



ELECTION BRIEF 19-01

WORKING GROUP ON YOUTH EMPLOYMENT

# OF CARTS AND HORSES: YOUTH IN NON-STANDARD EMPLOYMENT

## KEY POINTS

- ATYPICAL JOBS MATTER FOR YOUTH AND CAN ENTAIL MANIFOLD DISADVANTAGES
- THE CURRENT POLICY APPROACH REFLECTS DIFFERENT IDEAS FOR THE EUROPEAN UNION'S SOCIAL DIMENSION
- TOWARDS 2030, THE EUROPEAN AGENDA SHOULD BETTER RECONCILE QUALITY AND QUANTITY OF WORK

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It's common, yet strange what awaits many when leaving school and setting foot in the labour market in 21st-century Europe. Today, graduating and entering the world of work is often characterised by hopping between internships and casual jobs with little or low pay, high-pressure conditions and 'boomeranging' back to parents' homes. This is an encompassing long-term trend, entailing risks that can be addressed at both the national and European level. With these issues in mind, this Election Brief discusses how and why young people's contractual status on the job matters, what the EU has actually achieved in improving the situation, and what should be on the agenda following the 2019 European Parliament elections and towards Europe in 2030.

## EMPLOYMENT IS NO SAFE HAVEN

The varieties of flexible work arrangements young people find themselves in are manifold, but can be subsumed under one broad term: non-standard forms of employment (NSFEs). This definition comprises all types of work that do not fit into the traditional standard employment relationship of permanent (no end-date), full-time (about 40 hours per week on EU-average) employment. The most common types of NSFEs are temporary jobs such as internships or traineeships that end with a fixed date or task fulfilled, part-time employment with low weekly hours, and forms of self-employment and independent contracting. This includes currently popular NSFEs such as on-call casual work, 'gig work' for digital platforms like Deliveroo or Uber, online crowd-work, temporary agency work or employee sharing.

A look at recent data reveals that the rise of atypical jobs - another term for NSFEs - is a long-term trend and has become a central part of career patterns in Europe. Temporary contracts in particular are a youth phenomenon. Between 1995 and 2017, the share of young employees (15-24 years) in temporary contracts increased from below a third to 45% in the EU15 (44% in the EU28). It is particularly high in Spain and Slovenia with above 70% and in Poland and Portugal with around two thirds<sup>1</sup>. Looking at weekly hours, the share of youth employed in part-time contracts increased from 13% in 1987 to 37% in 2017 for the EU12-average. Today, it stands at 15% in Central and Eastern Europe, 27% in the Mediterranean countries, 36% in the continental region, and 53% in the Scandinavian members. However most pivotally, it is estimated that of those in temporary employment, 46% are involuntarily in this situation, while this applies to 31% of all in part-time jobs<sup>2</sup>.

Why does this matter? Employment alone is not a safe haven, ensuring security and stability, and NSFEs play an important role for that phenomenon. Three links are particularly important. First, being in atypical employment can increase the risk of in-work poverty, especially if it clusters at the household level, where others like children or elderly depend on the income, and government transfers are lacking<sup>3</sup>. Amongst all young employees in the EU, almost 1 in 9 are at risk of poverty despite having a job<sup>4</sup>. Secondly, access to social security, such as unemployment insurance, is limited for some in NSFEs since entitlement to benefits is commonly tied to prior contributions at work. In cases of short job durations or low weekly hours, it can be difficult to make sufficient contributions to collect social security support in the future. The self-employed often face different rules or fall short of social security all together<sup>5</sup>. Finally, evidence shows that NSFEs can negatively affect other spheres of life. While in some cases, temporary jobs can serve as probationary stepping-stones into standard employment, in other situations internships or traineeships serve to exploit the low bargaining power of young workers and trap them in jobs with poor career prospects. Cross-country analysis shows how especially in Spain, Greece, France and Italy, temporary jobs are likely to end in unemployment, but relatively unlikely to serve as stepping-stones into permanent jobs<sup>6</sup>. Over time, such insecure labour market situations can lead to challenges for young people's mental health, independence, living situations, social relationships and family planning.

Overall, the link between flexible work and various dimensions of disadvantage is clear, but not inevitable.

## THE EU IN ITS 'FOURTH WAVE'

The social dimension of European integration has, since its inception in 1957, served as both a building block for the construction of today's internal market and as counterbalance to its potential consequences. Throughout this process, various actors have pursued different ideals of a strengthened social dimension for the EU by, broadly speaking, either stressing the need to balance economic openness with common social regulation or by striving to maintain the diversity of national welfare states and regulatory systems. Amidst what some label the 'fourth wave' of efforts to strengthen 'Social Europe', the current policy approach can best be described as 'rights-based social investment'<sup>7</sup> - reflecting both the contention regarding what form the policy approach should take as well as the centrality of compromise in the European project.

The present-day policy approach is comprised of two elements. Social rights, on the one hand, are the traditional tool with which the member states have equipped the EU for supranational governance of the social domain. More

recently, the EU28 heads of state and government have put in place a new framework for future action, the European Pillar of Social Rights (EPSR), signed in November 2017. This has already led to some legislative initiative and crucially provides an agenda for the incoming EU leadership of 2019-24. As aforementioned, NSFEs can be closely linked to precarious financial and personal situations. This can be addressed by either breaking that link or enabling broader access to standard employment. The existing legal framework is based on three Directives (agreed by member states and transposed by national parliaments) that take the former route. They assume non-standard jobs benefit workers, acting as ‘stepping-stones’, and aim to improve conditions in specific forms – part-time, fixed-term, and temporary agency work - in line with the EU principle of non-discrimination.

On the other hand, social investment has, in certain forms, influenced policy since the launch of the European Employment Strategy in 1997, decisively shaping the Lisbon Strategy and the current Europe 2020 strategy, including ex-Commission President Barroso’s social legacy (the Social Investment Package 2013). In its essence, this approach aims to empower workers to become more adaptable and independent through providing education, training, and lifelong learning opportunities. Since implementation requires public financing, social investment is inherently associated with national-level action and thus only a ‘soft’ role for EU institutions. It plays a prominent role in EU policy discourse, including agenda-setting in the European Semester. As for NSFEs, the viability of social investment to address the links highlighted above problematically hinges upon a strategy that considers the full scope of issues faced by youth in the labour market. However in many cases, objectives to improve job quality are subordinated to metrics of quantity, such as the employment rate, which entails the risk of overlooking the link between contractual status and inferior conditions and prospects.

## EUROPE 2030: RECONCILING JOB QUALITY AND QUANTITY



Although the European Union has begun to pay more attention to overcoming the repercussions of the eurozone’s economic crisis since 2010, an examination of the current strategy suggests that new ideas are needed to complement the existing policy approach. This concerns both the regulatory and the investment policy elements.

EU regulation confronts the fact that, while non-discrimination is fundamental to European labour law, it has been questioned whether unequal treatment as compared to standard workers is in fact the main problem faced by non-standard workers<sup>8</sup>. Disadvantage stemming from inferior employment status has many aspects unique to NSFEs and temporary jobs can, in many cases, trap young people in situations of insecurity as opposed to transitioning them into stable jobs. At the same time, targeting certain types of employment overlooks the wide variety of work arrangements found across Europe today. Consequently, the current approach remains a minimalist and in some cases potentially counterproductive. Instead, re-

cent national measures to regulate and disincentivise the use of fixed-term contracts and promote open-ended arrangements have gathered momentum for a more comprehensive agenda.

The policy approach of social investment can be similarly criticised with regard to NSFEs, as education and training are neither a fast track nor guarantee to secure employment. As of 2017, 74% of all temporary workers in the EU28 were equipped with a high or medium skill level<sup>9</sup>. Though these workers are more likely to be in situations where the link between status and condition is weaker, supporting young people with higher education will not create an empowering labour market by itself. Together with the rationale that underpins regulation, the current EU-level policy concept tends to prioritise quantity of jobs over the quality of young people’s jobs. Building consensus on how to foster the complementarity of the two and overcome the perceived trade-off between job quantity and quality is therefore a crucial task for future EU-level policy.

For a new long-term EU strategy, formulating new objectives is vital and timely for an agenda in the 2020s, with previous progress providing a foundation for this goal. It will be crucial as well as a matter of political choice for the incoming EU leadership to commit to the EPSR framework and set new objectives that show that the EU is responsive to citizens’ experience. Implementation will continue to weigh up in which cases transnational labour standards are justified, or coordinated national measures can better accommodate for member states’ diversity. However, the question of *what common objectives* EU member states should ultimately aspire towards provides the necessary space for a rethink of the current approach. Social investment, as Nolan (2013) writes, ‘puts the cart before the horse’.<sup>10</sup> This addresses a broader issue: rather than final goals, employment and economic growth should serve as means to foster meaningful work opportunities for youth in Europe. Taking a more holistic view on the world of work by committing to improve job quality, in tandem with quantity, is vital for the EU to contribute to a prosperous and equitable society moving towards 2030.

## References

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