Are some sectors more “youth friendly” than others? Employment regimes, sectors, and gender disparities in the Great Recession

Article (Accepted Version)

O'Reilly, Jacqueline, Grotti, Raffaele and Russell, Helen (2019) Are some sectors more “youth friendly” than others? Employment regimes, sectors, and gender disparities in the Great Recession. *Human Resource Management Journal*, 29 (3). pp. 490-508. ISSN 0954-5395

This version is available from Sussex Research Online: <http://sro.sussex.ac.uk/id/eprint/86807/>

This document is made available in accordance with publisher policies and may differ from the published version or from the version of record. If you wish to cite this item you are advised to consult the publisher's version. Please see the URL above for details on accessing the published version.

Copyright and reuse:

Sussex Research Online is a digital repository of the research output of the University.

Copyright and all moral rights to the version of the paper presented here belong to the individual author(s) and/or other copyright owners. To the extent reasonable and practicable, the material made available in SRO has been checked for eligibility before being made available.

Copies of full text items generally can be reproduced, displayed or performed and given to third parties in any format or medium for personal research or study, educational, or not-for-profit purposes without prior permission or charge, provided that the authors, title and full bibliographic details are credited, a hyperlink and/or URL is given for the original metadata page and the content is not changed in any way.

Are some sectors more ‘youth friendly’ than others?

Employment regimes, sectors and gender disparities in the Great Recession

Abstract

Despite national differences in youth employment many countries share striking similarities in the uneven sectoral distribution of job opportunities for young women and men in Europe. A shift-share analysis of European Labour Force data identifies ‘youth friendly’ sectors, how this varies between countries, and how this changed during the Great Recession. This reveals how youth job opportunities were lost because the sector shrank or because employers were less likely to offer full-time, permanent contracts. New jobs for youth were more likely to be in part-time and temporary employment. Youth vulnerability to unemployment is not only contingent on employers’ engagement with institutions shaping school-to-work transitions, but also on gender segregation and the fact some sectors have been particularly fragile during the economic crisis. Future research needs to link institutional effects with employers’ business strategies to understand how these shape job opportunities for young women and men.

Key words: Youth Employment, shift-share analysis, sectors, part-time and temporary work, gender.

1. Introduction

There has been a longstanding interest in understanding why Human Resource Management practices vary between countries and what effects this may have on economic and organisational performance. This interest has often been framed in comparative HRM in relation to analytical frameworks such as Varieties of Capitalism (VoC) (Hall and Soskice 2001) or the 'societal effect' (Maurice et al. 1982; Author 2006). These approaches explain how institutions such as collective bargaining and wage setting arrangements, as well as working time and employment regulation, affect employers' behaviour and create different forms of dualist and segmented labour markets between those in advantaged and less favourable jobs.

Approaches in this tradition have, to a limited extent, been applied to youth labour markets. These explain why school to work transitions (STW) in some countries are more effective in achieving long-term productivity and high skilled production systems in countries like Germany; in contrast developments in the UK are more fragmented and uncoordinated (Hall and Soskice 2001). The economic and organisational performance of countries has been traced to the way companies recruit, train and retain young people in their organisations, or not, across different economic sectors. While engaging employers to develop quality pathways into work for young people remains a significant challenge this is affected by different sector norms and business models (Purcell et al. 2017; Simms 2017). However, academic investigation of sectoral differences has only received limited attention and this has tended to focus on single country studies (Simms 2017; Lewis and Ryan 2008).

The evidence presented in this article addresses a key issue for the HR community in relation to how young Europeans enter employment. The absorption capacity of different sectors varies by country. This raises a number of questions as to why these recruitment practices differ and how other factors

related to economic uncertainty, technological change and service delivery affect future employment patterns. It also shows that where young people have been able to find work this is more likely to be of declining quality compared to that on offer before the Great Recession. This analysis allows us to identify similarities and differences between countries and sectors, to make links between where employers operate under supportive institutional arrangements for integrating youth, where these are missing, and the differential consequences for young Europeans.¹

2. Youth transition regimes in Europe

Comparative HRM researchers interested in youth labour markets and transition regimes have drawn on the work of Pohl and Walther (2007). Going beyond the established institutions identified in the VoC approach, the work of Pohl and Walther (2007) include more cognitive norms and societal conventions in relation to how the problem of youth unemployment is framed and policies are targeted to reduce it. Using this approach allows us to distinguish between five ‘youth transition regimes in Europe.

- *Universalistic* regimes include Finland, Sweden and Denmark. These regimes are characterised by a comprehensive and inclusive education system. Education and training feature a level of flexibility that allows individualised training paths with a focus on transition policies to enable education and activation to find work.
- *Employment-centred* regimes, primarily based on dual training are found in Germany and Austria, but also include school-based training as in France, or mixed systems such as in the Netherlands.

¹ Our analysis is undertaken at the sectoral level, though we acknowledge there is likely to be “within sector” heterogeneity, related to factors such as firm size, ownership, unionisation, profitability etc. This is beyond the scope of the current study and data.

- The UK and Ireland are examples of *Liberal* regimes, where general education predominates. Vocational training is low status and of a low standard, but similarly to the Universalistic regime is the flexibility allowing individualised trajectories.
- *Sub-protective* systems include Italy, Spain, Greece, Portugal and Cyprus. School level education in sub-protective regimes is structured comprehensively, but training is of low standard and coverage with little employer involvement. These countries are characterised by a dual labour market where there is strong employment protection for insiders, while outsiders, including youth, experience high levels of precariousness and exclusion
- Finally, *Post-socialist* regimes include a mixed liberal and employment centred approach for example found in the Baltic States, Romania, Bulgaria, Slovenia and Slovakia.

These five regime types provide a parsimonious heuristic device for comparing trends in youth employment across Europe, with expectations that some regimes will perform better than others, in particular where Vocational Education and Training (VET) programs effectively engage employers (Hadjivassiliou et al. 2019; Authors 2015). The resilience of these institutions was critically tested during the Great Recession when significant proportions of European youth in some countries faced great barriers to finding employment. This experience varied by country, sector and gender, as well as in terms of the quality of employment being offered. Analysis of this evidence here illustrates the range of vulnerability young people have faced in different sectors and societies since 2007.

2.1 Comparing sectors cross-nationally

Cross-national comparisons of sectoral differences in employment have received relatively limited academic attention. An exception to this includes the analysis of Authors (1996) who identified different recruitment practices and the use of flexible labour in the banking and retail sectors in Britain and France. They attributed these sector differences to employers' implementation of technology and customer service strategies. Nevertheless, despite sectoral differences, national

institutions had a more influential effect on the organisation of work. Different sectors within countries shared more in common with each other than they did with comparable organisations operating in the same economic sector in a different country. This countered arguments of technological determinism universally shaping the organisation of work. Similarities within a particular employment regime, regardless of sectoral differences was attributed to forms of labour market regulation, the level of labour force skills and different societal norms concerning appropriate forms of female labour force participation (Authors 2017). This research reinforced the important influence of national employment regimes; but it also identified the factors affecting employers' decisions to use high and low skilled male or female labour on a full- or part-time basis in each sector, in each country.

Cross-national comparisons of the sectoral distribution of youth employment have been surprisingly scant. The valuable work of Simms (2017) and Lewis and Ryan's (2008) evaluation of the impact of labour market policies in different sectors has focused on one country, the UK. The few comparative studies of sector differences that exist are found for example in an early study from Marsden and Ryan (1986) who showed how young male employment was very unevenly distributed across sectors at the time of their research in 1972: the most popular sectors employing young men then were footwear, clothing, wood products and textiles. Despite differences in national employment regimes, the pattern of male youth intensive sectors was very similar across all six countries examined.

The uneven sectoral distribution of jobs for young people persists. Drawing on OECD data from 1985-1994 Blanchflower and Freeman (2000) argue that 'youth-intensive' industries, with a higher ratio of younger workers (15-24) to prime age workers, were more likely to be in hotels and restaurants, retail and repair rather than in utilities, education or public administration. Two sectors (hotel and restaurants, and retail) accounted for 39 per cent of all young workers in Germany and France in 1994. Blanchflower and Freeman (2000: 47) were struck by the significant impact of a

limited number of sectors resulting in a uniformity of patterns across countries, albeit with very different school to work transition regimes.

2.2 Comparing gender differences

Relatively little academic and policy attention has been given to discussing gender differences in employment opportunities for young people across sectors and countries. Gökşen et al. (2016) show how gender gaps in employment open up relatively early. Increasingly, young women's participation in higher-level education surpasses that of young men resulting in differential labour market participation rates, while sectoral and occupational segregation by gender also remain salient features of the youth labour market (Smyth & Steinmetz, 2008).

Accounts of gender segregation invoke both structural and individual explanations, such as educational choices and 'doing gender'. Employers play a significant role through conscious and unconscious gender bias in recruitment decisions (see Baert 2017 for a comprehensive review of field experiments on recruitment discrimination). There has been growing attention to the role of educational institutions in explaining gender segregation in the labour market (Charles and Bradley 2009; Smyth, 2005). The availability and timing of subject choices can influence the extent to which young people choose sex-typed subjects, and therefore access to different occupations and sectors employment (Buchman and Charles, 1995). A high level of participation in vocational training and strong linkages between the education system and the labour market is also likely to reinforce labour market segregation (Estevez-Abe, 2005), though this effect appears to be stronger for men (Smyth and Steinmetz 2015). Therefore, we might expect greater gender differences in the sectoral location of young women and men in the *Employment-centred* countries such as Germany, Austria and the Netherlands and less gender segregation in countries with low levels of vocational training participation such as Ireland, Greece, Poland and Hungary (Smyth and Steinmetz 2015).

Gender segregation in the labour market also has implications for the impact of the Great Recession. The immediate effects were greatest in male sectors such as construction and manufacturing, whereas women's employment in the public sector and in services shielded them from some of the initial effects of job losses (Bettio and Verashchagina 2013; Rubery and Rafferty 2013; Author et al 2014). Here we examine the sectoral distribution of jobs for young men and women assessing whether they were equally affected by a hiring freeze or overall shrinkage in certain sectors.

2.3 Comparing the quality of employment

Part of the explanation for these differences in the sectoral and gender distribution of jobs for youth can be attributed to the quality of this employment in terms of pay and social protection. Marsden and Ryan (1986) argued that young people have greater difficulty entering jobs where adult wages are high and jobs are well protected. Employers are more likely to see young people as less productive and relatively expensive compared to prime age and older workers, if they are expected to treat them on similar terms of employment. Employers can be more predisposed to employ young workers in low wage, low skill, insecure jobs, where there is less competition from better-paid older workers. Such a process could mean that sectoral concentration of young people is associated with poorer quality employment. This could be especially the case in countries with 'dualist' labour markets, exemplified by countries in the Sub-protective regime. Dualist labour markets are characterised by a 'primary' sector or labour market with long-term and well protected employment relationship and high-wage jobs; and a 'secondary' labour market characterised by insecure and short-term employment relationships, and low-wage low-skill jobs.

Employers' access to low paid apprentices can encourage higher rates of youth employment (Marsden & Ryan, 1986). However, this varies by country. According to a European Commission

study (2012) in Estonia, Slovakia and the UK apprenticeships were viewed as an expensive source of labour because employers had to invest significantly in training, even when wage rates were relatively low. An apprenticeship system can improve other dimensions of job quality, as evidenced by Germany, which has a much higher proportion of young workers with company specific skills than other countries.

Employers' preferences for particular groups of workers are also influenced by broader societal factors. Demographic trends indicate a decline in the relative size of the youth population and an increased participation in education. At the same time there has also been an expansion of sectors that typically employ young people. These trends should make it easier for young people to find work. However, according to Blanchflower and Freeman (2000) between 1985-94 increased job prospects for young people (20-24) did not materialise. In nearly all OECD countries there has been a substantial decline in the demand for youth labour (Blanchflower and Freeman 2000: 54), alongside deteriorating earnings and working conditions in low paid, less skilled jobs (Boeri and Jimeno 2015: 6).²

In sum, the limited existing research on cross-national sectoral comparisons indicates that despite some degree of commonality across countries in relation to which sectors are more 'youth-friendly', significant cross-national differences persist in the proportion of young people who find work in these sectors. Even during the 1970s Marsden and Ryan found some countries, such as Italy, had very low proportions of employed youth compared to much higher activity rates in the UK at this time; these differences still persist (OECD 2017).

² In most countries, increases in educational participation had slowed markedly or even stopped before the recession – as Figure 2 will show. This suggests that the declining youth labour force participation observed for some countries at the onset of the recession is mainly a demand-side story than a supply-side story.

2.4 Research questions

Findings from these earlier studies raise a number of interesting questions with regard to whether some employers are more ‘youth friendly’ than others. How does this vary by country and gender? And, how this has changed during the Great Recession? To answer these questions, first, we examine how changes to the overall size of ‘youth-friendly’ sectors were affected before and after the economic crisis between the period from 2006-2016. Did young people lose their jobs because the sector shrank as a result of the recession? This would be a reasonable expectation, especially in countries where young men, for example, were disproportionately employed in the construction sector, a sector that boomed during the housing bubble and crashed after the crisis (Boeri and Jimeno 2015). Or, second, was the fall in youth employment because employers stopped hiring youth? This would be evidenced by a fall in the youth-older worker ratio. Or, third, was the growth of youth unemployment due to the destruction of temporary jobs i.e. it was easier to get rid of young people, especially in dualist labour markets where young people were employed on temporary contracts? Alternatively, is the evidence of any growth in youth job opportunities based on deteriorating employment contracts (Blanchflower and Freeman 2000)?

3. Research Design

Drawing on European Labour Force Survey data for a wide range of European countries, we compare trends in youth employment across regime types identified by Pohl and Walther (2007). In our analyses, first, we outline trends in youth unemployment and labour force participation for 15-24 years olds in each regime type over three decades (where possible from 1983 to 2016).³ Including a comparative measure of participation rates captures patterns of non-employment, and regime heterogeneity (Authors 2015; O’Higgins 2012).

³ This analysis draws on data from 23 countries to maximize the time span. The aggregate measures do not take into account the size of the countries (or sample size); rather, each country has a weight of one.

Second, we deepen our analyses and select 11 countries representative of the five regime types to identify how youth employment has changed before, during and after the Great Recession. Here, we perform separate analyses by country rather than collapsing the countries into regimes because we want to illustrate the heterogeneity in youth employment patterns within regime types. In addition, we select only 11 countries out of the 23 considered above because we want to have a manageable number of countries to work with. Given the high level of detail we consider, the choice of countries is also driven by sample size issues to ensure there were a sufficiently large number of cases for each country. As a results, we select three countries for the *Employment-centred* regime and two countries for each of the other four regimes.⁴

For this analysis, we focus on a time span that covers the years around the Great Recession. The timing of the different phases of the Great Recession varies slightly across countries and depends upon the measure we use to define the recession – whether we look at the drop in GDP or in employment, this is especially true for the phase where the recession was at its peak (see for example the unemployment rates in Figure 1). The pre-recession phase can be represented by the year 2007 in all countries and we measure the post-recession phase in the year 2016, as this is the most recent data available. We measure the peak of the recession at different years across countries according to the country-specific trend in the level of unemployment. The peak falls between 2011 and 2014 depending on the country.⁵

⁴ We select three rather than two countries for the employment-centred regime because of the heterogeneity in the focus of the school to work transition among the countries belonging to this regime, as discussed in section 2.

⁵ We measure the peak recession in 2011 for Denmark, the United Kingdom and Germany; in 2012 for Hungary, Ireland, Sweden and France; in 2013 for Poland, Spain and the Netherlands; and in 2014 for Italy.

To examine whether young people lost their jobs because the sector reduced in size or because it became less youth-friendly, we use a shift-share analysis. This technique is particularly appropriate to our scope because it furnishes descriptive understandings of trends in youth employment over time allowing us to say, for example, whether declining youth employment was mainly driven by the shrinkage of ‘youth friendly’ sectors, or rather driven by a declining use of youth labour within sectors.⁶ Shift-share analysis allows us to decompose aggregate employment changes resulting from i) change in the overall size of sectors (growth effect); ii) change in the proportion of youth workers in each sector (share effect); and iii) the interaction between each. Here we also examine whether there has been deterioration in the quality of jobs for youth.

Due to data limitations the analysis of job quality is restricted to job security and working time, comparing the use of full- and part-time work, permanent and temporary employment. While these are central dimensions of job quality, we lack measures of wages, skill utilisation, autonomy and other working conditions, usually included in the concept (Kalleberg, 2011; Gallie, 2012). The analysis also distinguishes between age categories and gender, in order to address the potential influence of gender segregation across sectors and gender differences in labour market participation. Throughout we define employment in accordance with the ILO definition of anyone working at least one hour during the reference week, this includes students working part-time.⁷ For the decomposition analysis sectors are defined using NACE classification of economic activities (Eurostat 2008).

⁶ See Smith et al. (1998) for a comparable approach used to examine the use of part-time employment in Europe.

⁷ As we are interested in the demand for youth labour it does not make sense to exclude the cohort who are combining education and employment. The early career sector is not necessarily the one in which workers remain throughout their career, but investigating this question would which requires analysis of transitions.

4. Results

4.1 Historical trends in youth unemployment

Since the mid 1980s *Sub-protective* countries had some of the highest levels of youth unemployment, with *Liberal* countries also experiencing relatively high cyclical rates (Figure 1). Although youth unemployment began to fall by the end of the 1980s in both regions, it increased again in the mid 1990s. *Employment-centred* regimes did not experience comparable levels of fluctuation in youth unemployment during these periods and the *Universalistic* regime saw a fall in youth unemployment from the mid 1990s up to 2000, mainly driven by reductions in Sweden and Finland.

[Figure 1 about here]

Prior to the Great Recession trends in the rate of youth unemployment were converging downwards across all regimes. The exception to this trend was in *Post-socialist* countries that experienced very high levels of youth unemployment in the 1990s after the collapse of communism. Yet by the mid 2000s this was also beginning to fall, mainly driven by employment growth in Poland and Slovakia, so that overall levels for this group of countries were converging with levels in other European countries by 2007.

The economic crisis of 2008 marked an abrupt end to a period of fairly continuous growth in youth employment during the early years of the millennium. Since 2008 youth unemployment soared dramatically in *Sub-protective*, *Liberal* and *Post-socialist* countries. In *Sub-protective* countries this more than doubled. In the *Liberal* and *Post-socialist* regimes youth unemployment increased in the initial years of the recession and then began to fall. However, these falls have not counterbalanced

the steep growth in youth unemployment since the initial crisis period. In these cases, the countries driving these upward trends in unemployment were Ireland, Latvia and Lithuania. In contrast, *Universalistic* and *Employment-centred* regimes were less drastically affected: youth unemployment grew slightly at the very beginning of the recession and then stabilised. Although Germany had experienced rising levels of youth unemployment up until 2005 (Kohlrausch 2012), during the recession these began to fall.

By 2016, an observable convergence between regimes saw youth unemployment rates range from between 16 and 21 per cent everywhere. However, the exception here has been in the Sub-protective cluster with a youth unemployment rate of 46 per cent.

4.2 Declining rates of youth labour market participation

Looking only at unemployment rates alone may hide important dynamics of the youth labour market. Unemployment rates are not the only reason for youth outflows from the labour market, which tend to be higher than for prime-age workers. While significant proportions of young people are staying on in education, especially when they are unable to find employment, a core of those not in employment, education or training (NEETs) has been a major policy concern (Authors 2015). For these reasons, the picture presented above should be interpreted in the light of the overall levels of youth labour market participation (Figure 2).

[Figure 2 about here]

Universalistic countries have the highest and most consistent levels of youth labour market participation. In the *Liberal* and *Employment-centred* regimes since the late 1990s youth participation rates stabilised up until the recession. In the *Post-socialist* regime, after experiencing a

steep decline, youth participation stabilised around the mid 2000s, while the *Sub-protective* regime have seen an uninterrupted decline in youth labour market participation.

With the onset of the Great Recession youth participation started to fall again in four out of five regimes. The *Post-socialist* regime is the exception, which is largely driven by Poland. A particularly marked decline is observed for the *Liberal* regime and the *Sub-protective* regime where the decline in youth participation rates became steeper.

The combined trends in youth unemployment and labour market participation provide a more complete picture of the consequence of recession for youth in terms of jobs lost. This is particularly true for the youth in the *Liberal*, and especially in the *Sub-protective*, regimes who experienced the highest decline in labour market participation and the largest increase in unemployment. The phenomenon of youth exclusion from the labour market is far more substantial if we consider both indicators jointly.

4.3 The overall declining share of jobs for youth

Universalistic and *Liberal* regimes together with the Netherlands and Germany had the highest youth share of employment (Figure 3). In 2016 this ranged from around 15 per cent in Denmark, nearly 14 per cent in the Netherlands to around 10 per cent in Germany. However, seven years previously Ireland would have topped the list, along with a number of *Post-socialist* countries, where young people represented a sizeable percentage of all those at work. By 2016 many of these countries had seen a decimation of jobs for young people: Ireland saw a fall in the youth share from 16 per cent to just over 8 per cent in this period; the youth share of employment was also halved in Spain with a drop from just under 10 per cent of all employment in 2007 to less than 5 per cent in 2016.

The youth share of employment fell by between one and two percentage points in most of the other countries between 2007 and 2016. The only exceptions are the *Universalistic* countries where youth employment only slightly decreased, and even increased in Sweden and Denmark. Countries with the lowest proportion of working youth in 2007 were Luxembourg, Italy, Hungary and Greece where youth under 25 years accounted for between 6 and 7 per cent of all workers. By 2016 these shares had fallen to around 4 per cent of all employment in Italy and Greece.

However, the recession may not be the only explanation for the declining youth share of employment. Demographic trends may also have played a role. Declining fertility or rising emigration could lead to a shrinking youth population and a consequent reduction in the youth labour supply.⁸ Another factor that might have operated in the same direction is the increased enrolment in school or higher education, although like emigration, this is not independent of the difficulties that youth were facing in the job market.

[Figure 3 about here]

4.4 Gender and sectoral segregation in youth employment

Focusing on gender and sectoral patterns of employment illustrates the contours of gender segregation and the importance of key sectors (Table 1).⁹ A common feature of employment for young women across all eleven countries is the importance of the Wholesale and Retail sector. This sector accounts for over thirty per cent of jobs for young women in Denmark, the Netherlands and

⁸ Significant variations between countries are also present. However, in our sample we observe a marked decline in the share of youth among the total population aged (15-64) in the Post-socialist countries and Ireland, while it increased in the Universalistic countries. At the same time, Ireland is also the country where the share of youth in employment declined the most, while Denmark and Sweden are the only countries where youth in work increased.

⁹ Figures for the whole working population are available on request.

Poland, for around thirty per cent in Ireland and for between twenty and thirty per cent of jobs in the other countries (2016 figures). The lowest this figure falls to is 18 per cent in Germany in 2016.

The Health sector accounts for a significantly high proportion of young women's employment in the *Universalistic* countries (Denmark and Sweden) and *Employment-centred* countries (Germany, France, the Netherlands). In the *Liberal* and *Sub-protective* countries Accommodation and the Food sector are the second highest employer for young women, accounting for between 14 and 25 per cent of young women's employment opportunities. The two *Post-socialist* countries, and to a lesser extent Germany and Italy, have a distinctively high level of Manufacturing sector employment. However, in all four countries excluding Poland, manufacturing employment declined between 2007 and 2016. Overall, four sectors –Wholesale and Retail, Accommodation and Food, Manufacturing, and Health and Social work – account for between 50 and 70% of female youth employment across all eleven countries.

[Table 1 about here]

A significant number of young men in all eleven countries were employed in Wholesale and Retail. This ranged from thirty two per cent in Denmark to ten per cent in Hungary in 2016. There is greater country variation for young men than for young women, especially in the importance of Manufacturing. In 2007, Manufacturing accounted for more than thirty per cent of male youth employment in Germany, Hungary and Poland but only thirteen to fifteen per cent in Denmark, the Netherlands, Ireland and the UK. Over time, the proportion of young men employed in Manufacturing decreased in all countries, except Ireland, Hungary and Poland, but the fall was particularly sharp in Denmark, Sweden and Spain.

The dramatic collapse of employment in the Construction sector due to the housing bubble saw the share of young male employment in this sector fall from 34% in Ireland and 27% in Spain in 2007, to 8% and 5% in 2016 respectively. In the other countries, excluding the Netherlands, Construction remains an important source of employment for young men employing approximately between 9 and 13 per cent of them in 2016. Overall, young men have slightly more variation between countries concerning the sectors they work in, compared to young women. Nevertheless, four sectors – Manufacturing, Wholesale and Retail, Construction and Accommodation and Food – account for between 50 and 75% of young men’s employment in all countries.

Overall, this analysis indicates youth employment is very sector specific, with three or four sectors accounting for the largest share of both young male and female employment. This pattern is astonishingly stable despite very significant differences between employment regimes (Marsden and Ryan 1986; Blanchflower and Freeman 2000).

There is no *a priori* evidence that gender segregation by sector is stronger for young people in the *Employment-centred* STW regimes, as we hypothesised in section 2.2. While segregation by sector is relatively high in for young women in the Netherlands (based on the proportion of women in the top three sectors) the figures for the other two *Employment-centred* regimes are not distinctively high.¹⁰ The concentration of young men’s employment in the top three sectors is highest in Poland and Italy but there is generally little patterning by regime. The commonality across regimes could be due to changes in the distribution of youth across sectors reflecting overall shifts in the employment structure. In the following section we consider whether sectors have also changed in their likelihood of employing young people.

¹⁰ Further research undertaking a formal analysis of the gender segregation by sector for young people using segregation indices could shed further insights but is beyond the scope of the current paper.

4.5 The changing share of youth labour across sectors

The relative concentration of youth among total employment within selected sectors and how this varies over time is illustrated in Table 2. The highest youth share is found in the Accommodation and Food sector, which is particularly high in the Netherlands (50 per cent in 2016) and in Denmark (44 per cent). The youth share in this sector is much lower in *Sub-protective* countries, though young people are still over-represented compared to other sectors. Over time, however, the reliance on youth in these sectors decreased in the majority of countries.

[Table 2 about here]

Wholesale and Retail is also a youth intensive sector. In 2007, young people accounted for approximately a third of those employed in Wholesale and Retail in Denmark and the Netherlands, and a quarter of those in Ireland and the UK, but less than ten per cent in Italy and Hungary. Over time the youth share in this sector decreased in almost all countries, and particularly in Ireland and Spain. Ireland and Spain also experienced the largest decline in the youth share in construction (16 and 10 percentage points respectively). Notable decreases of between three and a half and six percentage points are also present in France, Italy, the UK and the Netherlands.

Beyond these marked changes, and with the exception of Denmark and Sweden, the decline in the youth share was observed in all sectors, reflecting young people's declining employment share across the economy as a whole. This evidence substantiates the arguments made by Blanchflower and Freeman (2000) and Boeri and Jimeno (2015) that employers' likelihood of recruiting young people declined.

4.6 Sector shrinkage or employers lower likelihood to recruit youth?

The observed heterogeneity between countries can be the result of several factors. It can be a result of an overall shrinkage in the sector (shift) or a declining share of youth employed in a sector. To examine this we use a shift-share analysis to decompose changes in the total share of youth employment by sector. This method permits us to measure how much of the changes in youth employment are due to changes in the size of sectors (growth or sector effect), to changes in the youth labour utilisation within sectors (Share effect), and to the interaction between the two (Interaction term). Figure 4 shows the observed (diamonds) and decomposed (bars) changes in the share of youth employment among total employment. This is measured in two phases: i) between 2007 and the peak of the recession (Phase 1); and between the peak of the recession with the most recent data for 2016 (Phase 2).

[Figure 4 about here]

Changes in youth employment in all countries and in both phases are driven by the share effect (the medium-grey part of the bars): during the first phase of the recession young people were more likely to be dismissed, or less likely to be hired, compared to those in older age categories. For example, the great decrease that we observe for Spain in the first phase of the recession (-5.36) can be entirely attributed to the share effect (-5.45). This supports the arguments that employers were less likely to recruit youth.

In some cases, we observe growth and share effects operating in opposite directions at the same time. For example, in the Netherlands in the second phase, the growth effect increases youth employment (+0.24) but the share effect decreases it (-0.22). We could interpret this as the result of the expansion of some sectors that traditionally employ youth and, at the same time, to a decline

over time in the use of youth within them. This is what has happened for the Wholesale and Retail sector in the Netherlands.

Overall changes have been mainly driven by Construction, Manufacturing, and Retail,¹¹ although differences between countries exist in the contribution of each sector to the total share effect. In the first phase of the recession shifts in Manufacturing were particularly important explanation for falling youth employment; this was attributable to sector shrinkage but also to the reduction in the use of youth labour. Countries especially affected were Ireland, the *Sub-protective* and *Post-socialist* countries. In both Spain and Ireland growth and share effects contributed to falling youth employment rates. The Retail sector played a major role in the *Liberal* countries, Spain and Poland where the reduced use of youth in this sector contributed to the overall decline in youth employment.

The first conclusion that we can draw from these results is that the decline in youth employment observed with the Great Recession does not seem to be driven by structural forces such as the shrinkage of some sectors, but rather by an overall lower likelihood to employ young people in particular sectors.

4.7 Gender differences

Focusing only on the share effect, which emerged as the main force driving youth employment changes, Figure 5 presents these results of the by gender.¹² In the *Universalistic* countries changes in overall employment were driven by changes in female employment, i.e. in the share of young women within sectors. In contrast, in *Sub-protective* and *Post-socialist* countries, overall changes

¹¹ Results are not shown but available on request.

¹² As these results are derived from a further decomposition of the effects presented in Figure 4, the overall changes as well as the total share effect are identical.

were mainly driven by changes in male employment. These different patterns are not surprising given that lower female labour market participation in *Sub-protective* and *Post-socialist* regimes implies a lower capacity of women's employment to drive changes in overall employment structure. However, it is also worth noting that whenever we observe increases in the share of youth employment, it is most often the increased share of female employment that drives these.

[Figure 5 about here]

4.8 Changing job quality and the decline of full-time work

It is not only the decline in job opportunities but also the quality of the jobs available that have marked the recent phase of youth labour markets in Europe. Youth job losses could be a result of young people's full or part-time temporary contracts not being renewed; or where there was any job growth this was more likely than in the past to be on a temporary basis. To assess these two potential outcomes we decompose share effects by full- and part-time employment (Figure 6).

[Figure 6 about here]

The proportions working full-time declined in all sectors everywhere, and in both phases of the recession. Any increase in full-time work was fairly negligible. Focusing on the share effects, it has been the significant loss in full-time jobs that characterised the change in job quality for young people. The sectors driving this change have been Wholesale and Retail, Construction and Manufacturing. The most emblematic example is Ireland where the observed decrease of youth employment by 7.5 percentage points can be entirely attributed to the decline of full-time employment. In some cases, part-time employment among young people increased, for example in the *Universalistic* countries, and it is the Retail sector that has driven this. Where we observe an

overall increase in youth employment, this is often due to the increase in part-time rather than full-time work for young people.

4.9 Changing job quality and the rise of temporary employment

A second characteristic of job quality is the type of contract. Here we decompose the share effect into a first component related to permanent employment and a second component related to temporary employment.¹³ Results presented in Figure 7 to some extent mirror those presented above for full- and part-time employment: changes in the share of youth in employment are largely driven by declines in the share of youth in better quality jobs, i.e. permanent employment. However, in the few cases where the youth share increases, it comes from increases in both permanent and temporary youth employment, especially from the latter.

[Figure 7 about here]

Greater heterogeneity is also visible between countries. This is due both to the impact of the recession on total employment, as well as on the overall use of temporary employment. For example, we observe the highest decrease (-3.66) in temporary employment in Spain in the first phase of the recession, as predicted by Boeri and Jimeno (2015). This is not so surprising because Spain, among the 11 countries selected, is the country where the impact of recession was greatest and it is also the country where temporary forms of employment, especially for young people, are more widespread.

We observe similar patterns to those discussed above concerning how growth and share effects for permanent and temporary employment vary across sectors. Manufacturing, Construction, and Retail

¹³ Here we exclude the self-employed, which has negligible effects on the results compared to the previous analysis.

are the sectors that have driven the decline of permanent employment for youth. This has occurred both via the shrinkage of the sectors and the declining youth utilisation within sectors.

There are a couple of caveats that should be underlined. First, in interpreting the size of the decomposed changes, we have to keep in mind that those changes also reflect the size of the groups. For example, if we observe the largest contribution of part-time employment in the Netherlands, it is because the Netherlands is the country where part-time employment is most widespread. The same holds for temporary employment in Spain.

Second, we have to recognise that changes in the share of youth employment are also the product of the inflow and outflow of the 25 years old age group, to and from employment. Changes in the share of youth employment, even when youth employment rates do not change, are related to changes in the proportion of prime age/older people's employment. In sum, this analysis identifies how job opportunities for European youth have changed over the past decade in terms of the quantity and quality of jobs in different sectors and how this varies by gender and country.

5. Discussion and Conclusion

We set out to ask the question 'Are some employers more 'youth friendly' than others? The evidence presented here clearly shows that the answer is 'yes'. However, this universal finding is also tempered by national, sector and gender differences.

Conventional cross-national comparisons of countries such as the youth transitions regimes approach provides a parsimonious typology to capture some of the broad brush differences between European countries and institutional factors associated with successful STW pathways. However, as the analysis presented here illustrates, within these regime types there are also some

significant variations between how countries experienced the consequences of the Great Recession for young people: the *Liberal* regime is one example of these differences with the negative effects being more extreme for Ireland than for the UK; there are also examples of variation between the *Post-socialist* countries.

While typologies can provide a useful summary for multi-country studies, researchers also need to be sensitive not only to within regime differences, but also to factors associated with cross-regime similarities and the elements driving these. The analysis for the period from 2007-16 revealed some key points for theoretical understandings of how youth labour markets work in different regime types and sectors and how they were affected by gender and the use of different types of employment contracts.

First, universally, young Europeans (15-24) have historically been more likely to find work in low wage, low skilled jobs, where there is less competition from older workers. This is why their employment distribution is skewed across particular sectors that have relatively low entry barriers, low wages or increasingly offer part-time and temporary employment contracts. The sectors employing the highest proportions of young people are in Wholesale and Retail, and Accommodation and Food. While higher proportions of young people in northern Europe find work in shops and cafes, this is not the case in countries like Italy, where comparatively a smaller number of young people are employed in these sectors. These differences can only be understood by more qualitative approaches investigating the business and societal norms in these countries and how employers' decisions on service delivery and the implementation of technology affect them (Authors 1996). The overall share of youth employment relative to the total populations has fallen, but part of this fall is attributable to the impact of the recession on reducing the overall levels of employment in some sectors, for example Construction and Manufacturing. But this is only part of the explanation.

It was not only that the size of the sector shrank but that the share of employed youth also fell, even in sectors that were more resilient.

Second, despite common demographic trends showing a contraction in younger cohorts of workers, and increasing levels of youth participation in education, albeit at varying levels, youth employment rates were falling even prior to 2007. Blanchflower and Freeman (2000) suggested that the quality of employment and earnings for young people in these sectors has deteriorated in nearly all OECD countries, due to the worsening conditions of low paid and less skilled jobs. The analysis presented here confirmed this continued trend: better quality employment in the form of full-time permanent jobs for young people has declined in favour of part-time and temporary jobs between 2007-16.

Third, gender continues to structure the early careers of young people in Europe. The strong gendering of employment by sector is common across all the regimes studied. This segregation influences the way in which sectoral contraction and expansion impacted upon the lives of young people. Young women are more likely to find work in health and social work while young men work in Construction and Manufacturing. These patterns are largely true across Europe, albeit the capacity of these sectors to absorb youth labour varies significantly. It appears that the concentration of young women in the growing Health and Social Work sector led to some female advantage during the Great Recession. In contrast, where falls in youth employment were steepest this was associated with young men's exposure to the volatility in the Construction sector. Here the Irish and Spanish construction sectors that expanded during the housing bubble and collapsed in the crisis are poignant examples. The only places where youth employment grew (in Denmark, in Sweden during the first phase and in Hungary in the second phase) were entirely accounted for by increases in female employment.

In conclusion, our findings contribute to a relatively neglected understanding of cross-national and cross-sectoral differences in identifying where young people find work. By drawing on earlier studies we illustrated the persistence of sectoral variability, despite cross-country regime differences. One of the clearest findings from this research is the need to understand that youth job opportunities are sector and gender specific and that this applies regardless of country.

Interesting questions for future research could probe these issues with more qualitative cross-national sector case studies that seek to identify employers' rationales for this hiring behaviour as advocated by Simms (2017). Employers' engagement is key to improving jobs for young people. Cross-national research tells us that in countries where the youth share of employment was persistently high employers have a very strong collective involvement in the education and training system (Hall and Soskice 2001; Raffe 2011). However, different sectoral patterns suggests further attention needs to be given to understanding not only how wage rates, labour market policies and the costs of training make employers more or less disposed to recruiting young people. We also need to understand how employers' decisions around customer service strategies and the application of digital technology will affect their demand for youth labour in the future (Authors 2018). Even in countries where wage rates for youth were very low, such as in southern Europe, this still has not helped young people access employment (Eurofound 2016). The key issues for comparative HRM theory and policy is how to link these factors together to identify ways of building a tangible architecture engaging employers to recruit young people, and to do that by creating good quality jobs.

References

Baert, S. (2017) 'Hiring Discrimination: An Overview of (Almost) All Correspondence Experiments Since 2005', *GLO Discussion Paper, No. 61*

- Bettio, F. and Verashchagina, A. (2013) 'Women and men in the 'Great European Recession' in M. Karamessini and J. Rubery (eds.) *Women and Austerity: The Economic Crisis and the Future for Gender Equality*. Abingdon, Oxfordshire: Routledge.
- Blanchflower, D. G. and R. B. Freeman. (2000) 'The Declining Economic Status of Young Workers in OECD Countries.' In *Youth Employment and Joblessness in Advanced Countries*, edited by D. G. Blanchflower and R. B. Freeman, 19-56. Chicago: University of Chicago Press, pp. 19-56.
- Boeri, T. and J.F. Jimeno (2015) 'The Unbearable Divergence of Unemployment in Europe.' *CEP Discussion Paper No 1384*: Centre for Economic Performance, London School of Economics.
- Buchmann, M. and Charles, M. (1995) 'Organizational and institutional factors in the process of gender stratification: comparing social arrangements in six European countries', *International Journal of Sociology* 25 (2): 66-95.
- Buchmann, M. C. and I. Kriesi (2011) 'Transition to Adulthood in Europe.' *Annual Review of Sociology* 37:481-503.
- Charles, M. and K. Bradley (2009) 'Indulging Our Gendered Selves? Sex Segregation by Field of Study in 44 Countries' *American Journal of Sociology*, 114 (4): 924-976
- Estevez-Abe, M. (2005) 'Gender Bias in Skills and Social Policies: The Varieties of Capitalism Perspective on Sex Segregation' *Social Politics: International Studies in Gender, State & Society*, 12 (2): 180–215.
- Eurofound (2016) 'Statutory minimum wages in the EU 2016' https://www.eurofound.europa.eu/sites/default/files/statutory_minimum_wages_in_the_eu_2016.pdf accessed 28th January 2018.
- European Commission (2012) *Apprenticeship supply in the Member States of the European Union*, Luxembourg: Publications Office of the European Union.
- Eurostat (2008) 'NACE Rev. 2–Statistical classification of economic activities in the European Community.' *Office for Official Publications of the European Communities, Luxembourg*.
- Gallie, D. (2012) 'Skills, job control and the quality of work: The evidence from Britain (Geary Lecture 2012)' *Economic and Social Review*, 43 (3): 325–341.
- Gökşen, F., A. Filiztekin, M. Smith, Ç. Çelik, I. Öker and S. Kuz (2016) 'Vulnerable Youth & Gender Mainstreaming'. *STYLE Working Papers*, 10.2 www.style-research.eu/publications/working-papers
- Hadjivassiliou, K. P., A. Tassinari, W. Eichhorst and F. Wozny (2019) 'How does the performance of school-to-work transition regimes in the European Union vary?' In *Youth Labor in Transition*, edited by J. O'Reilly, J. Leschke, R. Ortlieb, M. Seeleib-Kaiser and P. Villa. New York: Oxford University Press.

- Hall, P. and Soskice, D. (2001) *Varieties of Capitalism* (Oxford: Oxford University Press)
- Kalleberg, A. (2011) *Good Jobs, Bad Jobs: The Rise of Polarized and Precarious Employment Systems in the United States, 1970s to 2000s*. New York: Russell Sage Foundation.
- Kohlrausch, B. (2012) *Youth Unemployment in Germany: Skill Biased Patterns of Labour Market Integration*. Berlin: Friedrich-Ebert-Stiftung.
- Lewis, P. and P. Ryan. (2008) 'A hard sell? The prospects for apprenticeship in British retailing.' *Human Resource Management Journal*, 18 (1): 3-19.
- Marsden, D. and P. Ryan. (1986) 'Where Do Young Workers Work? Youth Employment by Industry in Various European Economies.' *British Journal of Industrial Relations* 24 (1): 83-102.
- Maurice, M., F. Sellier, and J-J. Silverstre (1982) *Politique de l'éducation et organisation industrielle en France et en Allemagne : essai d'analyse sociétale*, Paris, P.U.F.
- O'Higgins, N. (2012) 'This time it's different? Youth labour markets during 'the great recession''. IZA *Discussion Paper No. 6434*.
- OECD (2017) *Getting Skills Right: Italy* (Paris: OECD)
- Pohl, A. and A. Walther. (2007) 'Activating the Disadvantaged – Variations in Addressing Youth Transitions across Europe.' *International Journal of Lifelong Education* 26 (5): 533-553.
- Purcell, K., P. Elias, A. Green, P. Mizen, M. Simms, N. Whiteside, D. Wilson, A. Robertson and C. Tzanakou (2017) *Present tense, Future Imperfect? Young people's pathways into work: Preliminary findings from the ESRC-funded research: Precarious Pathways into Employment for Young People*. (Warwick University IER).
- Raffe, D. (2011) 'Cross-National Differences in Education-Work Transitions', in London, M. (ed.) *The Oxford Handbook of Lifelong Learning*, New York: Oxford University Press, pp. 312-28.
- Rubery, J. and Rafferty, A. (2013) 'Women and recession revisited'. *Work, Employment and Society*, Vol. 27, No. 3, pp. 414–432.
- Simms M. (2017) 'Explaining employer engagement in youth labour market policy in the UK.' *Human Resource Management Journal* 27 (4): 548-564.
- Smith, M., C. Fagan and J. Rubery. (1998) 'Where and why is part-time work growing in Europe?' In J. O'Reilly and C. Fagan (eds.) *Part-time Prospects: International Comparisons of Part-time Work in Europe, North America and the Pacific Rim*, London: Routledge.
- Smyth, E. (2005) 'Gender Differentiation and Early Labour Market Integration across Europe', *European Societies*, 7(3) : 451-479.
- Smyth, E. & Steinmetz, S., (2008) 'Field of Study and Gender Segregation in European Labour Markets', *International Journal of Comparative Sociology*, 9 (4-5): 257-281

Smyth, E. and Steinmetz, S. (2015) 'Gender Segregation in Vocational Education' in C. Imdorf , K. Hegna , L. Reisel (ed.) *Gender Segregation in Vocational Education (Comparative Social Research, Volume 31)* Emerald Group Publishing Limited, pp.53 - 81

Figures

Figure 1. Trends in youth (15-24 years old) unemployment rate by regime (1983-2016)

Source: EU-LFS, authors' analysis.

Figure 2. Trends in youth (15-24 years old) labour force participation rate by regime (1983-2016)

Source: EU-LFS, authors' analysis.

Figure 3. Youth employment (15-24 years old) as a share of total employment (15-64 years old)
(2007-16)

Source: EU-LFS, authors' analysis.

Note : In all countries the 'pre-recession' year refers to 2007 and the 'recovery' year refers to 2016. The peak recession year varies between 2011 and 2014 across countries.

Figure 4 *Decomposition of changes in youth employment as a share of total employment in 11 EU countries, 2007–peak recession and peak recession–2016 (percentage points)*

Source: EU-LFS, authors analysis.

Note : The peak recession year varies between 2011 and 2014 across countries.

Figure 5. *Decomposition of changes in youth employment as a share of total employment in 11 EU countries, 2007–peak recession and peak recession–2016; share effect by gender (percentage points)*

Source: EU-LFS, authors' analysis.

Note : The peak recession year varies between 2011 and 2014 across countries.

Figure 6. *Decomposition of changes in youth employment as a share of total employment in 11 EU countries, 2007–peak recession and peak recession–2016; share effect by working time (percentage points)*

Source: EU-LFS, authors analysis.

Note : The peak recession year varies between 2011 and 2014 across countries.

Figure 7. *Decomposition of changes in youth employment as a share of total employment in 11 EU countries, 2007–peak recession and peak recession–2016; share effect by employment contracts (percentage points)*

Source: EU-LFS, authors analysis.

Note : The peak recession year varies between 2011 and 2014 across countries.

Tables

Table 1 *Distribution of Employed Youth (16-24 years old) across sectors, by gender*

	Period	Female			Male		
		1st	2nd	3rd	1st	2nd	3rd
Denmark	2007	D (34.0)	K (17.7)	F (11.4)	D (29.5)	B (15.2)	C (14.4)
	2016	D (35.3)	K (16.0)	F (13.9)	D (31.9)	F (10.8)	C (8.9)
Sweden	2007	D (22.6)	K (18.8)	F (13.8)	B (21.2)	D (18.1)	C (14.7)
	2016	D (19.8)	K (18.6)	F (14.5)	D (16.9)	H (15.4)	C (12.3)
Germany	2007	D (19.2)	K (19.3)	B (15.1)	B (34.3)	D (14.4)	C (13.1)
	2016	K (22.2)	D (18.4)	B (12.1)	B (27.7)	D (17.4)	C (12.1)
France	2007	D (22.1)	K (17.4)	H (11.0)	C (20.8)	B (19.9)	D (18.3)
	2016	K (21.0)	D (19.0)	H (10.7)	D (19.9)	B (19.8)	C (13.5)
Netherlands	2007	D (31.4)	K (18.8)	F (13.6)	D (28.0)	B (12.9)	H (11.7)
	2016	D (36.4)	F (18.9)	K (16.9)	D (30.7)	F (14.7)	H (14.0)
Ireland	2007	D (30.7)	F (16.3)	K (10.5)	C (33.5)	D (19.9)	B (13.5)
	2016	D (29.6)	F (23.9)	K (11.5)	D (25.9)	F (14.8)	B (14.6)
United Kingdom	2007	D (28.2)	F (13.8)	K (13.1)	D (25.6)	C (15.9)	B (14.3)
	2016	D (22.7)	F (18.1)	K (15.3)	D (20.6)	F (13.3)	H (12.4)
Spain	2007	D (30.9)	F (13.8)	B (10.6)	C (27.0)	B (20.9)	D (15.9)
	2016	D (25.9)	F (21.5)	K (13.1)	D (19.1)	F (18.0)	B (15.8)
Italy	2007	D (23.5)	B (17.1)	F (14.5)	B (29.0)	C (19.3)	D (17.5)
	2016	F (24.6)	D (23.0)	H (11.8)	B (27.9)	D (18.1)	F (16.4)
Hungary	2007	D (25.2)	B (23.0)	F (10.7)	B (34.2)	C (14.9)	D (14.2)
	2016	B (21.0)	D (20.0)	F (13.2)	B (37.2)	C (10.9)	D (10.0)
Poland	2007	D (31.1)	B (16.2)	A (7.9)	B (32.1)	D (18.5)	A (14.7)
	2016	D (32.6)	B (16.6)	F (10.7)	B (35.0)	D (17.2)	C (12.3)
A Agriculture		E Transport and communication			I Public administration		
B Manufacturing		F Accommodation and food			J Education		
C Construction		G Financial activities			K Health and social work		
D Wholesale and retail		H Real estate, business			L Arts and other services		

Table 2 *Youth employment (16-24 years old) as a share of total employment (16-64 years old) within sectors (4 main sectors employing youth)*

		Manufacturing	Construction	Wholesale and retail	Accommodation and food
Denmark	2007	11.1	16.2	30.5	43.9
	2016	8.1	13.0	33.7	43.7
Sweden	2007	9.0	12.7	16.4	31.3
	2016	7.3	10.8	17.1	35.2
Germany	2007	12.4	13.2	14.4	21.1
	2016	9.6	10.7	12.5	17.7
France	2007	8.7	15.6	13.4	19.9
	2016	8.2	9.6	11.3	17.4
The Netherlands	2007	10.7	12.0	30.8	45.6
	2016	8.5	6.5	29.0	49.9
Ireland	2007	11.9	21.8	27.4	30.9
	2016	6.8	5.7	16.8	21.7
United Kingdom	2007	10.2	14.9	26.0	37.0
	2016	9.2	10.6	20.8	35.4
Spain	2007	9.7	12.5	13.7	13.6
	2016	3.4	2.1	6.1	9.8
Italy	2007	7.1	9.5	8.4	14.7
	2016	4.5	4.1	6.1	13.7
Hungary	2007	8.2	7.3	8.3	13.5
	2016	8.7	7.4	8.0	16.0
Poland	2007	10.2	9.1	15.4	26.1
	2016	8.2	7.2	11.4	20.5