

# Training & Employment

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## Youth unemployment and job quality in times of crisis: a European overview

The economic crisis has hit young Europeans particularly hard. In the vast majority of countries, the rise in youth unemployment to unprecedented levels between 2006 and 2012 was accompanied by a deterioration in job quality. Thus unemployment and capability-unfriendly jobs evolved in conjunction with each other, such that no country experienced a decline in unemployment at the cost of a deterioration in job quality from a capability perspective.

Europe survey crisis  
young people  
Capability Approach  
job quality  
unemployment

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**F**our years after the beginning of the financial crisis and two years after the launch of the Europe 2020 Strategy, how had the quantity and quality of youth employment in the European Union (EU) evolved? The European Union Labour Force Survey (EU LFS, cf. Box 1) for the period 2006 to 2012 confirm how sensitive the labour market situation of 15-24 year olds was to economic fluctuations: as the crisis deepened, youth unemployment in particular raced out of control across Europe. A comparative analysis of the evolution of job quality in Europe from a capability perspective produces some interesting results (Box 2).

This original approach, which draws on the work of Amartya Sen, puts the focus on the extent of the individuals' "real freedom to lead the life they have reason to value". It includes the capability for work, i.e. the real freedom to choose the work one has reason to value. An analysis of the LFS based on indicators that take account of the obstacles to this freedom of choice shows a general deterioration in job quality thus defined while at the same time putting the good performance of some member states in a different light. Thus the evolution of the unemployment rate is correlated with the deterioration in job quality. The quantity and quality of employment did not evolve in opposite directions but rather in conjunction with each other, such that there is no country in which the unemployment rate declined at the cost of a deterioration in job quality.

At the Special European Council held in the year 2000, the member states drew up the so-called Lisbon strategy, which aimed to create more and better jobs by 2010. The target was to increase the employment rate for 15-64 year olds to 70%. However, the emphasis on education and training policies in the Europe 2020 Strategy called into question the relevance of the employment rate as an indicator of the volume of employment among young people, since the employment rate is automatically low in those countries that have long invested in initial education and training. Consequently, an analysis in terms of unemployment rate is favoured here.

### With the crisis, unemployment across Europe is rocketing...

The economic climate in the EU changed from the spring of 2008 onwards, leading to a sharp rise in unemployment. Young people under 25 years of age were one of the groups hardest hit by the crisis, which demonstrated the particular sensitivity of this age group to the change in economic circumstances. Between 2006 and 2012, their unemployment rate rose by almost 6 percentage points, double that for the economically active population as a whole. By 2012 it had reached 23%, compared with 10.6% for adult workers in the EU-28. Examination of the situation on a country by country basis reveals significant differences ●●●

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*For further information, please refer to the SocIEtY research programme's website:*

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●●● in the evolution of the unemployment rate. Four countries managed to reduce unemployment between 2006 and 2012: Germany (most successfully), Poland, Austria and Belgium. The other EU member states, on the other hand, saw youth unemployment increase over the whole of the period. This was particularly the case in Ireland and Spain, where it increased by factors of 3.5 and 2.9 respectively between 2006 and 2012. Cyprus, Lithuania, Portugal, Greece and the UK also experienced marked increases.

EU • European Union

LFS • Labour Force Survey

The adult unemployment rate refers to the 25-64 age group.

The youth unemployment rate refers to the 15-24 age group.

Temporary employment includes all types of fixed-term jobs.

In 2012, Spain and Greece had the highest youth unemployment rates, at 52.9% and 55.3% respectively. Portugal (37.9%), Italy (35.3%), Slovakia (34%) and Ireland (30.4%) all exceeded the fateful 30% mark. Austria (8.7%) and the Netherlands (9.5%), on the other hand, were among the good performers, which were led by Germany (8%). France (23.9%) was at a level close to the European average.

### ...and job quality is deteriorating

The deterioration in young people's job quality was overshadowed for much of the 2000s by other concerns, such as the rise in youth unemployment.

Nevertheless, job quality had been a priority issue for the European Commission at the end of the 1990s, against the background of an economic upturn. At the beginning of the new century, faced

with a slowdown in economic growth and rising unemployment, the European Union embarked on a gradual revision of the European employment strategy, shifting the emphasis from job quality to quantity and "refocusing priorities on growth and employment". The concern with quality was subsequently displaced by flexicurity. As the second decade of the 21st century began, European leaders began to refocus attention on job quality, with reference to the Europe 2020 strategy that had been developed during the crisis years. The strategy reaffirmed the importance of this issue and made it necessary to review job quality.

To consider job quality through the lens of Sen's capability approach it is to change perspective in order to focus on the real freedom young people enjoy to choose a job they have reason to value. However, the use of individual data that were not designed for this approach makes it difficult to reveal the real freedom individuals enjoy: it is easier to obtain relevant information on the constraints on and obstacles to this freedom of choice than an indication of the actual extent of their freedom. It was for this reason that a Capability-Unfriendly Job Index (CaUJI) was constructed (Box 2). Thus it differs from the standard indicators, which consider job quality independently of the constraints that may determine individuals' choices. In particular, to focus on actual freedoms is to separate the situations in which individuals actually find themselves from what they are free to do. The same employment situation may re-

**Figure 1 • Variation in job quality between 2006 and 2012**



Interpretation: between 2006 and 2012, job quality deteriorated very considerably in Ireland, according to the Capability-Unfriendly Job Index (CaUJI). Source: Europe Labour Force Surveys - Calculations: Céreq

sult from the presence or absence of freedom of choice. For example, someone who is in a part-time job because they have been unable to find a full-time position does not enjoy as wide a range of choices as a person who has deliberately opted for part-time work for personal reasons.

Thus when job quality is examined from this perspective, the survey reveals a general deterioration in the situation of young Europeans between 2006 and 2012 (Figure 1). Here too, however, situations differ from country to country. Between 2006 and 2012, job quality improved in five countries: Germany, Austria, Poland, Belgium and the Netherlands. On the other hand, it deteriorated in most other EU member states. This was particularly the case in Ireland and Luxembourg, as well as in Portugal, Greece, Slovakia, Spain and the UK.

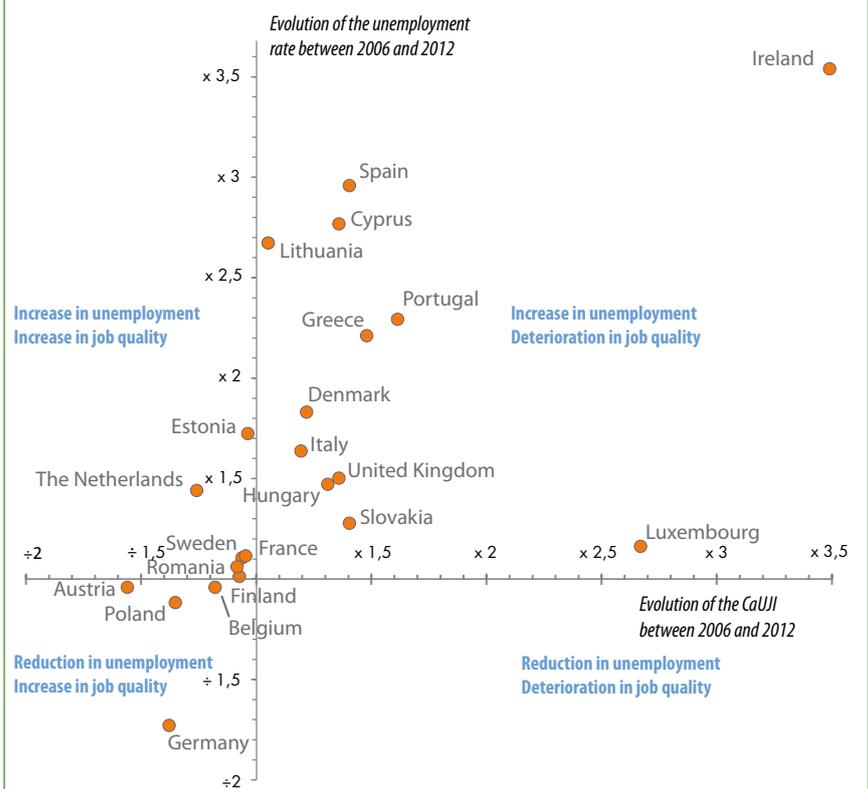
In the European countries under consideration, this deterioration was due mainly to the rise in involuntary part-time working (30% increase) and to the increase in the number of jobs offering fewer hours' work than the employees in question would prefer (20% increase). On the other hand, the data do not show either an increase in involuntary temporary employment or a rise in unpaid overtime, and nor do they show an increase in the share of young people in employment looking for alternative or additional jobs. Nevertheless, the situation varies considerably from one country to another. For example, involuntary temporary employment increased almost tenfold in Ireland, whereas it was almost halved in Germany. The number of jobs involving unpaid overtime quadrupled in Luxembourg and almost doubled in Greece and Finland, whereas it fell by 50% or even more in Sweden and Austria. Finally, the number of jobs whose holders were searching for alternative employment increased by a factor of more than 1.5 in Portugal, while it fell by 50% in Germany.

### Job quantity and job quality: is there a trade-off?

Is it possible to demonstrate the existence of a link, common to all the countries, between the recent changes in youth unemployment - attributable to a large extent to the depth and duration of the crisis - and those in job quality? The hypothetical links between quantity and quality are not clear in theory.

Two hypotheses are usually advanced. In the first, a rise in unemployment in times of economic crisis could weaken workers' bargaining power and have an unfavourable impact on the quality of existing jobs. Thus the quantity and quality of jobs would evolve not in opposite directions but in conjunction with each other. In the second hypothesis, the rise in unemployment would lead mainly to a loss of jobs in the secondary labour market, which help the

**Figure 2 • Unemployment and job quality: evolution between 2006 and 2012**



Source: European Labour Force Survey - Calculations: Céreq  
 Interpretation: between 2006 and 2012, the Capability-Unfriendly Job Index (CaUJI) increased by a factor of 1.4 in Spain, while the unemployment rate rose by a factor of 2.9 during the same period.

### Box 1 - The European Labour Force Survey

We use data from the European Union Labour Force Survey (LFS). It is coordinated by the European Union's statistical office (Eurostat) and carried out by each national statistical office.

The LFS is a household sample survey on the labour force participation of people aged 15 and over. LFS data refers to the resident population; consequently, its results relate to individuals resident in the country, regardless of their place/country of work.

It is a quarterly survey, the results of which are published on a quarterly and annual basis. The employment rate and the harmonised unemployment rate (as defined by the ILO) are calculated at national level and at European level on the basis of LFS data. Furthermore, the survey can be used to describe the characteristics of the individuals who are in employment, unemployed and inactive and it aims to describe the functioning of labour markets.

This analysis is based on all 28 member states of the European Union with the exception of the following countries, which are excluded because of an excessive number of missing values for certain variables: Malta, Slovenia, Bulgaria, Croatia, Czech Republic and Latvia.

For further information, go to the Eurostat website: <http://ec.europa.eu/eurostat>.

productive system to adjust to cyclical fluctuations in demand. These jobs are characterised as being more precarious, unstable and poorly paid compared with those in the primary labour market. The destruction of such jobs, it is argued, has the effect of raising average job quality. As a result, the quantity and quality of employment evolve in opposite directions.

## Box 2 - A measure of job quality that reflect young Europeans' capabilities

Since job quality has been part of the objectives of the European employment strategy, it has been approached in a number of different ways. In particular, it was the object of a process of coordination between the member states around the definition of indicators at the 2001 Laeken Summit. The ILO's decent work agenda and the programmes put in place by the European Trade Union Institute (ETUI) and, more recently, the Organisation for Economic Cooperation and Development (OECD), which in 2013 launched a programme of analyses focusing on employment quality, are three other examples.

Job quality is considered here from a capability perspective. In this approach, which draws its inspiration from the work of Amartya Sen, the crucial objective is to strengthen young people's real freedom to enjoy a job they have reason to value. To have "the capability to" is, after all, to have the real freedom to do what one sets out to do. Thus to consider the improvement of job quality from this perspective is to examine the development of two complementary aspects of freedom, both individual's empowerment and their freedom of choice.

Thus the challenge here has been to change perspective in order to look at job quality in a new way, one that reflects young people's capabilities. However, the use of individual data that were not designed for this approach made it difficult to reveal the full extent of possibilities open to young Europeans: it is easier to obtain relevant information on the constraints on and obstacles to their freedom of choice than an indication of the real freedoms they enjoy.

What emerges from this approach is a multidimensional index of poor job quality; job quality is described as poor because it is unfavourable to the development of capabilities. This index is the CaUJI, or Capability-Unfriendly Job Index. It is constructed on the basis of a restricted range of indicators used in the European labour force surveys to provide information on young people's opportunities and the constraints to which they are subject (Goffette and Vero, 2014). The CaUJI consists of five dimensions: (1) involuntary temporary job; (2) involuntary part-time job; (3) job offering a volume of hours' work lower than the desired volume; (4) job requiring additional hours' work that are assumed to be involuntary because they are unpaid and not compensated for; (5) search for alternative job or an additional job while in employment.

## Falling unemployment at the cost of deteriorating job quality... but where?

On the basis of a combined analysis of the evolution of unemployment rates and of the Capability-Unfriendly Job Index between 2006 and 2012, three groups of countries can be identified (Figure 2). It would appear that those countries that saw a fall in unemployment are also those that, according to our index, saw the most marked improvements in job quality, namely Germany, Austria, Poland and Belgium. In the second group of countries, unemployment reached unprecedented levels and at the same time there was the most glaring deterioration in job quality: this was the case in Ireland, Greece, Cyprus, Spain and Portugal. The majority of the countries investigated are in this group, which suffered a double deterioration in both the quantity and quality of jobs. A third group of countries, finally, saw a more modest increase in unemployment combined with relatively stable job quality. The Netherlands and France, among others, belong to this group. These results show that the changes in job quality and quantity are

correlated and proceed according to the same dynamic. Finally, the survey shows that no country experienced a fall in unemployment at the price of a deterioration in job quality.

## Rethinking the European evaluation framework in order to analyse youth employment?

In the face of this deterioration in young people's situation in a time of crisis, what is at stake is the possibility of shaping destinies, both individual and collective. Taking actual freedom as a starting point for conceptualising job and work quality would lead to the construction of a battery of indicators capable of revealing individuals' power to act and the room for manoeuvre they enjoy. It would also be necessary to take account of the institutional factors and employer policies likely to expand the scope of what is possible in terms of work and employment. These ideas are struggling to gain a foothold in European circles but a change of direction with the aim of progressing towards an equal freedom to act is, from a capability perspective, an appropriate aim of public action.

### Further reading

*Trends in Job Quality during the Great Recession: a Comparative Approach for the EU*, C. Erhel, M. Guergoat-Larivière, J. Leschke, A. Watt, CEE and Etui Working Paper n°161-1, December 2012.

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« Mapping Capability-Unfriendly Jobs of Young Europeans before and during the Crisis », C. Goffette et J. Vero, Rapport WP3 Society, <http://www.society-youth.eu/publications/wp3>, 2014.

« Would Active Labour Market Policies enhance young capability for work? » M. Lambert, J. Vero, B. Halleröd et H. Ekbrand, in *Facing Trajectories from School to Work: Towards a Capability-Friendly Youth Policy in Europe*, H.-U. Otto et al. (eds), Springer, Berlin, 2015.

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