



# Institutions and the youth labor market exclusion and insecurity in Europe: A literature review

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## Abstract

Previous comparative studies have shown that, across Europe, youth increasingly experience labor market exclusion in terms of episodes of unemployment or periods of being not in employment, education or training. Also, early labor market experience is often marked by insecure jobs and career perspectives. These trends are often explained by various macro-level factors such as economic context - in the situation of high unemployment usually also youth unemployment is high. Despite the general trends there still exists a considerable variation in the prevalence of youth LM exclusion and insecurity across European countries, which means that next to macro-economic conditions also country institutional settings have to be considered. The aim of the current paper is to summarize and discuss based on previous literature and findings the main macro-level mechanisms shaping the youth labor market insecurity and exclusion of various countries. The central focus is on following institutional factors: education system that determines the link and pathways between the education system and labor market; employment systems (employment protection) that shapes the contractual possibilities of the youth entering labor market; and employment policies that define and shape the possibilities to (re-)enter labor market through various measures, programs, subsidies, trainings or benefits targeted at youth.



## Introduction

Youth labor market exclusion and employment insecurity are increasingly relevant issues in the current European context. Previous comparative studies have shown that, across Europe, youth increasingly experience labor market exclusion in terms of episodes of unemployment (Müller & Gangl, 2003) and periods of being not in employment, education or training (so called “NEET”) (Eurofound, 2012). Persistently high unemployment rates have paved the way for employment flexibility, including various types of precarious and marginal work arrangements – if recent school leavers actually find a job they are often confronted with insecure positions (Baranowska & Gebel, 2010; Blossfeld, Buchholz, Bukodi & Kurz, 2008). The even more deteriorated labor market situation during the economic crisis of 2008–09 and after gives additional reasons to be concerned about the already known disadvantaged situation of the youth in the labor market. As summarized by Gallie (2013), the most evident effect of the economic crisis for work and employment conditions was the sharp increase in job loss and job security. For example, in 2011, some 21 percent of young people aged 15–24 years were unemployed in Europe, which was almost three times higher rate than for the prime-age workers (Eurostat, 2015).

The consequences of labor market exclusion and insecurity at labor market entry are often seen from opposing perspectives. On the one hand, it has been argued and shown that despite the insecure nature, in the beginning of the career even precarious employment can function as a stepping stone to better employment situation in the future (de Graaf-Zijl, Van den Berg & Heyma, 2011; de Lange, Gesthuizen & Wolbers 2014; Scherer, 2004). On the other hands, there exists already a large body of literature and studies that claim the opposite – precarious employment in the beginning of career may have a long-term effect and shape the next career steps so that young people get ‘trapped’ into this type of employment situation (Golsch 2003; Steijn, Need & Gesthuizen, 2006).

Despite the general trends of increasing unemployment and labor market insecurity, there exists a considerable variation in the prevalence of youth LM exclusion and insecurity across European countries (OECD, 2012). Moreover, the effect and outcome of the crisis on youth LM situation varied considerably – for example, in Spain the already high unemployment rate of youth almost doubled over the years of crisis (jumping from about 20 percent in 2007/08 to more than 45 percent in 2011) whereas in the Netherlands the increase over those years was 2-5 percentage points (Eurostat, 2015). The country variation is explained by various factors and by the interplay of the various dimensions (see for example, Blossfeld et al., 2008). For example, the rates of unemployment, but also insecure and precarious labor market situations is explained by the economic context, more precisely the business-cycle (Blanchard, 2006) - in the situation of high unemployment usually also youth unemployment is high. Still, the macro-economic conditions alone cannot explain the existing variation, and structural factors have to be considered. Under structural factors can be understood for example



cohort size, educational composition of the country, labor market structure, etc. (Gangl, 2002). Next to structural factors, previous research gives also relevance to country context, which is the institutional settings (Breen, 2005) such as the education system that determines the link and pathways between the education system and labor market, employment systems (employment protection) that shapes the contractual possibilities of the youth entering labor market, and employment policies that define and shape the possibilities to (re-)enter labor market through various measures, programs, subsidies, trainings or benefits targeted at youth. The aim of the current article is, based on previous research, to summarize the main macro-level mechanisms shaping the youth labor market insecurity and exclusion of various countries on the one hand, and central empirical findings regarding the trends and associations on the other hand. In the first part of the article, the role of economic and cultural context in shaping youth LM exclusion and insecurity is discussed. In the second part are presented institutional factors that are considered for understanding the cross-country differences in youth LM situation.

## Economic and cultural context

### Economic and labor market conditions

According to previous research, youth LM situation is shaped by country economic and LM condition. As phrased by OECD, 'a well functioning economy is perhaps the most fundamental factor to shape young people's transition from initial education to work' (OECD, 2000: 13). Thus the general expectation here is that when economic and/or LM situation worsens, also the LM situation of the workers becomes harder and the perceived employment insecurity grows. Youth, the novice labor market entrants, are in a more vulnerable situation due to their labor market 'outsider' status – they have less labor market experience, smaller networks, smaller negotiation power, etc. (Bukodi, Ebralidze, Schmelzer & Blossfeld, 2008).

Previous research on youth early career situation applies a wide range of indicators for measuring and modeling the impact of economic and/or labor market condition on this process. As indicators vary across studies, so do the findings – some associations are clearer, others not as consistent. What matter here are the selected indicators, processes studied, countries analyzed, and the combination of indicators included in the same analysis/model.

Regarding the economic conditions (see also Appendix, Table A1), the probably most prevalent way to measure it is using indicators based on GDP such as GDP of the country or GDP growth rate. General association suggests that higher GDP results in lower levels of youth LM exclusion, (Bruno, Marelli & Signorelli, 2014; Dietrich, 2013; Eurofound, 2012) but not as clear effect on LM insecurity (Reeskens & van Oorschot, 2012). Still, the rather consistent LM exclusion effect tends to depend on the specific country context. In the study on the impact of the crisis on the NEET rate and on the



youth unemployment rate of the EU regions, Bruno et al (2013) found significant spatial interactions in NEET and unemployment rates. The NEET and youth unemployment rates were found to be persistent in time, however becoming more sensitive during the crisis. Still, the sensitivity was mainly influenced by the dynamics in Continental regions, whereas Anglo-Saxon regions were particularly sensitive to GDP during the crisis and new member states were sensitive both in crisis and non-crisis period. The highest persistence and the lowest response to GDP were found in Southern regions. Similar patterns were also obtained for youth unemployment and unemployment rate. The significant negative effect of the crisis was empirically proven also by Choudhry, Marelli & Signorelli (2012) who found that economic crisis (measured as a dummy-variable) increased significantly the youth unemployment. Also other measures used in the same study – inflation, foreign direct investment, openness – showed a significant (negative) association, suggesting that the depth of the crisis in a particular country mattered.

Next to the regular ‘business-cycle explanation’, also the more general economic trends such as globalization are used to explain the effect of economic and labor market conditions on youth labor market exclusion and insecurity (de Lange et al., 2014; Mills & Blossfeld, 2005). Globalization is claimed to cause structural developments that predict a continuous increase in economic insecurity, embodied in non-standard employment situations such as temporary contracts and precarious jobs (Kalleberg, 2009). The empirical findings suggest here also somewhat mixed results. Buchholz et al. (2009) claim a significant association between globalization processes and youth LM exclusion and insecurity, whereas also here some country variations can be found. The most vulnerable were the Southern European countries, where the globalization process is strongly associated with increasing youth unemployment and temporary employment incidences. De Lange et al. (2014), on the other hand, finds on or very modest effect of globalization index on youth unemployment and temporary employment. The impact is clearer for the case of low-educated youth who suffer more from the changing (flexibilizing) economies (de Lange, Gesthuizen & Wolbers, 2012).

Regarding the impact of labor market conditions on youth LM exclusion and insecurity, the most ‘popular’ way to measure it is controlling for (youth) unemployment rate. There exists a quite consistent evidence showing that in the context of high unemployment rates also youth suffer from more LM exclusion (Eurofound, 2012; Gangl, 2002; de Lange et al. 2014; Wolbers, 2007) and of LM insecurity both in objective (de Lange et al., 2014) and subjective terms (Anderson & Pontusson, 2007; Clark & Postel-Vinay, 2009; Reeskes & van Oorschot, 2012). Changes in employment structure also tend to affect youth LM chances (Dietrich, 2013; Gangl, 2002) in a way that their position remains more vulnerable in comparison to LM insiders, unless the labor market demand changes, which may also open more chances to youth (Jimeno-Serrano & Rodriguez-Palenzuela, 2002). Youth LM situation is also claimed to be shaped by other structural trends such as the cohort size of LM entrants or levels of



immigration. In the former case, the association is not as clear – Gangl (2002) and O'Higgins (2012) finds no clear effect of the cohort size on youth unemployment risks, whereas Kawaguchi & Murao (2014) suggest that such an effect may exist. A study by Smith (2012) shows that higher immigration rates may increase youth LM exclusion.

To sum it up, contextual factors referring to the changes in economic and business, and respectively LM environment tend to play an important role in explaining youth LM exclusion and insecurity. So far, more is known about the association with LM exclusion (youth unemployment dynamics and NEET status), less about LM insecurity. Economy and LM-related indicators are in the studies of youth LM situation often only one dimension to be controlled for and so they are often combined with factors referring to more specific institutional frames.

### **Employment commitment**

Next to economic factors, it has been suggested that also cultural factors should be considered when explaining and understanding the country variation in the prevalence of youth labor market exclusion and insecurity. One of the central indicators and arguments used here is the employment commitment – how important is considered employment not only individual, but also on country level. According to Gallie (2013), many changes introduced in welfare benefit policies were motivated by perceived need to ensure high levels of employment commitment as unemployment was thought to lead to an erosion of the work ethic and hence to an increased risk of long-term marginalization.

There exist still limited research on youth employment commitment and its impact on labor market behaviour. In his earlier study, Gallie (2004) showed that youth employment had an impact on actual labor market behavior. Still, employment commitment varied also across social groups. For example, commitment was higher among young unemployed women than young unemployed men. Welfare regime did make any differences in employment commitment, only in actual behaviour. A more general study by Steiber (2013) indicated also country differences in employment commitment in Europe, being highest in some Continental and Scandinavian countries, and lowest in Southern European and Transition countries. Her analysis also showed that work commitment was not reduced in economic crisis. Another interesting finding from the same study indicated that the higher commitment of the unemployed was particularly pronounced in countries that had experienced persistently high unemployment in the 2000s, such as Southern European countries where the commitment of unemployed was higher than of the employed. The latter was, however, explained by the particularly high share of workers in insecure labor market position with low commitment levels among employed population. Given the importance of early attitude formation for long-term orientations, these effects were particularly marked among young adults under 30 (Gallie, 2013).



## Institutions shaping youth LM exclusion and insecurity

### Education system

Previous research has shown that youth labor market integration – duration of job search, the quality of first job, the mobility process in the early careers, etc. – is shaped by the set-up and organization of the education system (Kerkhof, 2000; Müller & Shavit, 1998; van der Velden & Wolbers, 2003) and labor markets (Breen, 2005; Gangl 2003). National education systems not only determine the curricula and pathways available for the students, but also the rules of access to different type of training. Most theories about cross-country variation in school-to-work transition assume some type of clustering of education and labor market systems (Allmendinger, 1989; Marsden, 1990; Shavit & Müller, 1998). Still, it has been also suggested that the often used classifications might be too crude to capture the complexity of the institutional arrangements of modern education systems (Gangl, 2001), and that it might be more informative to move towards analyses of specific education system characteristics (Bol & van der Werfhorst, 2011; 2013; Müller & Gangl, 2003).

The most commonly used education system characteristics across what education systems vary are the level of stratification, standardization, vocational orientation and institutional linkages (Levels, van der Velden & Di Stasio, 2014). Although probably (cor)related, they refer to empirically and theoretically different insitutional dimensions (Bol & van der Werfhorst, 2011). Stratification and standardization of the education system are usually seen together and they refer on the one hand to the sorting of the pupils into different educational tracks (stratification), and on the other hand to the degree to which the quality of education meets the same standard nationwide (Allmendinger, 1989). Other two dimensions - vocational orientation and institutional linkages – refer to the integration of vocational training to education system. Thus, vocational orientation can be summarized by the share of students in upper secondary education enrolled in vocational tracks. Institutional linkages indicate the share of vocational education that is provided as a combination of school-based teaching and learning at the workplace (e.g. apprenticeship or dual-system). As argued by Breen (2005), institutional linkages in the education system are crucial for improving the labor market allocation of young people.

In the empirical research on youth LM exclusion and insecurity, the ‘common’ way to control for the impact of education system is to look at the importance/share of vocational training in secondary level education. The findings suggests that in the systems with stronger linkage between the education system and labor market the youth unemployment risk (Breen 2005, O’Higgins 2012) as well as the risk of becoming NEET (Eurofound, 2012) is smaller. Also the temporal employment is shown to be shaped by the type of education system – higher enrolment rates in vocational training result in lower levels of temporary employment (de Lange et al 2014). Still, the effect is not always universal and for example as shown by Wolbers (2007) in an international



comparative analysis, the share of apprentice-type vocational education had no significant effect on youth unemployment risk. Alternatively, there have been used also other indicators measuring the role of educational institutions, such as the public expenditure on education. The study by Reeskens & van Oorschot (2012) shows a negative association with the perceived subjective insecurity – less subjective LM insecurity is perceived in countries where educational expenditures are higher.

### **Labor market regulation**

While education system affects youth' transition process to LM by shaping the supply of labor in terms of skill levels of the entrants and the role of educational certificates in labor allocation process, the structure of labor demand in the youth labor market is claimed to be shaped by labor market regulation. By labor market regulation are understood the institutional regulation of labor contracts and the protection of existing employment relationships through formal legislation, union coverage, and collective agreements between employer associations and unions. Although on the international level European labor markets are quite regulated, there exists wide variation between European countries in the strictness of employment protection, in the regulation of lay-offs, wage-setting mechanisms and the regulation of working hours and forms of work contracts (OECD, 1999). Moreover, the stringency of labor market regulation can also vary within country - across worker categories.

Employment protection regulation (hiring-firing rules) was initially introduced as a labor market regulation aiming at improving employment conditions of employees. Still, from the youth perspective, stricter regulation may be actually detrimental as due to increased labor costs it reduces the job-finding rate among first-time job-seekers (Bertola & Rogerson, 1997). This association is found also in previous studies looking at the effect of employment protection legislation (EPL) on youth labor market entry process – stricter EPL associates with higher youth unemployment risk (Breen, 2005; Kavaguchy & Murao, 2014; de Lange et al. 2014), higher risk to become NEET (Eurofound, 2012) and higher risk of temporary work arrangements (Booth, Francesconi & Frank, 2002; de Lange et al 2014). Still, there can be found research where the association is not as clear (Müller & Gangl, 2003; O'Higgins, 2012) or varies across different countries or social groups. For example, in the study by Wolbers (2007), EPL index had a significant positive association for upper secondary education level, whereas there was no effect for tertiary education level. Also Baranowska and Gebel (2010) find in their international comparative study that EPL does not affect the young peoples' relative risk of working with temporary contracts. The findings also suggest that there should be differentiated between partial deregulation or of employment protection as a whole (Hipp, Bernhardt & Allmendiger, 2015). Policy makers in many countries loosened restrictions on hiring temporary workers but retained the protection for permanent employees (Barbieri, 2009), resulting in 'partial deregulation' (Esping-Andersen & Regini, 2000) or the 'reform at the margin'



(European Commission, 2010). As the empirical findings also show the partial deregulation leads to substitution of permanent contracts with temporary contracts rather than increases inclusion of disadvantaged labor market groups such as youth making the transition to labor market (Barbieri & Scherer, 2009; Gebel & Giesecke, 2011; Kahn, 2010). As argued and shown by Noelke (2015), while effects of job security provisions are inconsistent across specifications, there is suggestive evidence that deregulating temporary contracts at high levels of job security provisions has significantly increased youth unemployment rates.

The outcome of partial deregulation has been referred also as to insider-outsider labor market situation (Lindbeck & Snower, 1988) where insiders are employed workers and outsiders those who are out of employment, including the youth who are trying to enter labor market first time while having to compete with established labor market participants. The insiders' power position is even more enforced by labor unions that represent the interests of those already in the labor market (Wolbers, 2007). For outsiders, the legally strengthened labor market position of established workforce translates often into entrapment in (long-term) unemployment, precarious jobs situations, and employment insecurity. On the other hand, other strand of literature argues, that strong unions in conjunction with centralized systems of collective bargaining and cooperative relationships between corporate partners can generate institutional structures that are favorable to youth labor market integration (Müller & Gangl, 2003; Soskice, 1999), such as creation and promotion of dual system of vocational training. Previous empirical research on youth LM exclusion and insecurity shows that higher union density indeed tends to increase youth unemployment risk (Jimeno-Serrano & Rodriguez-Palenzuela, 2002) and temporal employment (Kahn, 2007). Also higher collective bargaining coverage rather tends to reduce youth labor market entry chances, pushing them stronger into outside status both in terms of higher risk of unemployment (Jimeno-Serrano & Rodriguez-Palenzuela, 2002) and work in temporary contracts (Baranowska & Gebel, 2010). Another way/indicator of youth LM exclusion mechanism is the minimum wage restriction – previous research shows that also this has a significant effect on youth LM exclusion (Eurfound, 2012). Still, the findings are still mixed as on the other stream of literature can be found an absent or even negative effect of trade unions on youth unemployment (van der Velden & Wolbers, 2003). Also Visser's study (2011) suggests that high levels of collective bargaining systems actually reduce the risks of becoming a NEET.

### **Labor market policies**

Next to the structures of education/training and labor market regulation, youth labor market entry process is also claimed to be shaped by another country contextual aspect – labor market policies. Labor market policies vary across countries, but in a most broad way could be divided into passive (PLMP, which include different type of benefits, etc.) and active (ALMP, which include different type of activation programs



such as (re)training, etc.) policies. In the context of rising youth unemployment, already since 1980s in many European countries the turn in policies was towards active intervention into youth labor market transition. While the different youth-directed programs clearly aim to increase educational participation, employment, job stability and income of the disadvantaged youth, the empirical evidence of the effectiveness of these programs is still disputed (for overview see Kluve 2010 and Card et al 2015). Next to local level, also wider cross-border policy schemes and initiatives such as extensive financial investment in policy programs by EU gain relevance. These policies include a broad spectrum, covering educational investments to facilitate secure transitions, policies that encourage individualized responsibility and investment in their own human capital or entrepreneurial activities (Knijn, 2012).

The empirical studies on youth labor market transition processes that also 'control' for the impact of labor market policies, apply often as indicator public expenditure on active (ALMP) or passive (PLMP) labor market policies. The findings so far provide mixed results. Study by Russell and O'Connell (2001) demonstrated that levels of expenditure on active labor market policies had a strong positive effect on the chances of getting a job for unemployed young people. A study by Kluve (2010), quite the opposite, concludes that compared to adult-oriented ALMPs, programs targeted at youth are less likely to deliver positive results. A study by Eurofound (2012) indicated that higher ALMP expenditures lower youth NEET risks. The meta-analysis by Card et al (2015) finds that medium-run effects of youth policies are more positive than the short-run impacts. However, little is known about the long-term impacts of ALMPs. Kluve (2010) provides evidence for systematic patterns of effectiveness by program type. Job search assistance programs are often effective; wage subsidy programs seem to be very effective, while public employment is not as presumably the results of stigmatization or type of work which does not even maintain the human capital participants had before. Labor market training is modestly effective based on evaluations, but very promising due to human capital formation component. Training programs with durations four to five months seem to achieve maximum effectiveness. In addition Card, Kluve & Weber (2015) argue that active labor market programs are more likely to show positive impacts in a recession.

### Institutional 'packages'

Every above-described institution can be seen as separate macro-dimension with a respective impact on youth labor market exclusion and insecurity. Even when often treated or analyzed separately, they are often seen as inter-related and forming part of an 'institutional package'. One of the probably most influential contributions within the comparative research has been made by Esping-Andersen (1990) who differentiated between various 'welfare regimes' based on the degree to which individuals' labor is being decommodified from the labor market. When translated into the youth labor market exclusion context – to what extent individuals are secured by the state against



the loss of income from paid labor. Esping-Andersen (1990) differentiates between three main regimes: a social-democratic or universalistic in the Nordic countries, a liberal regime in the Celtic and Anglo-Saxon countries, and conservative or corporatist regime in Continental countries. The scheme has been later extended by fourth regime type, the Southern countries where there is a strong reliance on family networks and support. Youth from the liberal welfare regimes are faced with low support when being out of employment. Relatively low level and means-tested unemployment benefits coerce young people into employment, whereas forcing them to accept also less attractive jobs (Gangl, 2004). Neither the state nor the employers feel obliged to support the (re)-qualification of the workers, which reduces especially the low-educated young people's employment opportunities. Quite opposite to the liberal welfare regimes are seen the transfer-oriented continental welfare arrangements. Here the policy focus is in protecting the labor market insiders by providing rather generous benefits. The latter means that for example unemployed person can stay in this status for relatively long period of time, until they find the adequate employment. This, in turn, may lead to low occupational mobility rates. Active labor market policies play here a secondary role. Socio-democratic welfare regime offer also high income security (unemployment benefits), but combine it more actively with flexibility measures (for example fixed-term contracts) and active labor market policies such as re-training, mobility grants, etc. (OECD, 2004). The target here is to maximize employment opportunities and simultaneously minimize the labor market risk of young people. In family-oriented regimes (Gallie & Paugam, 2000; Leibfried, 1992), the state support in case of job loss and employment insecurity is rather moderate. Here of particular importance is the deeply rooted cultural view of morally reciprocal attitudes, meaning it is the kinship and informal networks helping youth in the labor market transition process (Bukodi et al., 2008).

One of the great limitations regarding the Esping-Andersen schemes for the youth research is that it does not differentiate with regard to young people. Whereas the social security arrangements that compensate for a lack of income through benefits are important, the structures of education and training and their relation to labor market also need to be considered (Allmendiger, 1989). The combination of employment and welfare structures, along with education and training result in particular design of programs for young people out of employment. Analysis of these policies provides evidence of different interpretations of youth exclusion and 'disadvantaged youth' – in terms of ascribing disadvantage to either individual deficits or structures of segmentation (Muniglia, Cuconato, Loncle & Walther, 2012). Policies also depend on and reproduce context-specific notions of youth, reflecting the main societal expectations towards young people (Walther, 2002).

In the empirical analysis, there can be seen different approaches how the institutional dimensions are incorporated in the analysis. On the one hand, even when discussed and analyzed as separate dimensions, institutions are seen as part of a more complex



institutional 'package' such as above-mentioned youth transition regimes (for example Allmendinger, 1989), welfare regimes (for example Esping-Andersen, 1990) or labor market regimes (Shavit & Müller, 1998). In this stream of literature, specific regime types are often represented by concrete countries or country groups that illustrate the best way specific regime categories (for example, see Blossfeld et al., 2008; Chung, Bekker & Houwing, 2012 regarding welfare regimes; Scherer 2005, Brzinsky-Fay, 2007; Gangl, 2003 regarding transition regimes based on differences in education system; Shavit & Müller, 1998; Gangl, 2003 regarding ILM-OLM labor market categorization). In this type of analysis, the central focus is usually in comparing different countries or country clusters assuming that the selected cases capture or represent the relevant dimensions. In the other stream of literature, the focus is rather on separate institutional dimensions that are analyzed either separately, jointly or in an interacted way. As already discussed and showed above, the main institutional characteristics can and are often measured by using variety of indicators, representing the different dimensions of the same institution (for example Jimeno-Serrano & Rodriguez-Palenzuela, 2002 including in the analysis different indicators of LM regulation) or intending to capture the effect of different institutional aspects (for example, see Breen, 2005 including in the analysis indicators for education system and employment protection legislation). As of interaction effects, the effect of various institutional aspects has been interacted with each other (Baranowska & Gebel, 2010, Dieckhoff & Steiber, 2012) or even more often so with other micro (see for example Wolbers, 2007) or macro level indicators (see for example de Lange et al, 2014), depending on the research questions of the studies. For example, de Lange et al (2014) demonstrate that young people experience fewer difficulties with labour market integration as the educational system is more vocationally specific. Still, from the positive effect of the vocational specificity benefit more intermediate and higher educated. Also, in the context of stricter EPL young people experience more difficulties with labour market integration, especially higher educated youth. A study by Hipp et al (2015) on nonstadnrd employment (not specifically on youth) concluded that institutions interact in complex ways with their environment and exert distinct effects on different groups of workers; moreover, the demographic composition of the workforce and the role of cultural characteristics make it difficult for researchers to correctly specify such macro-to-micro links in their empirical work. Thus, it is an ungoing challenge to tackle the link between various institutions and the 'institutional packages' behind those mechanisms.



## Conclusion

The aim of the current article was, based on previous research, to summarize the main macro-level mechanisms shaping the youth labor market insecurity and exclusion of various countries on the one hand, and central empirical findings regarding the trends and associations on the other hand. According to the existing literature, there seems to exist a general agreement on the main institutional features that shape labor market entry process, the exclusion and insecurity – education system, labor market regulation and labor market policies. Next to institutional dimensions, youth LM entry process is also claimed and shown to be shaped by macro context in terms of economic and labor market conditions, but also cultural dimensions such as employment commitment. In this context, especially the recent economic financial crisis becomes a relevant milestone as it affected so many countries and respectively young people. Still, given the institutional context, the vulnerability of the countries and the youth in the country depended on the existing institutional context on the one hand and the political measures undertaken on the other hand.

The findings regarding the effectiveness and role of various dimensions remain mixed. Part of it can be explained by the different indicators used to capture the effect of specific institutions. In the current review have been summarized some of the probably most common indicators, which is however not exclusive list, but rather a way to characterize the existing variety on the one hand, and the mixed nature of the findings on the other hand. As important as the central indicators chosen seem to be the 'packages' of what the single indicators are considered to form part of. Co-existence and/or interaction between the different institutional aspects, more precisely which combinations are formed, is probably another source of mixed findings. A broader and more complex context has to be kept in mind no matter whether the analysis is carried out along separate countries (as representatives of different regime types) or indicators.



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## APPENDIX

Table A1 Indicators and effect of economic and labor market conditions on youth LM exclusion and insecurity

Indicators	LM exclusion		LM insecurity		
	Unemployment	NEET	Marginal/part-time employment	Temporal/fixed term employment	Subjective insecurity
<b>GDP, GDP growth rate</b>	- Bruno et al., 2013, 2014 regions during crisis: ~ Continental, - Anglo-Saxon (not before crisis), - Southern, ~New member states - Dietrich, 2013 (GDP growth)	- Bruno et al., 2013; 2014 (more for males), regions during crisis: ~ Continental, - Anglo-Saxon (not before crisis), - Southern, -New Member States - Dietrich, 2013 (GDP growth) - Eurofound, 2012			+ Reeskens & van Oorschot, 2012 (GDP) ~ Reeskens & van Oorschot, 2012 (GDP growth rate)
<b>Globalization, KOF globalization index</b>	+ Buchholz et al., 2009 + for Southern Europe - de Lange et al., 2014		+ Buchholz et al., 2009 especially in Netherlands	+ Buchholz et al., 2009 especially in Southern Europe - de Lange et al., 2014 + de Lange et al., 2012, stronger for low-educated	
<b>Financial crisis (yes/no)</b>	+ Choudhry et al., 2012				
<b>Depth of recession</b>	+ O'Higgins 2012				
<b>Inflation</b>	- Choudry et al., 2012				
<b>Foreign direct investment</b>	- Choudry et al., 2012				
<b>Openness</b>	- Choudry et al., 2012				



## No.4 – Institutions and the youth labor market exclusion and insecurity in Europe: A literature review

<b>Ex-post real interest rates</b>	+ Jimeno-Serrano & Rodriguez-Palenzuela, 2002				
<b>Productivity growth</b>	+ Jimeno-Serrano & Rodriguez-Palenzuela, 2002				
<b>Tax wedge</b>	+ Jimeno-Serrano & Rodriguez-Palenzuela, 2002				
<b>Income inequalities</b>					+ Reeskens & van Oorschot, 2012
<b>Unemployment rate</b>	+ de Lange et al., 2014 + Gangl, 2002 (especially for low educated, less in Southern Europe) + Wolbers, 2007	+ Eurofound, 2012		+ de Lange et al., 2014	+ Reeskens & van Oorschot, 2012 + Clark & Postel-Vinay, 2009 + Anderson & Pontusson, 2007
<b>Share of employed in industries</b>	- Dietrich, 2013	- Dietrich, 2013			
<b>Occupational change</b>	Gangl, 2002 + for low educated – for high educated				
<b>Shifts in labor demand</b>	+ Jimeno-Serrano & Rodriguez-Palenzuela, 2002				
<b>Cohort size</b>	No effect – Gangl, 2002 + Jimeno-Serrano & Rodriguez-Palenzuela, 2002 + Kawaguchi & Murao, 2014 - O'Higgins, 2012	+ Eurofound, 2012			
<b>Immigration</b>	+ Smith, 2012				



Table A2 Institutional determinants of youth labor market exclusion and insecurity

Insti-tutions	Indicators	LM exclusion		LM insecurity		
		Unemployment	NEET	Marginal/part-time employment	Temporal/fixed term employment	Subjective insecurity
Education system	Enrolment in vocational training in secondary education level, dual-system	- Breen, 2005 - O'Higgins, 2012 - de Lange et al., 2014 - Shavit & Müller, 2000 ~ Wolbers, 2007	- Eurofound, 2012		- de Lange et al., 2014	
	Public expenditure on education					- Reeskens & van Oorschot., 2012
Labor market regulation	EPL	+ Breen., 2005 + de Lange et al., 2014 + Jimeno-Serrano & Rodriguez-Palenzuela, 2002 for women + Kavaguchi & Muraio, 2014 ~ (+) Müller & Gangl, 2003 ~ (-) O'Higgins, 2012 + Wolbers, 2007 + for upper secondary	+ Eurofound, 2012		+ Booth et al., 2002 + OECD, 2004 + Kahn, 2007 for young workers, women, immigrants ~ Baranowska & Gebel, 2010 in general, young people + de Lange et al., 2014	~ Reeskens & van Oorschot, 2012



## No.4 – Institutions and the youth labor market exclusion and insecurity in Europe: A literature review

		and tertiary education - for primary and lower secondary; - less for higher educated than lower educated				
	<b>Partial deregulation of employment protection</b>	+ Jimeno-Serrano & Rodriguez-Palenzuela, 2002 for women + Noelke, 2015	- Eurofound, 2012		+ in general, low-skilled. Kahn, 2010; Gebel & Giesecke, 2011	
	<b>Union density</b>	+ Jimeno-Serrano & Rodriguez-Palenzuela, 2002 for men ~ Müller & Gangl, 2003 Van der Velden & Wolbers, 2003				
	<b>Collective bargaining coverage</b>	+ Jimeno-Serrano & Rodriguez-Palenzuela, 2002 ~ Müller & Gangl (Eds), 2003	- Eurofound, 2012 - Visser, 2011		+ in general, young people. Kahn, 2007; Baranowska & Gebel, 2010	
	<b>Minimum wage (as a proportion of median monthly earnings)</b>	+ Jimeno-Serrano & Rodriguez-Palenzuela, 2002	~ Eurofound, 2012			
<b>Youth labor market policies</b>	<b>PLMP (expenditure on</b>	+ Jimeno-Serrano & Rodriguez-Palenzuela, 2002		~ Hevenstone, 2010	+ Hevenstone, 2010 - Jacob, 2008	



## No.4 – Institutions and the youth labor market exclusion and insecurity in Europe: A literature review

	<b>unemployment benefits)</b>	for men				
	<b>ALMP (expenditure on activation policies)</b>	~ Müller & Gangl, 2003 Russell & O'Connell, 2001 ~ Kluge, 2010 for youth-targeted program	- Eurofound, 2012 - Maguire & Rennison, 2005 (educational maintenance allowance)			