Proposal for future research based on EXCEPT project

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i. to advance the knowledge base that underpins the formulation and implementation of relevant policies in Europe with the aim of enhancing the employment of young people and improving the social situation of young people who face labour market insecurities, and

ii. to engage with relevant communities, stakeholders and practitioners in the research with a view to supporting relevant policies in Europe. Contributions to a dialogue about these results can be made through the project website http://www.except-project.eu/, or by following us on twitter @except_eu.

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Responsibility for all conclusions drawn from the data lies entirely with the author.
Introduction

The aim of this working paper is to highlight unsolved issues and empirical data problems that were identified by the EXCEPT research consortium. Against this background new ideas for future research (including new data collections and ideas for policy evaluation) are presented that have been developed by the EXCEPT consortium.

The EXCEPT project investigated the consequences of unemployment and insecure employment on the socio-economic situation of youth. In doing so, various different measures of employment uncertainties (x-variable) as well as multiple indicators of an individual's well-being, health, autonomy and socio-economic situation (y-variable) were used. Furthermore, consequences were differentiated according to three different time horizons, the immediate **short-term** consequences of employment uncertainties, the **medium-term** consequences that materialise within a five-year time span and for socio-economic situation also the **long-term** consequences of current employment uncertainties for future (pension) savings. Results of these analyses enriched the current state of the art and were reported in various deliverables respectively publications (Athanasiades et al. 2016, Baranowska-Rataj et al. 2016a, Baranowska-Rataj et al. 2016b, Baranowska-Rataj, Bertolini & Goglio 2017, Hofäcker 2017, Hofäcker, Schadow & Kletzing 2017, Kłobuszewska et al. 2017, Rokicka & Kłobuszewska 2016). Yet, there also remain a number of notable research gaps that should be tackled by future investigations in the field.

Limitations of the currently available comparative datasets

The EXCEPT project made extensive use of different international comparative datasets, mostly EU-LFS and EU-SILC, but also ESS, EQLS etc. These international data sets have the great advantage of being harmonized and prepared for comparative research, but show also clear limitations affecting the current and future research possibilities. Next, we concentrate only on existing limitations aiming to show what improvements are needed to advance to the next level in youth research.

**(1) EU-LFS:**

- **Strong limitations on variables when going back in time:** in the period 1992 to 2014 the education level variable `hatlevel` has mixed categories (e.g. ISCED 3-4) and does not allow the clear distinction between vocational and general education; due to harmonization of education variable, original national education variable is omitted. It is suggested that the original national variables on education should be provided in addition (such as in the ESS).

- **Some crucial information still missing:** There is very limited information on higher education, which is problematic in view of the strong tertiary education expansion and differentiation (ISCED-2011 1 digit used, its needed 2 digit to differentiate for instance between 64 "university BA" and 65 "vocational college BA"). Moreover, there is limited information on the date of leaving education (`hatyear` does not account for the fact that
people stay longer in education and drop out without graduation). From a causal perspective, e.g. when estimating the effects of education on labour market success, important control variables missing such as parental education and occupation (this information is only available for persons living with parents) are missing.

- The retrospective part of the LFS questionnaire is especially scarce and not systematic from perspective of (youth) transitions. The provided retrospective information is often not useful for scientific research, whereas the important retrospective information is missing that could be easily collected in simplified forms. For instance, for persons not in employment the questions on when person last worked do not measure the exact duration of unemployment or inactivity. Alternatively, a simple activity calendar would provide much more information that would allow conducting duration/event history analyses. Similarly, the provided information on the duration of the temporary work contract is not helpful from a scientific perspective. If retrospective calendar information on the contract status were available, one could do meaningful analyses of the dynamics into or out of temporary jobs. For a matter of simplification the retrospective calendar could be restricted in the time period covered (preferably it should be longer than 2 years).

(2) EU-SILC:

- Provides considerable amount of data on household level, and moreover has a longitudinal component. However, it does not allow studying individual life-courses – for example there is no way to track young people who leave the household because there is no individual follow-up concept. Given that mobile youth are a selective group restricting the analyses to the non-mobile youth population that is represented in the EU-SILC panel data will produce biased results.

- Survey design characteristics of the EU-SILC (which follows a four-year rotating design) hindered further analyses for longer time spans (e.g. 10 years or the like). Yet, such information would be important in order to see whether early career disadvantages ‘even out’ over time, or whether they turn into (cumulative) long-term disadvantages.

- Although there exists a longitudinal part in the EU-SILC data set, there is no efficient way to combine/merge cross sectional and longitudinal data files. Thus, also ad hoc module on well-being was actually only cross sectional because could not relate to longitudinal information.

To sum it up, both datasets have serious shortcomings for state-of-the-art empirical analyses on youth labour market exclusion and inequality. Making few adaptations to the design and collecting some new variables (while getting rid of some scientifically meaningless existing variables) would increase the potentials of the EU-LFS and the EU-SILC data for scientific research substantially.
For ambitious research more ambitious research infrastructure is needed

Missing pan-European comparative longitudinal data for youth

Only very few European countries provide already very good longitudinal data (either survey or register data), but these cases are often limited to the already studied ‘usual suspects’ such as Germany, UK, etc. So far much more understudied cases are Eastern and Southern European countries (e.g. Italy, Greece, Estonia, etc), which often lack any recent longitudinal data on youth transitions and/or longitudinal cohort studies. Survey design characteristics, particularly that of the only comparative longitudinal data set EU-SILC (which follows a four-year rotating design) hindered further analyses for longer time spans (e.g. 10 years or the like) especially in understudies EU countries (see our critique above). Yet, such information would be important in order to see whether early career disadvantages ‘even out’ over time, or whether they turn into (cumulative) long-term disadvantages. Furthermore, in order to enable comparative longitudinal analysis, panel studies with longer durations are thus needed on an internationally comparative level, particularly focussing on youth enabling to compare life-course trajectories to better understand how policy and labour market circumstances affect wellbeing, health and other outcomes. Currently such a database is not existent.

Project PI, Marge Unt, has joined very ambitious European Cohort Development Project (ECDP) leading by Prof. Gary Pollock aiming to overcome this important gap. The aim of the ECDP is to develop a new social science Research Infrastructure (RI) called EuroCohort. This will be Europe’s first comparative birth cohort survey and will be an important comparative source of evidence in developing social policies for children, young people and families across Europe for many years to come.

Improvement of measurements of socio-economic consequences

During the current project, it was pointed out in several studies that the findings across the chosen measurement differ. Thus, in the future research, it is relevant to keep improving the existing and elaborate on new measurements. For example, research on indicators of socio-economic disadvantage has mostly concentrated on measures of (absolute or relative) poverty and on (material or social) deprivation. These objective socio-economic measures only more recently have been supplemented by subjective indicators reflecting (young) people’s self-perception of their socio-economic situation. Where possible, EXCEPT research focused on all three dimensions of socio-economic disadvantage, thereby demonstrating that the three dimensions may be somewhat correlated, but measure different complementary aspects of socio-economic disadvantage. Presentations and discussions of EXCEPT-based research at conferences and the EU Social Situation Monitor suggested that particularly with
regard to subjective measures, further research is needed. This does not only concern the systematic test of indicators of subjective poverty respectively deprivation, but also further investigation of their relatedness with objective indicators. Particularly further research on those cases where the dimensions do not coincide – i.e. where young people objectively belong to one group (e.g. poor), but do not perceive themselves as part of this group or where youth objectively do not belong to the group, but perceive themselves so.

More differentiated measurement of employment uncertainties

In its quantitative analyses, EXCEPT work on the consequences of youth labour market exclusion and insecurity, various types of employment uncertainties were considered, including unemployment (long- and short-term) as well as a number of atypical work forms (fixed-term employment, part-time employment). Research could show that the (socio-economic) outcomes vary between these different measures, being most detrimental for long-term unemployment and less so for part-time work. Yet, in order to arrive at even more detailed conclusions, it would be helpful to have more fine-grained measures of atypical work, e.g. by differentiating between formal and informal work or different forms of non-standard employment. Specifically, new types of atypical work (such as mini-jobs, zero-hour contracts or crowd work) have gained in importance among youth, and they thus should also be surveyed more explicitly in social science studies. Some comparative surveys already have incorporated such measures, but their use could still be expanded.

Gaps in (youth) policy research

Gaps in systematic evaluation of policy measures, improvements of methodologies for mutual learning

The findings of the EXCEPT project show that there exists still a gap in the systematic evaluation of the effectiveness of policy measures. The meta-analysis of the 29 national reports on youth labour market policies points out several major issues in quality of evaluations, their purpose, scope and transparency. Especially neglected are longer-term effects, unintended consequences and the cumulative impact of different interventions. Also the overview of meta-analysis of active labour market programs outlines that there is little evidence of effects of ALMPs available and that available evidence points mostly no or even negative effect. Thus, the future research should take a more active role in filling this gap, both in terms of methodologies as well as assessments. For instance, the learning by doing process could be greatly improved if a "good practice" procedure is applied to failures (‘bad practice’) as well.
Policy formulation process

Based on experts’ from EU-28 and Ukraine assessments, youth unemployment is widely recognized as important risk and the need of state intervention is shared across countries and stakeholders. The horizontal coordination among different stakeholders involved in the implementation stage is in a process of improving.

However, in most countries the policy formulation process is highly centralized and the space for bottom-up impacts remains uncertain. The ‘good job’ concept is not incorporated in any meaningful way.

Targeting more on young people at margins

The ‘good practices’ proposed by country experts rarely target the most vulnerable, thus, it seems that policy interventions with groups better off turn more easily to the good policy examples. Therefore, we need more explicit focus on measures targeting the most vulnerable and foster the mutual learning across member states in this respect.

What happens in long-term: the need for life-course youth research

More focus on the socio-economic risks of young “high potentials”

Most of EXCEPT-based research has focused mainly on young people in precarious and atypical employment, as well as unemployed youth. This is perfectly reasonable, given the overrepresentation of the afore-mentioned groups in poverty and/or deprivation. Yet, our analyses of the effects of job mobility on pension outcomes demonstrated that also higher-educated young people may possibly face socio-economic problems in old age. In order not to overlook these difficulties of such “high potentials”, it would be vital to also explicitly focus more explicitly on this group of young people.

The need for life-course youth research and policy

Most of the current research has focused mainly on young people in precarious and atypical employment, as well as unemployed youth. The EXCEPT project was one of the first initiatives to account for the consequences of labour market exclusion and insecurity on youth life course in comparative perspective. Furthermore, the EXCEPT has shown that the effects of job insecurity and mobility can have long term outcomes. Thus, also the pension outcomes should be accounted for while studying the start of the career. Thus, it would be vital to explicitly pay attention to the long term effects, ie. to enforce the life course perspective while designing the measures to increase the inclusiveness of the society.

More research on the long-term consequences of employment uncertainties

The analysis of the young people’s future social security have been rather scarce in previous research. EXCEPT research thus significantly added to scientific knowledge by
linking youth-related research with research on social security and pensions. Yet, a number of challenges in this area remain:

- **Understanding young people’s saving intentions and behaviour**: EXCEPT results showed that young people are at least as aware as the older generation of the increasing need to build up additional savings for old age. Yet, in reality, they do not often make this additional savings. This gap between the awareness of the need to save and actual savings behaviour warrants further attention in future research. Both quantitative and qualitative and quantitative EXCEPT results suggest that young people are hindered by their insecure financial situation to make long-term monetary commitments. Yet, we also found that another problem for youth is their lack of understanding of the often complicated mechanisms of private and occupational pension plans (“financial literacy”). Furthermore, we do not know how these underlying mechanisms change over time. Are youth becoming more interested in savings (or more able to save) as they grow older? To answer these and related questions, it would be necessary to generate panel survey data that follow young people over longer periods of time, up to late career and retirement. Such studies could also be accompanied by longitudinal qualitative case studies of young people and their employment and social security behaviour, which could give a deeper insight in which way those mechanism work.

- **Data gaps about occupational and private pension schemes**: The expert interviews conducted within the EXCEPT project shed some light on the significance of occupational and private pension systems for young people’s future pension outcomes. Yet, in contrast to widespread and publicly available information about public pension systems, there exist eminent information gaps about private and occupational pensions. The findings from the expert interviews are informative in general terms, but not easily quantifiable, e.g. in terms of coverage rates or average revenues. Furthermore, more data should be available on the effective availability of such schemes to young people in non-permanent contracts.

- **Need for more gendered analyses**: Particularly in the field of future pension revenues, it would be vital to put more focus on the gender-specific patterns of employment careers and their socio-economic outcomes. Despite increasing female labour force participation of young women, they are still overrepresented in atypical work forms (particularly part-time work) and more often exhibit interrupted employment careers. Together with the outlined long-term risks of insecure employment for youth, these labour market disadvantages could lead to a “double burden” on women with regards to their future social security.
References


