance capabilities or the realisation of opportunities (e.g., Bonvin and Orton, 2009: 567).

Since individuals’ initial conditions or inputs differ along many dimensions, there will be great variation in their ability to convert means into a capability set. Given that it is a category of relevance in most national contexts, the significance of gendered patterns in the conversion process from inputs into capability sets is of particular interest to the project. However, this does not mean that we are not interested in the members of other social groups – e.g., persons with disabilities or migrants – who face a potentially higher risk of labour market marginalisation.

In our framework, institutions (conceived as rules, norms and formal, structuring arrangements) belong both to the meso and macro level. Sub-national administrative institutions such as public employment services are examples of actors that operate at the meso level. The broader institutional arrangements (e.g., the design of the education system, national systems of industrial relations, employment protection legislation, or parental leave rights) involve decisions taken at the national and sometimes even the supra-national level. Therefore, to analyse policies relevant to the improvement of young people’s integration in the labour market (especially in WP8), we draw on analytical tools developed in the literature on multi-level governance and new institutionalism, two prominent approaches in the study of public policy. The NEGOTIATE team will discuss the two approaches in detail and how it applies them, as part of the deliverables under WP8. The final NEGOTIATE synthesis (D.2.3) will
incorporate and build on the cumulative insights of preceding work packages, including the multi-level governance and institutionalist analysis of WP8.

Researchers have adopted different iterations of the capability approach as a framework for assessing the usefulness of policies in a range of different policy areas. Most relevant for the NEGOTIATE project is recent research that has focused on different forms of social exclusion and attempts to identify measures that successfully support labour market integration of particularly vulnerable groups as well as social inclusion more in general. Worth mentioning in this regard are the concluded EU FP7-funded projects WorkAble (http://www.workable-eu.org) and SocIEty (http://www.society-youth.eu/). These projects have already addressed important and relevant theoretical and methodological issues with regard to the analytical value and operationalisation of the capability approach in assessing and helping vulnerable young people in the transition from school to work. For instance, in an article that identifies lessons from the WorkAble project, Hollywood et al. (2012a) draw attention to the challenge of comparability when applying the capability approach in cross-national case study research (see also Hollywood et al., (2012b). Moreover, we can situate the NEGOTIATE project’s analytical framework within a research strand that sees the capability approach as a useful basis and methodological tool for a broad based assessment of labour market activation and social integration policies for vulnerable young people (as illustrated by the contributions of for instance Bonvin and Machaon, 2008; Otto, 2015; Edgell and McQuaid, 2016).

1.2 Resilience

The second step in the construction of our analytical model centres on the concept of social resilience. We argue that social resilience provides a useful lens for comparing – across and within countries – the consequences that early job insecurity and unemployment have for different groups of young people and how they face up to these challenges. The way we define them, we see the concepts of capability and social resilience as underpinned by similar logics. Therefore, in our framework the two concepts are complementary. They both draw attention to individual agency. The benefit of linking capability and social resilience is that the latter is more suited as an analytical lens through which we can interpret the NEGOTIATE project’s dependent variable, i.e., the (social) outcomes located on the right side of our model.

More specifically, we can conceive the range of consequences associated with young people’s risk of job insecurity or unemployment in terms of social resilience. For instance, we can examine how young people adapt to the stigmatising and scarring effects of unemployment (see discussion below) through the conceptual lens of social resilience. The concept draws attention to the extent to which young women and men are able to negotiate these conditions and potentially avoid the most adverse consequences of such insecurity. It invokes attention to the mechanisms of gendered labour market outcomes and patterns of marginalisation of young people. Thus, one of the challenges the NEGOTIATE project will address is defining which groups of young people we want to compare in relation to their success or failure to exhibit characteristics of social resilience and actors at different levels who enable this.
There is a vast and variegated scholarship, much of which originates outside the social sciences, on the concept of resilience and more recently on social resilience. For the purpose of the NEGOTIATE project, we suggest a basic working definition that encompasses both the individual and societal level (see Table 1.2). Our definition draws, in particular, on three concrete pieces of work that all have different purposes for addressing the notion of social resilience and come at it from somewhat different angles. In developing our definition, we have tried to look for what the mentioned discussions have in common.

First, emerging from research in the field of international comparisons of health and well-being, Hall and Lamont’s (2009) examination of what constitutes ‘Successful Societies’, led on to their analysis of the concept of social resilience (Hall and Lamont 2013). This they define as ‘the capacity of groups of people bound together in an organization, class, racial group, community, or nation to sustain and advance their well-being in the face of challenges to it’ (2013: 2). While they do not go to great lengths to explain the constituent elements of their definition, we note the collective (rather than individual) perspective and the presence of adversity. Social resilience is relevant in the context of some kind of stressor or threat.

Second, our definition is inspired by the work of Ungar (2008), who is especially interested in children and young people’s diverse experiences of resilience. His emphasis on ‘navigating’ and ‘negotiating’ resources by and for those affected by adversity informs our analytical framework through the definition of social resilience. Ungar (2008:225) defines resilience as follows:

In the context of exposure to significant adversity, whether psychological, environmental, or both, resilience is both the capacity of individuals to navigate their way to health-sustaining resources, including opportunities to experience feelings of well-being, and a condition of the individual’s family, community and culture to provide these health resources and experiences in culturally meaningful ways.

Resilience is therefore both a process of the child’s navigation towards, and the capacity of individuals to negotiate for, health resources on their own terms. Both concepts of navigation and negotiation figure prominently in this definition, distinguishing it from more static understandings of resilience as a clearly defined set of outcomes or culturally independent processes. Here, navigation refers both to a child’s capacity to seek help (personal agency), as well as the availability of the help sought. […] One can only navigate towards what is available and easily accessible. Negotiation is the provision of health resources in ways that are meaningful to individuals.

For our purposes, Ungar’s conception of social resilience as a process and not only a static outcome or absolute end-point is especially interesting and important. The perspective fits well with our conception of social outcomes as situated within dynamic model. That is, we suggest structuring the analysis of social outcomes at point t₁ around the notion of social resilience. At the same time we expect that outcomes at t₁ feed into initial conditions or serve as capability inputs in the future (which we may denote t₁+n).
Social resilience will have a positive impact on future capabilities. To connect back to the capability approach, it promotes what Nussbaum (2011: 43) refers to as ‘capability security,’ meaning that a given capability can be counted on for the future.

Third, Keck and Sakdapolrak (2013) usefully point to three defining aspects or capacities of social resilience: *coping, adaptation* and *transformation*. They refer to

1. *Coping* capacities as the ability of social actors to cope and overcome adversities;
2. *Adaptive* capacities as the ability to learn from past, adjust to future challenges; and
3. *Transformative* capacities as the ability to create sets of institutions that foster individual welfare and sustainable societal robustness towards future crises.

Two aspects in Keck and Sakdapolrak’s discussion of social resilience are of particular relevance to the NEGOTIATE project. First, we find useful their attention to temporality. They offer a good example of a more demanding interpretation of the concept, recognising the relevance of time horizons when relating social resilience not only to present but also future risks. The emphasis on individual and societal ability to strengthen well-being and capabilities in a long-term perspective suggests that empirically we should be interested in the role of knowledge and the room for learning and adjustments based on past positive and negative experiences.

Second, by bringing in institutions, it becomes clear that social resilience is (at least implicitly) also a political matter. The institutional setting, respectively its change, may provide resources and opportunities in a more or less universal or selective manner to support resilience. In fact, Keck and Sakdapolrak (2013: 14) argue that the ways of building ‘social resilience, especially in the livelihoods of the poor and marginalized, is not only a technical, but a political issue.’ This suggests that analysing the drivers of social resilience in the context of young people’s integration in the labour market should also involve an attempt to understand processes of governance and the making of policies designed to help young people’s transitions.

**Table 1.2: Definition of social resilience in the context of early job insecurity**

<table>
<thead>
<tr>
<th>Level</th>
<th>Given young adults, exposure to the risk of job insecurity and unemployment, social resilience is the</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>Opportunity to acquire a feeling of well-being, ability to cope with adverse circumstances and realise valued and meaningful achievements in the short and long term</td>
</tr>
<tr>
<td>Societal</td>
<td>Capacity to provide support that maintains and enhances individual capabilities in their encounter with current and future labour market uncertainties, i.e., support that reaches and is valuable to individuals faced with various social risks, social programmes or regulations that create training or job opportunities or enhance employment prospects</td>
</tr>
</tbody>
</table>

Source: Own adaptation of Ungar (2008: 225), Hall and Lamont (2013: 2) and (Keck and Sakdapolrak, 2013: 10–11)
Figure 1.2: Highlighting the role of active agency in mediating the consequences of early job-insecurity and unemployment

Initial conditions (Structures)

MACRO-LEVEL
E.g. European-level & national institutional arrangements, Business cycle, Economic & employment situation, Public finances
TRANSITION REGIMES

MESO-LEVEL
E.g. Regional/local institutional arrangements, State of local economy & labour market, RESILIENCE, Other features of community & civil society, Employers' practices

MICRO-LEVEL
E.g. Gender & age of young person, EDUCATION, Level and kind of skills, Work experience, EMPLOYABILITY Own & family's resources & networks (social capital), CAPABILITITY, RESILIENCE,

Mediating processes (Mechanisms)

ACTIVE AGENCY (action by young persons faced with job insecurity - his/her interaction with others
E.g., Continuing or leaving education/training, Approaching employers directly, Using own, parents' or acquaintances' networks indirectly in job search vis-à-vis potential employers, Using social media to announce one's skills & motivation, Pursuing mobility: Move to other locations or countries, Become active in organisations or groups for or of young people out of work, Change in aspirations for job quality & wages, Engage in the informal economy, etc.
Conceptually: Seeking to convert available resources into improved job prospects and scope for real choice (achieved functionings, cf. the capability approach) NEGOTIATING or navigating vis-à-vis local actors (public and private employment services, income support agencies, employers, educational institutions, etc.); negotiating resilience

Outcomes

SHORT-TERM CONSEQUENCES of early job insecurity and unemployment
E.g., Success or failure in finding a satisfactory & secure job Income (earnings) level Dependence on public benefits or parents TIMING OF HOUSEHOLD AND FAMILY FORMATION (parenthood) SUBJECTIVE WELL-BEING Degree of achievement of desirable functionings, stronger or weaker RESILIENCE

LONG-TERM CONSEQUENCES of early job insecurity and unemployment
E.g., Long-term EMPLOYABILITY Risk of permanent exclusion or marginalisation from labour market Dependence on public benefits SCARRING AND STIGMATISATION EFFECTS, SUBJECTIVE WELL-BEING Accumulated LIFE COURSE earnings, Etc.

FEEDBACK PROCESSES

NEGOTIATE
Overcoming job-insecurity in Europe
Social resilience defined in this way reflects the normatively important aspiration for European societies that also young people have ‘effective freedom to act and govern themselves’ (Johansson and Hvinden, 2007: 39–40). That is, we consider active agency as a constitutive element of social resilience. Moreover, our definition is in line with Keck and Sakdapolrak’s (2013: 10) in incorporating an extended time horizon, rather than a single point in time. We consider the capacity to draw lessons from the past and from others as relevant for individual actions as well as for collective actors operating in local communities or at national or supra-national level. Such processes of reflexivity and learning underline the need for adopting a dynamic analytical framework (and next, for choosing methodological designs that allow us to capture how young people’ lives develop over time and what factors that influence their life courses).

1.3 The next steps

With basis in the key roles of capability and resilience within our analytical framework, we need to specify further the conceptualisation and likely empirical substance of the following elements in Figure 1.1:

- Initial conditions (structures) as conversion factors
- Active agency seen as mediating processes (mechanisms) between initial conditions (structures) and outcomes
- Short-term consequences of early job insecurity and unemployment, and
- Long-term consequences of early job insecurity and unemployment.

Figure 1.2 gives a tentative and simplified overview of how one may conceptualise, illustrate and link the role of the young adults’ active agency in mediating the consequences of early job insecurity.

To emphasise the dynamic relationships between “conditions” and “outcomes”, we have indicated a feedback loop from outcomes (at time T1) to conditions (at time T2). Hence, for instance, multilevel governance and transition regimes may constrain and facilitate young adults’ active agency in one way initially (at time T0) and in a slightly different way later (at time T2), because of the intermediate processes and outcomes. Similarly, a dramatic increase in young unemployment between time T0 and T1 might result in a change in public policies at time T2. At the individual level, accomplishments in strengthening capability and resilience at time T1 may give a different position for negotiating or navigating adverse circumstances at time T2, leading to a virtuous or a vicious circle in the person’s further employment career.

The next section reviews the main concepts that NEGOTIATE will draw on in analysing such processes and outcomes.
2. Elaborating the Analytical Framework - Key Concepts

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Introduction

An important aim of NEGOTIATE is to identify areas of intervention to social innovation by fostering institutions and policy solutions enabling Europeans faced with early job insecurity to exercise active agency for improving their employability over the life course within a system of multi-level governance. The following perspectives and concepts will be key tools in our efforts to reach this aim. Moreover, based on the empirical work in work packages 3-8, we aim at providing improved empirical knowledge about the empirical phenomena to which these perspectives and concepts refer. In this context, a better understanding of the mechanisms and causal relationships behind these phenomena is required as basis for suggesting institutional innovation and policy solutions.

2.1 Mediating processes – active agency

Within social science and normative political theory, a number of scholars have developed concepts of active agency. Given the constraints imposed on public resources by macroeconomic conditions and contemporary fiscal policy, NEGOTIATE aims to identify and critically assess the potential sources of social resilience. In this regard, NEGOTIATE’s centre of attention will be policies, practices, institutional configurations and modes of coordination that enable groups, such as young adults, to ‘sustain their well-being’ (Hall and Lamont, 2013: 22). As an integral part of this task, we will investigate where these institutions and policies fail and why. Analytically, we are interested in assessing critically and comparing cross-nationally...
how the characteristics of the meso level – i.e., local and regional labour markets, local public and private employment services, employers, access to education or training – structures young people's actual and perceived room for action and efforts to manage and utilize this room.

Rob Stones’ (2005) version of structuration theory – and more specifically his concept of *active agency* – provides a slightly different analytical framework for connecting the different levels of analysis (the micro, meso and macro levels). He distinguishes between ‘external structures’ (such as hindering and facilitating conditions of action), ‘internal structures’ (within the agent, such as dispositions or knowledge), ‘active agency’ (where the agent draws on external and internal structures in practical action), and *outcomes* (for instance, change or stability in external or internal structures or the agent’s position) (Stones, 2005: 9). Karen O’Reilly (2012: 149) has clarified the role of active agency in modifying (or reproducing) initial structures through recurring or iterative cycles of action and interaction over time. *NEGOTIATE will draw on existing models of active agency and seek to develop new models that are relevant for understanding the active agency of young adults experiencing job insecurity.*

2.2 Initial conditions – structures

<table>
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<th>Initial conditions (Structures)</th>
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<tr>
<td><strong>MACRO- LEVEL</strong></td>
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<tr>
<td>Public policies in a multi-level context, Early job insecurity, Transition regimes</td>
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<tr>
<th>MESO-LEVEL</th>
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<td>Public policies in the multi-level context</td>
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2.2.1 Public policies in a multi-level context

The challenge of preventing and responding to youth unemployment and job insecurity in contemporary Europe belongs to a broader class of complex policy challenges or ‘wicked problems’ requiring a combination of:

1. Well-integrated, interlinked and mutually supporting public policies,

2. Networks or horizontal collaboration between relevant actors and stakeholders, and
Vertical coordination across different territorial levels (supra-national, national, regional and local). Social researchers have for a couple of decades framed the appropriate ways to handle such policy challenges as *multi-level governance* (e.g., Jordana and Levi-Faur, 2004; Jessop, 2004; Bache and Flinders, 2004; Landa and Langille, 2009; Kazepov, 2010; Enderlein et al., 2011; Stephenson, 2013; Berthet, 2015) or *network governance* (e.g., Querejeta et al., 2008; Berkel et al., 2011).

In brief, the underlying idea behind the concepts of multi-level and network governance is that in complex systems of decision-making like contemporary Europe, no particular level of government, for instance the nation state, is sovereign and fully able to oversee and control what happens in its territory. Greater complexity of issues and institutional patterns means that decision-making becomes more dispersed. First, at each territorial level public authorities establish various forms of networks, agreements or alliances with non-public actors at the same level. While a public authority may be dominant in a network, it still needs the participation, resources, and legitimacy of others to ensure or improve its capacity to achieve significant goals. Second, public authorities are not only dependent on other actors at the same territorial level, but also influenced and constrained by authorities and actors at other levels (e.g. supra-national, national, regional, local or individual as the case may be). Conversely, public authorities at one level are in their turn seeking to influence and constrain the actions of authorities and actors at the other levels. These efforts create a web of negotiation, alliance building and mutual adjustment between actors. Important aspects of these processes include (Halvorsen and Hvinden, 2016):

- Relations of power (dominance and authority but also resistance),
- Flows and exchanges of resources, (inter-) dependencies, emergent networks,
- Symbolic struggles (for recognition, respect and worthiness),
- Possible ways of coping with tensions related to asymmetries in power, control over resources, and capacity to define the status and symbolic capital of others.

The forthcoming deliverables from WP8 will present a more elaborate literature review and detailed discussion of the application of the concepts of multi-level governance and network governance. *NEGOTIATE will build upon these concepts to provide a better understanding of the conditions under which policy efforts to prevent or reduce prolonged youth unemployment are likely to be successful (WP2 and WP8).*

These concepts have the potential to clarify the factors and mechanisms at work across levels of governance and national contexts, and to identify possible sources for inspiration, learning or emulation. A better and more informed understanding is not a goal in itself. An improved understanding will also help to develop not only well-founded recommendations for innovative policy but also stimulate stakeholders’ awareness of the need for appropriate systems for implementation, coordination and monitoring, both at European and national levels, and hence, contribute to the overall impact of the project.

More specifically, we are currently witnessing a wide set of concrete efforts at several territorial levels – from the supranational to the regional and local level – to implement
strategies and measures to create more, better and sustainable employment for young people. Actors involved in these efforts include the EU, policymakers at the national level and public employment services at the national and local levels. In addition, the social partners (i.e., trade unions and employers) are key stakeholders with whom governments have to cooperate in order to design and implement new policy. Overall, we are thus about to get an increasingly complex picture as activities at several levels and an array of actors operate in parallel to address the same problem at different (and sometimes at the same) locations.

While the national and subnational governments’ pursuit of policies for promoting the labour market integration of young people is not new, the importance of the EU in policy development and governance has grown markedly since from the second half of the 1990s (e.g. Ashiagbor, 2005; Landa and Langille, 2009. Especially through the gradual development of the European Employment Strategy (EES), the EU has sought to gain a role in the area of employment and labour market policy (Goetschy, 1999; Pochet, 2005; Visser, 2009). In recent years supranational efforts to promote cross-country policy learning and the coordination of national employment policy and to monitor performance have stepped up, becoming even more visible through the central position of employment (and education) in the Europe 2020 strategy, launched in 2010. The strategy states that by 2020, the EU should have reached an employment level of 75 per cent of all 20-64 year olds, the rate of early school leavers should be below 10 per cent and at least 40 per cent of those aged 30-34 years should have completed tertiary education (or equivalent vocational training).

As instruments to reach these goals and part of the Europe 2020 strategy, the EU has introduced the flagship initiatives Youth on the Move and An agenda for new skills and jobs. The former is about promoting the mobility of young people as this is thought to ‘improve young people’s education and employability,’ to reduce high youth unemployment and to increase the youth employment-rate. The latter initiative – An agenda for new skills and jobs (Europe 2020 Strategy website - http://ec.europa.eu/europe2020/index_en.htm) – is very broad and includes actions that should:

- Promote the principle of flexicurity in the labour market (i.e. the reconciliation of employer flexibility and social security for workers),
- Ensure decent working conditions,
- Make sure people are given skills they will need in the future and
- Facilitate job creation.

Several other strategies, programmes and measures run parallel to the Europe 2020 flagship initiatives. One of these is the aforementioned European Employment Strategy. Fundamentally, the EES is inspired by the same principles and works towards the same objectives as the Europe 2020 strategy. However, its methods are based on the ‘Open Method of Coordination’ framework and it is defined by an institutional package of instruments (including national reform programmes and country-specific recommendations) that are meant to facilitate knowledge-sharing and cross-national coordination of employment policy. Under the EES there are furthermore a range of other activities (e.g., peer reviews of policy and a mutual
learning programme for public employment services) aimed at creating arenas for knowledge exchange and the identification of efficient policy solutions and practices.

In the rich landscape of initiatives, the ambition to implement the **Youth Guarantee** as a measure to tackle the problem of youth unemployment has received much attention across Europe. The approach was endorsed at the EU level through the signing of a Council Recommendation in April 2013. The main funding responsibility for these schemes lies with the national level but to further support implementation in the regions that are experiencing the most precarious situations, regions facing youth unemployment rates above 25 per cent may receive top-up funding under the **Youth Employment Initiative** (a €6 billion package). In addition, member states can make use of the European Structural Fund for this purpose.

**At the national level**, employment and labour market policy is a domain closely related to sensitive and interrelated issues such as economic competitiveness, job quality, employment protection legislation and wage bargaining. Therefore, even though the European dimension has become more visible as the EU plays an increasing role in developing policy, sharing knowledge and spreading best practice, national governments are directing much of the actual organisation and management of concrete programmes. EU member states are still far away from full harmonisation of employment and labour market policy. Policy makers at the national level typically decide on the exact design of the programmes and actions to equip people with job-related skills and to help them find employment, often in collaboration with the social partners – employers’ associations and trade unions. In addition, different occupation-specific or sectorial interests contribute to complicate the picture even further. For instance, export-exposed manufacturing or primary industries generally face different kinds of challenges than the service sectors.

As the authority responsible for facilitating recruitment and matching labour supply and demand, the public employment services are a key institution in the management of national employment policy. They are generally in charge of administering programmes and schemes in support of active labour market policies. The concrete implementation of policy typically takes place at the regional or local level. Yet, in some countries, **regional authorities** have also a role in policy development. Finally, the concrete encounter between individuals and policies takes place at the **local level**. The local level is also generally where young adults experiencing prolonged unemployment or job insecurity are able to exercise active agency to improve their chances of finding a suitable job.

**NEGOTIATE** will integrate knowledge about these interrelated specific aspects of multilevel and network governance in its analysis of factors that are determining young adults’ scope for agency and affecting their risk of experiencing the more adverse consequences of prolonged unemployment and job insecurity (WP3 and WP8). The analysis of such factors will be sensitive to both cross-national and intra-country differences in institutional arrangements and economic circumstances. Intra-country disparities are likely to be most pronounced across urban and rural regions (as in Bulgaria) or they may follow a geographical North-South (e.g. Spain) or East-West (Germany) divide.
Finally, we note that scholars have asked whether we may see a convergence between the multilevel governance perspective and the capability approach in the study of vulnerable youth (e.g. Berthet, 2015).

2.2.2 Early job insecurity in Europe

In Europe today, the notion of early job insecurity does not only refer to uncertainty about the prospects of finding an appropriate job when leaving school or higher education. Work package 3, especially in Deliverable 3.1, will review and discuss in detail different interpretations of ‘early job insecurity’. However, as a background to this discussion we note that, according to reports from the International Labour Organization, the still on-going financial crisis has not only reduced opportunities for employment, but is also forcing new entrants to be less selective in terms of types of jobs and in regard to employment and working conditions (ILO, 2013a). Therefore, early job insecurity is generally a problem for the individuals who experience this phenomenon. While this situation has not fully excluded the young people in question from the labour market, they face considerable uncertainty. Going beyond the simple labour market insider-outsider dichotomy (or employed vs. unemployed), NEGOTIATE is concerned with the individual and societal consequences of experiencing these new forms of uncertain labour market attachment early in the career.

There is a growing concern for a further polarisation of the labour market into “good jobs and bad jobs” (Kalleberg, 2013), where immigrants and young adults are left with limited access to the “good jobs” and increasingly end up in precarious working conditions – the “bad jobs” (Ross, 2009; Standing, 2011). We may observe a possible change in the distribution of risk in the labour market. An individualisation of risk is likely to affect in particular the vulnerable groups in the labour market (Breen, 1997).

Policies of so-called labour market flexibilisation, which many European countries have introduced since the 1980s, have resulted in an increasing share of workers employed in non-standard employment contracts, particularly part-time and temporary work. This development has led to concerns that such flexible employment relations are producing a polarised workforce, divided into a protected core and a disadvantaged periphery. Research has confirmed the poor quality of many atypical contracts. Temporary employees are subject to lower pay, a higher risk of job loss, subsequent spells of precarious employment and poorer opportunities for job-related training (Inanc, 2010).

Women are likely to start their career in a doubly vulnerable position characterised by part-time, temporary employment (Plantenga et al., 2013). There are contrasting views on the possible long-term implications of temporary work for the long-term career trajectories of women and men: whether it is a stepping-stone to better jobs or a source of entrapment. Similarly, part-time work is also associated with poorer employment quality as well as career outcomes in terms of pay, job security, training and promotion (OECD, 2010). The current crisis accentuates concerns of a deepening labour market dualism between those on a standard employment contract and those on atypical contracts.
The majority of EU countries have sought to deregulate components of their employment law allowing employers to hire workers more easily on atypical contracts. Germany and other continental European countries followed a partial reform strategy that focused on the skill divide in the workforce (skilled-protected vs. unskilled-deregulated workers). The result of this strategy has led to the creation of a dualistic and segmented workforce (Emmenegger et al., 2012; Gallie, 2013). Employees in the primary segment enjoy job protection and social benefits attached to their permanent contracts, whilst employees in the secondary segment hold temporary contracts, which offer lower wages, less training and fewer skill-investment opportunities as well as less social protection. In these countries, labour market flexibilisation has come at the cost of increasing social inequality between standard and non-standard workers as well as an enhanced risk of the social and economic marginalisation of the secondary segment (Gash and Inanc, 2013).

If one looks at this development according to gender and age, we see a trend towards a highly segmented and segregated distribution of atypical work. Overall, young people and other labour market newcomers are highly likely to get a fixed-term contract. Low-wage employment is prevalent also for full-time employees in many female-dominated professions (Eichhorst and Marx, 2009). Moreover, the expansion of part-time employment seems to be closely connected to a modernised breadwinner model of the family (Dingeldey, 2014).

However, especially in Germany but also in Norway, temporary jobs do not take a predominantly involuntary form, reflecting the integrative nature of temporary work in these countries. In other countries, for instance Sweden, larger proportions of young workers do temporary work involuntarily (Hyggen, 2013). A central question is whether the financial crisis has led to stronger structural insecurity in the workforce, by increasing the size of the atypical sector in relative terms, especially among new entrants to the labour market, immigrants and young people left behind. **NEGOTIATE will deal with this complexity by identifying cross-national similarities and differences in the short- and long-term consequences of being unemployed for long periods as a young adult and of being in precarious employment with many temporary, part-time and low-paid jobs (especially through WPs 3-5 and 7). In addition, WP7 will possibly allow for examining who is most likely to get such jobs, based on their previous job-biography.**

More specifically, we have seen arguments that labour market flexibilisation and more use of temporary or part-time employment contracts diminish the risks run by employers when hiring, and that such a development will improve the employment chances for immigrants and young adults with low or no formal skills. The empirical evidence for this kind of improvement is weak and contested. Counter-arguments have pointed to the risk that flexibilisation will put vulnerable labour market groups in a state of “permanent temporality” – moving between temporary work, unemployment and participation in various forms of employment schemes. Yet, there is some evidence that temporary work functions as a stepping stone out of unemployment (Korpi and Levin, 2001), especially for new entrants and young adults left behind (Engebretsen et al., 2012; Von Simson, 2012). Other research indicates that the
relaxation of labour market regulations has led to higher overall employment in Germany, but also to a growth in the number of the working poor (Gießelmann and Lohmann, 2008). Some claim that insecurity in the employment situation and poor working and living conditions may lead to marginalisation in the long run (Ehlert and Schaffner, 2011; Arbeidstilsynset, 2012). **With the aim of capturing the trade-offs made by young female and male workers from diverse backgrounds when faced with an insecure labour market, NEGOTIATE assesses the long-term implications of being unemployed as young adult (see Blossfeld, 1985) in different institutional settings (WP6).**

### 2.2.3 Transition regimes

Much of the recent literature on life course transitions has emphasised that the transition from youth to adulthood is becoming more de-standardised, heterogeneous and prolonged. Scholars focusing on important stages of the life course have especially highlighted the variation in individual transition pathways (Buchmann and Kriesi, 2011; Hammer and Hyggen, 2013b). Recent theoretical developments and methodological applications have in particular stressed the need to take into account the complexity of transitions from education to employment (Brzinsky-Fay, 2007; Roberts, 2011; Brzinsky-Fay, 2014). Because of changes in late modern societies, the identification of a clear youth stage in the life course has become increasingly problematic. Young people spend longer in education, enter full-time employment at a later stage and can remain dependent for longer periods of time. Moreover, many young people have non-linear sets of experiences in which events occur in a non-traditional order. For instance, they may have children before they have completed their education, or return to education after several years in employment. As a result, researchers have begun to argue that we must recognize a new and distinct phase that they have termed ‘young adulthood’ (EGRIS, 2001) or ‘emerging adulthood’ (Arnett, 2000; Arnett, 2004). Moreover, this research strand also alerts us to the importance of institutional arrangements (e.g. the structure of education systems), leading to differences between social groups as well as diversity across time and space (Hogan and Astone, 1986; Shanahan, 2000; Saar et al., 2013).

A core aim of recent transition studies has, therefore, been to integrate individual and structural perspectives in a longitudinal research design and ask how social pathways are restructured, for whom and with what consequences for young persons’ life chances. Methodologically, one of the main strengths of the approach is that it highlights the importance of finding ways to combine variable-based surveys and biographical case studies (Heinz, 2009), so as to capture interactions between individual and structural variation (across time and place) as well as to contribute to an understanding of the mechanisms producing these outcomes.

Youth employment and unemployment varies considerably across European countries. There are marked cross-national differences not only in terms of youth unemployment, but also in terms of the quality of the jobs in which young people are employed. National institutional differences regarding employment protection legislation and the vocational specificity of the education system also affect cross-national differences in labour market entry patterns.
Julkunen, 2009). The emergent pattern of the economic and social integration of young adults seems largely to follow the contours of the different welfare policy models in Europe. Unemployment policies, gender policy and forms of youth representation can be studied by modelling youth transition regimes, which focus on education, training and labour market entrance. Such modelling constructs regimes as different combinations of culture and institutional structures in which main clusters include the Universalistic (e.g. Scandinavian countries), Liberal (e.g. UK), Employment-centred (e.g. Germany), Sub-protective (e.g. Mediterranean countries) and other complex models characteristic of Post-communist societies (Walther et al., 2006). By including Consortium Members from Bulgaria, the Czech Republic, Germany, Greece, Norway, Poland, Spain, Switzerland and the United Kingdom, the proposed project covers adequately these regimes.

Although integration in the labour market is a common challenge for young people, we have seen the emergence of large variations across Europe in the likelihood of finding a job in the national labour market. Obviously, one important factor is the financial crisis, which has not hit European countries in a uniform way. Some countries and regions, especially in Southern and Central Eastern Europe, have been particularly affected. **NEGOTIATE aims to contribute to a further specification of the mechanisms behind these patterns, by spanning countries from Eastern, Western, Southern, Northern and Central parts of Europe in its selection of partner institutions (WP3 and WP5).**

### 2.2.4 Micro-level conditions - Education

One of the least disputed findings in the social sciences is the fact that **education** leads to better labour market prospects for new entrants. Put differently, education plays a key role in determining young persons’ negotiating position as they enter the labour market. We, therefore, consider it one of the central markers of young people’s active agency and individual capability.

The relationship between educational qualifications and labour market outcomes has become particularly visible in the recent economic crisis. As the integration of young people into the labour market is visibly under strain, policy-makers perceive an increase in education as a key to coming out of the crisis and an investment in the future. The crisis has had devastating effects on youth unemployment figures, even more so for young people with low levels of education. The youth unemployment rate of those with less than upper secondary education was almost twice as high as the rate of those with a tertiary degree (OECD, 2013). The importance of formal educational criteria for employment prospects varies however between countries, regions and
Countries vary, not only with regard to the employment prospects of school leavers, but also with respect to both the education system in which education is attained and in the organisation of the labour markets in which a job is found. **NEGOTIATE will therefore contribute to new knowledge about how the institutional framework for education interacts with the association between the level of education and labour market rewards (WP5 & WP7).**

Young people’s perception of their prospects in the labour market and the possible advantages of pursuing more education will influence their decisions to take up, stay in or return to education. Young people’s educational aspirations will also reflect their subjective perceptions of personal capabilities and external opportunities, as these are influenced by a mix of personal and societal characteristics, including gender, race/ethnicity, and socioeconomic status (McClelland, 1990; Hodkinson and Sparkes, 1997; Lee and Rojewski, 2009). This understanding emphasises that educational aspirations are conditioned by a combination of structural background characteristics and assessments of capabilities, opportunities, resources and barriers during adolescence. Central here is the idea that aspirations are reflections of young people’s past as well as their vision for the future (Hegna, 2014).

As the actors with the strongest direct influence over the allocation of the young into the labour market, **employers** should be a focus of analysis. The education payoff may be seen as the outcome of decision-making processes of both employers and job seekers, who represent the matching of demand and supply in real labour markets. Since the institutional context in which hiring takes place varies between countries, we expect cross-national differences in what premium employers put on education. **In its analyses NEGOTIATE plans to capture how formal educational criteria and signalled skills feature in employers’ decision making in times of crisis, when jobs are scarce and competition is fierce (Di Stasio, 2014)(WP7).**

**2.2.5 Micro-level conditions: Employability**

**Employability** refers to a person’s capacity and prospects of gaining employment (McQuaid and Lindsay, 2005). On the one hand, someone’s employability depends on their knowledge, skills and attitudes (e.g. human capital). On the other hand, general labour market circumstances (e.g., business cycle), specific labour market institutions (e.g. the degree of occupational specificity), individual employers’ perceptions and policies (as expressed in effective demand for labour with different characteristics), also determine a person’s ability to achieve
employment. A person with the same knowledge, skills and other characteristics might fare very differently in different territorial labour markets and over time (EC 2008: 148).

2.2.6 Micro-level conditions - Negotiation position
In the context of young people’s expectations and realised transitions in relations to work and family choices, it is essential to consider their sense of agency or efficacy in different societal and institutional contexts. The ability to realise these expectations is affected by their subjective negotiating position, i.e. their ability to actively construct and be in charge of their own pathways into adulthood. Most important in this regard are individual decisions and choices in relation to education, work, independent household formation and family form. Objective negotiating positions are affected by macroeconomic conditions, historical, political, institutional and cultural factors in a given country (e.g. Luetzelberger, 2012). Both levels of negotiating positions will be affected by gender in relation to the social, economic and ideological status and conventions governing appropriate roles for men and women in different societies (O’Reilly et al., 2013). Institutional and ideological factors affecting these role specifications include the ‘welfare mix’ i.e., the range of education, employment and family care policies, the market, civil society, industrial relations and the structure of the family. Adopting a comparative cross-national empirical analysis of these concepts integrate the research undertaken here and will enable us to bring new insights into the effectiveness of policy measures in different societal contexts.

Negotiation position has affinity to Strauss’ (1978: 99) notion of ‘negotiation context’. This refers to the perceived space (or playing field) within which social interactions take place and is closely related to actors’ perception of what is potentially achievable, i.e. their sense of capability or ‘effective freedom’. Linking the ideas of Strauss and Sen, one might argue that the negotiation context delimits the set of obtainable capabilities. In most situations, behaviour and actual choices are constrained and do not automatically correspond to a person’s preferred action. It is therefore important to consider not only observed behaviour (what people do) but also whether there is actual scope for choosing alternative pathways (the range of opportunities ‘to be or do’ according to Sen). Hobson’s (2013: 24) has applied this idea in her examination of the ‘agency and capabilities gap’ in parents’ preferred and realised work-life balance behaviour. She argues that the ‘possibilities for claiming and exercising rights’ varies not only in terms of different ‘institutional and societal/normative contexts’ between countries, but also in terms of the individual actors within the same societies to realise these rights, where they exist.

In sociological and social psychology, Anselm Strauss and others have developed a more specific concept of negotiated order to capture the emergent and temporary mutual adjustments that people adopt to find workable solutions to the challenges of everyday life and interaction (Strauss et al., 1981). Such order may come into play when an agency has referred a young person to temporary job or work practice or the young person has found one by exercising active agency, by using networks to approach employers, etc.. In such contexts, it may be rather implicit or unclear exactly what the employer offer in terms of duration and conditions attached
to the job or work practice. This situation puts demand of the young person’s ability in negotiating or navigating in a way that make it possible to achieve what he or she aims to gain from entering the job or work practice. In political science and industrial relations, scholars have applied the concept to the ways in which collective social actors negotiate the regulation of social and economic life under different institutional systems, for instance with regard to employment and welfare.

2.3 Outcomes of early job insecurity

Outcomes

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<th>SHORT-TERM CONSEQUENCES</th>
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<td>Household and family formation,</td>
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<td>Subjective well-being</td>
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<th>LONG-TERM CONSEQUENCES</th>
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<tr>
<td>Life course,</td>
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<td>Scarring and stigma effects,</td>
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<td>Subjective well-being</td>
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2.3.1 Household and family formation

An important marker of capability and achieved functioning is young people’s ability to emancipate themselves in the private sphere. In this regard, we are concerned with young people’s prospects of making independent choices about household and family formation. More specifically, one of the possible serious consequences of early job insecurity in general and unemployment in particular is located in the private sphere and relates to the opportunities afforded young people to emancipate themselves economically and spatially from their parents. In turn, this emancipation is linked to the scope for real independence in decisions about whether and when to form their own households or to have children (Forssén and Ritakallio, 2006). Choices about parenthood are clearly relevant not only at the family level but also for societies as a whole. From a gender equity perspective, the transition to parenthood can be seen ‘as a crucial tipping point’ (Lewis and Smithson, 2007).

While no European country today reaches the fertility-rate replacement level of 2.1 live births per woman, cross-country variation is considerable. While France and Ireland have in recent years had the highest number of children per woman (around 2.0), several European countries now experience fertility rates around 1.3 (including Poland) or even lower (Hungary). Theories and empirical evidence are mixed on the relationship between income or employment and fertility (Forssén and Ritakallio, 2006; Rijken, 2006). For instance, Sweden experienced a pronounced drop in fertility because of the economic downturn in the early 1990s, followed by mass unemployment and a reduction in welfare benefits (including a reduction in support for
families). Bäck-Wiklund and Plantin (2007: 171) speak of the emergence of a ‘new pattern of class differentiated family formation’ and point out that this ‘no job, no kids’ trend seems to have gained a foothold. According to this trend, in Sweden the well-educated and well-paid are more likely to have children whereas those on low incomes and/or unemployed tend to postpone parenthood. However, it is an open question whether the same pattern can be found in other countries as well. NEGOTIATE plans to contribute to more precise knowledge about young adults’ thoughts and decisions on the timing of establishing their own household and starting a family as a consequence of prolonged unemployment and job insecurity (WP5).

2.3.2 Subjective well-being

A marker of capability and achieved functioning is well-being in general and in particular the degree of perceived life satisfaction or subjective well-being. The effect of unemployment on subjective well-being appears to be large in many developed countries (Di Tella et al., 2001). The issue is commonly addressed in psychological, sociological and more recently, also in the economics literature (Frey and Stutzer, 2001; Blanchflower and Oswald, 2004; Blanchflower, 2007). Being without employment can have negative effects on self-esteem and lead to apathy, financial problems as well as poor health (Michoń, 2013). Unemployed individuals are more likely to suffer depression and to commit suicide (Argyle, 1999). Clark et al. (2001) show that life satisfaction diminishes for persons who are currently unemployed and especially for individuals with long previous spells of unemployment. However, life satisfaction decreases less for those who have been unemployed often. The authors argue that together these findings offer a psychological explanation for persistent unemployment. Clark and Oswald (1994) show that unemployment reduces psychological well-being but also that some individuals ‘habituate’, which helps to explain hysteresis and duration dependence in unemployment. Clark et al. (2008) present a study of the importance of the duration of different life events on subjective well-being. Here they consider lags and leads of a number of such events to assess their importance on subjective well-being. The events considered are unemployment, layoff, marriage, divorce, widowhood and the birth of a child. They show that there appears to be habituation to all these events but less so for unemployment that has a longer lasting effect. For these reasons, NEGOTIATE will in its analyses of the consequences of prolonged unemployment in young adults seek to include measures of habituation to unemployment (WP4).

While studying the relationship between unhappiness and unemployment, Clark and Oswald (1994) also discuss the possibility of reverse causality in the sense that people who are unhappy may also be less likely to find employment (Clark, 2010). In other words, this argument suggests that, on the one hand, unemployment tends to make individuals unhappy. On the other hand, unhappy individuals may be considered less desirable as employees. If this is the case, that would explain why some unhappy people are more likely to remain without a job. An important aim of NEGOTIATE is to generate new insights about the relationship between prolonged unemployment, job insecurity and subjective consequences (WP4).
2.3.3 Life course

The project adopts life course perspective (e.g., various chapters in Mortimer and Shanahan, 2003). The passage from youth to adulthood comprises several key life stage transitions, for instance from education to work, residential independence and parenthood (Anxo et al., 2010; Ayllón, 2014). Early job insecurity is likely to weaken the opportunities and space for independent choices with regard to these transitions. Thus, in order to grasp more fully the long-term individual and societal consequences and processes of marginalisation resulting from early job-insecurity, a life course perspective represents an indispensable tool (Buchmann, 1989; Shanahan, 2000; Hammer and Hyggen, 2013a).

2.3.4 Scarring and Stigma Effects

Empirical evidence from several European countries suggests that unemployment tends to be ‘scarring’. Other terms used to describe this phenomenon are ‘state dependence’ and ‘stigma’. For Finland, Britain, the Netherlands, Sweden, and Norway research has found significant state dependence with regard to early economic inactivity and unemployment (Arulampalam et al., 2000; Hämäläinen, 2003; Skans, 2004; Luijkx and Wolbers, 2009; Nilsen and Reiso, 2014). Particularly the duration of non-employment in early adult life seems to matter in terms of later employment chances (see Luijkx and Wolbers 2009). We will be able to test for this assumption in WPs 6-7.

Evidence for Britain, Sweden and Germany further suggests that young workers’ experience of unemployment has a damaging effect on their (re-)employment wages (Arulampalam, 2000; Tominey and Gregg, 2005; Schmelzer, 2012). Similarly, findings from a comparative analysis on wage scarring in the United States and several Western European countries suggest long-lasting post-unemployment earnings losses (Gangl, 2004; Gangl, 2006). Moreover, the first unemployment spell in one’s career has even been found to have the largest impact on future wages. Previous research also shows that scarring effects are heterogeneous in terms of their magnitude across social strata (Arulampalam, 2000; Burgess et al., 2003; Gangl, 2006).

Different theoretical perspectives have been proposed in order to frame scarring caused by unemployment. The most well-known theoretical explanations in this field may be economic assumptions about returns to the accumulation of human capital (Becker, 1964) and signalling theory (Spence, 1973). Becker’s (1964) economic approach about returns to investments in human capital points to a lack of on-the-job training during periods of economic inactivity, which coincides with a lower market value at (re-)entry. By contrast, signalling theory (Spence 1973) posits a discrimination effect of past unemployment experiences. As hiring is an investment surrounded by uncertainty, employers have to rely on observable “signals”, which include the prior employment history. According to signalling theory, employers may associate past unemployment with lower productivity and motivation and therefore less high-quality jobs are offered to workers who have experienced past unemployment.

Beyond unemployment scarring due to a lack of on-the-job training, many scholars have
assumed that human capital may depreciate during periods of economic inactivity. Loss of work-specific skills due to periods of unemployment is seen as leading to lower productivity and thus lower wages when returning to the labour market (Edin and Gustavsson, 2008; Moom-Recci and Ganzeboom, 2015). Against this theoretical background, young adults who experience unemployment at the early stage of career formation may be assumed to have lower chances of finding high quality and high-wage jobs with good career prospects.

Researchers have so far paid little attention to the subjective aspects (concerning, e.g., employment and working conditions) of the future careers of young women and men, who experience problems in the transition from school to work. The few existing studies on broader scarring effects reveal that the long-term scars of job-loss exist with regard to the type of re-employment contract, working conditions, job security and satisfaction with job security (Hammer, 2007; Hammer and Hyggen, 2013a). Yet, there appear to be cross-country differences in the extent, pattern and persistence of scarring effects (Dieckhoff, 2011). Moreover, some studies have found a psychological impact of past unemployment on psychological distress and life satisfaction in later life (Clark et al., 2001; Daly and Delaney, 2013). NEGOTIATE will contribute to the literature on scarring by going beyond its traditional focus on pecuniary consequences of unemployment early in the career.

Exploiting high-quality longitudinal data and employer survey data, we aim at a comparative analysis of long-term career consequences for the broader dimensions of job quality (WPs 6-7). In WP7, we will be able to test for the consequences of having experienced education-job mismatch or having worked in unskilled jobs. The comparative and coordinated life course interviews) may elucidate subjective domains in this context (WPs 4-5).

A substantial body of research has documented stigma as a source of state dependence. Unemployed individuals may see their chances in the labour market jeopardised by employers that are more reluctant to employ individuals who have been unemployed for a longer period of time (or more often) as opposed to someone who manages to move easily from job to job (Blau and Robins, 1990; Lockwood, 1991; Omori, 1997; Clark et al., 2001). However, the exact mechanisms of state dependence are ambiguous. Given the ongoing economic crisis, one central question is what happens to stigma effects during economic downturns. Biewen and Steffes (2010), conforming with Lockwood’s (1991) hypothesis, show that when the unemployment rate rises and deviates from its trend, the scarring effect of unemployment decreases, indicating that employers are less suspicious about unemployed individuals during periods of economic crisis. Put differently, it is argued that employers more easily stigmatise individuals that become unemployed in times of economic growth when the unemployment rate is low. A recent study based on ECHP data for Spain shows that individual discouragement and a pessimistic outlook on the prospects of finding a job represent a further source of state dependence resulting from unemployment, especially in periods of rising unemployment (Ayllón, 2013). Similarly, those who entered the labour market during what is known as Japan’s ‘Lost decade’ of the 1990’s or during previous periods of recession in Finland (Verho, 2008) are found to suffer from persistent labour market precarity in terms of unemployment levels, earnings and quality of employment contracts. Therefore, from a comparative perspective, there are several open questions need to be addressed. In countries where unemployment is more generalised, is there
less stigmatisation towards unemployed individuals? If women, in given contexts, are sometimes voluntarily unemployed, does it mean that they suffer less stigmatisation from potential employers? *NEGOTIATE will improve our understanding of the mechanisms leading to scarring and stigma effects of early unemployment by conducting a multilevel (cross-country) analysis using EU LFS and EU-SILC data (WP6) and through an vignette survey of employers (WP7).*
3. Concluding remarks

In this working paper, we have reviewed key concepts for use in the NEGOTIATE project, and presented an analytical framework that links these concepts (and the empirical elements or social realities to which the concepts refer).

As we have visualised in Figure 1.1 and 1.2, the relationships between the elements are dynamic. In principle, we expect to find feedback processes both from “outcomes” (in particular the short term consequences of experiencing early job insecurity and unemployment) to “conditions” and “mediating processes”. For instance, young people are likely to learn from their first efforts to find jobs and first experiences of succeeding or failing in such efforts. They may or may not be able to expand their capability set, strengthen their resilience when faced with adversity and change the forms of active agency or negotiating they adopt in renewed efforts to find jobs. An important aim of WPs 4 and 5 is to describe and analyse to what extent and under what circumstances such learning and change of negotiating happen in practice.

Among the persons we will interview, we are likely to find both virtuous and vicious circles. Some will have succeeded in improving their employability prospects for finding a good and relatively stable job, while other have for various reason failed to do so. In this context, we will be interested to map and analyse not only the impact of individual characteristics but also indications of the effects on the perceptions and practices of employers and first-line staff in relevant agencies, as well as the interaction between the young adult and employers or first-line staff (see WPs 6 and 7). More broadly, WP8 will analyse the extent to which the actual co-ordination between diverse public policy measures (at different levels of governance) is likely to strengthen or weaken young people’s negotiating position and social resilience in their handling of the transition to the labour market.

Overall, the first goal of this work aims to provide new knowledge and better understanding of the factors and mechanisms behind the different success of young European in making the transition of employment. The second goal is to identify what promotes social resilience. This means identifying changes in EU and national policies, provisions and modes of governance that have the potential of enabling more young adults across Europe to make this transition, of preventing the negative effects of early job insecurity and prolonged unemployment and marginalisation and more generally, of strengthening the capability and resilience of young adults.
Appendix:
Call text for Horizon 2020 YOUNG-1 2014 “Early job insecurity and labour market exclusion”

“Specific challenge: Unemployment among young people in the EU has risen very sharply since the break-out of the financial crisis in 2008, reaching unprecedented levels. However, for over a decade the unemployment rate of young people in the EU remained approximately at double the rate of the overall unemployment in the economy while, at the same time, the use of flexible, fixed-term contacts and alternative forms of employment has been increasing.

This has resulted in growing job insecurity and systematic labour market and social exclusion of young people at the very beginning of their professional careers with many of them moving directly from education to unemployment or taking up temporary jobs below their qualifications. The crisis has exacerbated this trend raising the threat of a 'lost generation' in particular in some European countries, as social disadvantages of young unemployed are multi-faceted, including for example higher risk of poverty, precarity and social exclusion, disaffection, insecurity, higher propensity towards offence and crime, as well as health problems. This concerns both EU citizens as well as third country nationals or second generation migrants. A comprehensive understanding of the long-term consequences of these developments is therefore crucial for successful economic, social and labour market policies that could address in a comprehensive way this problem now and in the future.

Scope: The research will make a profound analysis of the situation of young people in the labour market across the EU in a comparative perspective. In particular, research should investigate the important differences in the performance of the labour markets, anticipatory social work and youth services measures that exist across Member States and their underlying factors, especially from the young people point of view, in order to identify the most effective ways of labour market organisation and improving the education systems and social policy. Taking specifically into account the gender perspective and most vulnerable groups of young people, research will also investigate the economic, social, personal and psychological consequences of early job insecurity, labour market and social exclusion in the short, medium and long term. This could include for example such issues as income situation throughout the life course, establishing an independent household, family formation, physical and mental health and wellbeing as well as the effects of preventive social work with the youth, focused on the most disadvantaged groups. In this context, research could take into account the experiences of past generations which were exposed to high unemployment and job insecurity in their youth.

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Expected impact: Research is expected to provide a comprehensive analysis of the short- and long-term consequences of job insecurity and unemployment of young people and to identify their impact on the economy, society and politics. These activities will contribute to an effective anticipation of the potential challenges facing the EU in the future allowing for an early policy response. Through a better understanding of the mechanisms driving the labour market, this research should lead to a more robust and inclusive labour market policy in the EU as well as to a better evidence-based economic, social and education policies. Activities under this topic will also shed light on broader societal questions related, for example, to poverty dynamics, demographic developments, consequences of migration, population ageing, inclusion of young people from particularly vulnerable groups, health and wellbeing, as well as the potential of economic development in the EU, both from the historical and the forward-looking perspective.” [Our italics]
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