

How does the labour market integration relate to the youth wellbeing in Europe? What institutional and policy settings buffer the negative consequences of labour market vulnerability for youth?

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Growing volatility of labour markets in Europe has raised serious concerns about the consequences of labour market vulnerability for population mental and physical wellbeing. The unemployment rate and temporary employment rate among youth has historically been higher than for the rest of the population. The labour market situation for recent school leavers was further weakened by the last financial crisis in 2008 and subsequent Great Recession in the majority of European countries (Rokicka, Kłobuszewska, Palczyńska, Shapoval, & Stasiowski, 2015). At the same time, work is still considered to serve as a central component of people's identity, besides simply providing income. Losing a job carries social stigma, brings stress and threatens the self-esteem, which can manifest in devastating consequences for people's psychological wellbeing, their ability to relate to others and physical health (Jahoda, 1981; Gallie, 2013).

Since the 1990s, smooth integration of youth to labour market has been a high priority for policy makers at both national and European level. Numerous initiatives have been developed to try to overcome these issues, one example is the pan-European Youth Guarantee¹ scheme which all European Union (EU) countries have committed to since 2013. Despite the efforts, early job-insecurity and youth unemployment are still challenges affecting all European countries.

Previous studies on the effects of unemployment on well-being and health (see Wanberg 2012 for a recent review) and complementary studies on the consequences of temporary employment (see De Cuyper et al. 2008, Virtanen et al. 2005 for reviews and meta-analyses) mainly focused on the adult population. However, similar studies with a focus on the young population are scarce (Athanasides et

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¹ See details: <https://ec.europa.eu/social/main.jsp?catId=1079>

al. 2016).

Next, outline the effects of unemployment on youth well-being and health, and the effects of policies moderating this link using the results European comparative analysis. My aim is not to provide a comprehensive review which would do full justice to the state of art of empirical research. Rather I aim to present the effects of policies on youth wellbeing in a more exemplary manner. In doing so, I am drawing from my own and that of my colleagues material and evidence from the international research project which I coordinated in years 2015-2018, entitled 'Social Exclusion of Youth in Europe: Cumulative Disadvantage, Coping Strategies, Effective Policies and Transfer' (EXCEPT)² which was one of the first large scale attempts to address the issue in a systematic way.

This paper is organized around the two key questions:

1. What is the association between the poor labour market integration and youth wellbeing in Europe?
2. What are the major social, economic and policy factors which impact the variations in wellbeing for young people across countries?

By drawing together the research evidence, recommendations are outlined concerning the possible effective policies which mitigate the negative consequences of labour market insecurity on youth well-being.

Theoretical standpoints

In current paper and also in the EXCEPT project, the multi-level perspective for understanding the youth life trajectories in dynamic life course perspective has been adopted.

At *the individual level* the consequences of labour market exclusion and job insecurities for various dimensions of social exclusion could be considered. The outcome dimension under scrutiny in this paper is the youth's subjective well-being and health. However, several other outcomes are relevant, the EXCEPT project also addressed youth' chances of gaining autonomy by leaving parental home, gaining economic independence from parents and forming own family as well as their short and long-term economic situation in terms of risks of poverty, material deprivation and capabilities of qualifying for social security.

While youth labour market exclusion can be seen as being part of the broader concept of social exclusion, the dimension of "labour market exclusion" singled out as the central interest. Social exclusion is studied from a life course perspective looking not only at the short-term but also long-term

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consequences. The dynamic process and life course perspective are crucial to better detect potentials for compensatory mechanisms to combat youth social exclusion.

Accordingly, youth individual life courses are socially embedded in the *macro-institutional and structural context*, which defines the set of opportunities and constraints to which individual persons respond when making their life course decisions and transitions (Buchmann & Kriesi, 2011; Breen & Buchmann, 2002; Mayer, 2009). The institutional and structural context is fundamentally shaped by policies that strongly vary across countries and, according to the degree of federal state structures, also across regions within countries. Thus, national institutional settings and policies in particular are expected to have a mediating effect on how risks of labour market exclusion and job insecurity of young people translate into risks of social exclusion (Blossfeld et al., 2005; Blossfeld et al., 2011). Given that institutions and policy regimes have historically developed based on national ideologies concerning social solidarity, engagement for social equality and gender ideology (Flora & Alber, 1981; Esping-Andersen, 1990) and a certain inertial tendency to persist (Esping-Andersen, 1993) previous research has summarized the institutional setting and policies of countries in typologies according to three policy fields. Following Mills and Blossfeld (2003) **three types of policy fields that are relevant for youth are distinguished: education policies, labour market flexibilisation/flexicurity policies and welfare state policies**. While education and labour market policies primarily affect the extent (i.e. the overall incidence) and distribution (i.e. the social inequality of youth risks) of labour market exclusion and job insecurity, welfare state policies are primarily responsible for the degree of protection for those groups affected by employment risks by offering a more or less developed safety net and/or active labour market policies. At the level of youth coping strategies, *the meso-level of families/households and communities* comes into play.

Data and methods

Current paper is based on the quantitative findings, analysing data in a multilevel design at both the macro (national) and micro (individual) level, and compares the results across countries, since these components can inform and interact with one another. We applied two types of the multilevel methods: quantitative multilevel models and comparative qualitative analyses. I acknowledge that for a more comprehensive application of the concept of the micro-macro model the mixed method approach is needed, i.e. have both the quantitative and the qualitative view, but it remains out of the scope for this paper (see the EXCEPT qualitative comparative results on consequences of labour market insecurities in nine countries Bertolini et al., 2018).

First, to understand the association between labour market disadvantages and wellbeing and health for young people across EU-28 and Ukraine, a descriptive analysis was conducted. The well-being is considered as a proxy for adaptation with social environment. The outcome measures included life satisfaction and happiness ratings for wellbeing, and self-rated health measures, for health. For labour market status, unemployed were compared to workers with fixed-term or no contracts, and to workers with permanent contract. The situation was compared across countries.

Secondly, to explain cross-country variation in the effects of labour market exclusion and job insecurity

based on differences in structural (i.e., economic situation, financial crisis), institutional (i.e., welfare state and labour policies) as well as societal and cultural (i.e., social inequality, cultural values) country-level factors, a **cross-country and an overtime comparison** was performed. The interest is to describe the moderating role of the:

- recent economic crisis,
- economic situation of a country,
- active and passive labour market policies (LMP),
- employment protection legislation (EPL),
- education policies,
- social inequality, and
- cultural values.

These moderating influences of policies were explored as shown in Figure 1.

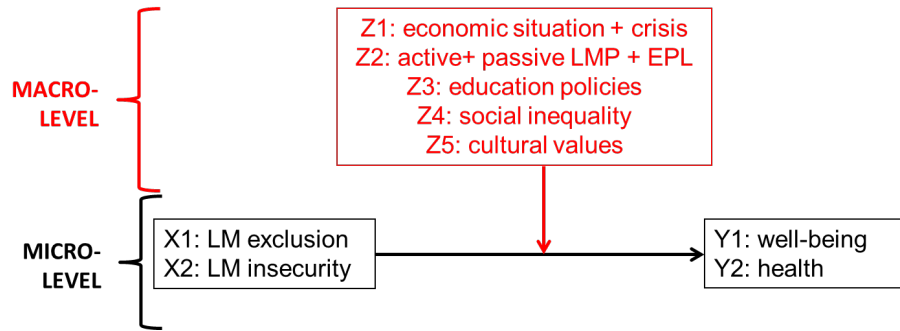


Figure 1 The multilevel model

The previously introduced multilevel modelling approach is limited in capturing the potential interplay of different structural, institutional, social and cultural country level factors. Therefore, configurational comparison enables to assume that different dimensions form distinct packages. We applied qualitative comparative analysis and combined employment regimes and family models as sources of alternative explanations of the wellbeing of the unemployed following Gallie and Paugam (2000) theoretical model, but applied innovative methodology.

The European microdata was used, specifically several waves of the European Social Survey (ESS) and the European Union Statistics on Income and Living Conditions (EU-SILC), the Survey of Health, Ageing and Retirement in Europe (SHARE), selected national panel survey and life history survey data (the Social Diagnosis data from Poland, the Ukrainian Longitudinal Monitoring Survey from Ukraine) that provide detailed measures of health and well-being.

Findings

First objective of this paper is to describe the association between individual labour market disadvantage and well-being and health for youth across European Union 28 countries and Ukraine.

Having a job really matters for the wellbeing of young people in Europe. It matters less whether it is a permanent or a temporary job. The descriptive analysis showed that wellbeing and health are lower among the unemployed compared to the employed. While subjective job insecurity is associated negatively to wellbeing and health, the data shows only a small difference for wellbeing and no difference in relation to health outcomes when comparing youth with permanent and temporary contracts (Gousia et al., 2016).

Unemployment strongly deteriorates wellbeing and effects negatively even the partners of the unemployed. The health consequences of unemployment extend beyond the unemployed youth and affect also their partners. These spillover effects of job-loss are stronger in case the male partner loses his job (Baranowska-Rataj & Strandh, 2017).

Furthermore, there are long-term scarring effects of unemployment with respect to wellbeing and health. The consequences of unemployment can be long-lasting for both, mental and physical health acting as “scars” in the individual life course, being considerably worse for men. Unemployment experience is accompanied by an increase in the probability of health compromising behaviours such as smoking or alcohol consumption (Baranowska-Rataj et al., 2016).

The second objective of this paper is to explain cross country variation in the effects of individual labour market disadvantage on well-being.

The moderation role of the economic situation and the crisis on wellbeing

The effect of the country’s economic situation on the relationship between unemployment (job insecurity) and wellbeing revealed the following (Nizalova et al., 2016):

1. Unemployment leads to more dissatisfaction and unhappiness in countries that are worse off financially (i.e., have lower GDP levels);
2. The negative effect of unemployment on happiness is mitigated in countries that have high levels of unemployment; and
3. The relationship between employment status and wellbeing does not seem to be mediated by the severity of the economic crisis.

The moderation role of policies and culture

We analysed how policies and culture moderates the effects of labour market exclusion on wellbeing and our findings show that the following labour market and education policies and strategies are

effective in reducing the negative effect of labour market exclusion on wellbeing (Athanasiaades et al., 2016):

- Increase in generosity of unemployment benefits
- Decrease in stratification of the education system
- Increase in enrolment rates in higher education
- Increase in second chance opportunities within the educational system

An increase in expenditure on active labour market policies and the deregulation concerning the use of temporary contracts are not effective (and can worsen wellbeing) (see Table 1).

Table 1 Results on the moderating effects of labour market and educational policies with respect to the effects of labour market exclusion on well-being*

| Indicators for labour market and education policies | Moderating effects on... |
|----------------------------------------------------------|-----------------------------------------------------------------|
| | ... the negative effect of labour market exclusion on wellbeing |
| Labour market policies | |
| Increase in generosity of unemployment benefits | + |
| Increase in expenditure on active labour market policies | - |
| Deregulation concerning the use of temporary contracts | - |
| Education policies | |
| Decrease stratification of the education system | + |
| Increase enrolment rates in higher education | + |
| Increase second chance opportunities | + |

*A positive sign “+”, highlighted in green, means that the negative effect of labour market exclusion is statistically significantly mitigated. A negative sign “-”, highlighted in red, means that the negative effect is statistically significantly intensified. A neutral sign “0”, highlighted in grey, means that there is no evidence that the negative effect of labour market exclusion on well-being/health is moderated by the policy measure/institutional reform.

The negative effect of unemployment on youth wellbeing is smaller if society is perceived to be more equal, however the objective inequality did not play a moderating role. At the same time, the role of norms is clearly visible, the higher the value attached to work, the more negative the effect of unemployment on wellbeing (see Table 2).

Table 2* Results on the moderating effects of social inequality and cultural values with respect to the effects of job insecurity on well-being

| Policy measure / institutional reform | Moderating effects on... |
|----------------------------------------------|-----------------------------------------------------------------|
| | ... the negative effect of labour market exclusion on wellbeing |
| Social Inequality | |
| Decrease income inequality (Gini) | 0 |
| Increase the income share of the poorest 10% | 0 |
| Decrease the perceived inequality | + |
| Cultural values | |
| High individualism/low collectivism | 0 |
| Increasing the value attached to work | - |

*See details under the Table 1

What are the different routes to youth wellbeing?

Our configurational analysis (Lauri & Unt, unpublished) reveals that **the coverage and generosity of unemployment benefits still play a dominant role in countries' successful policy approaches** to mitigate the negative consequences of unemployment on youth wellbeing, while **the activation measures and family arrangements tend to compensate each other** in different countries' policy choices. Thus, based on analysis two functionally equivalent routes were the most robust leading to positive outcome in alleviating the loss of life satisfaction of young unemployed: first, *the covered route* that combines passive and active labour market policies, and second, *the extended family route* that combines generous passive labour market policies with extended family residential model.

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