1. Youth, diversity and employment in times of crisis and economic restructuring – an introduction

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Including youth in the labour market is a major challenge in many European countries, including the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden). During the Great Recession since 2007–08, most European countries witnessed increases in the rate of young adults not in employment, education or training (NEETs) as well as in the rate of young people registered as ‘unemployed’ (Eurofound, 2012, 2014, 2016, 2017; Batini et al., 2017).

Even if the curves for these indicators in most countries peaked – at least temporally – around 2012–13, there is a strong and continuing concern for the short- as well as long-term consequences of joblessness or precarity among young people. Researchers and policy-makers fear that many of those who have experienced long periods as NEET in early adulthood risk ‘scarring’ – the negative and often enduring effects on job prospects, earnings and well-being that the young people in question may experience later in their lives (e.g., Bell and Blanchflower, 2011a, 2011b; Fondeville and Ward, 2014; Bäckman and Nilsson, 2016; Lersch, Jacob and Hank, 2018; Voßemer et al., 2018a, 2018b).

To illustrate the scope and variety of the problem of youth educational and economic inactivity, we here adopt NEET rates, since many inactive youth do not define themselves (or have incentives to register) as ‘unemployed’ (O’Reilly et al., 2015; Tosun, Unt and Wadensjö, 2017). There are striking variations in the risk of being NEET. For instance, young women and young men are at different risk – for the EU28 as a whole, young women are more likely to be NEETs than are young men. In the Nordic countries, this has been the case only for young women aged 25–29 years but not for women aged 20–24 years (Table 1.1). Migrant status – that is, having been born in a country outside the EU (or EEA) – has also increased the likelihood of being NEET (ibid.; see also Theme Group Youth, 2017). Even if reliable data are sparser, it appears that men and women with a

Table 1.1 Share of young people who were not in employment, education or training (NEET), by country group and country, age group, gender, country of birth and disability, Europe 2007–16

	EU28 Average 2007–16	Nordic Average 2007–16	Denmark Average 2007–16	Finland Average 2007–16	Iceland Average 2007–16	Norway Average 2007–16	Sweden Average 2007–16
NEET rates (%) all (aged 20–24)	17.4	9.4	8.1	13.1	7.0	7.7	10.9
NEET rates (%) all (aged 25–29)	19.3	10.1	9.8	13.5	8.8	9.4	9.0
Ratio NEET rates men/women (aged 20–24)	0.87	1.10	1.11	1.11	1.20	1.05	1.01
Ratio NEET rates men/women (aged 25–29)	0.57	0.69	0.76	0.58	0.77	0.66	0.68
NEET rates (%) born neither in EU28 nor reporting country (aged 20–24)	26.5	15.6	11.5	22.1	–	12.3	16.3
NEET rates (%) born neither in EU28 nor reporting country (aged 25–29)	30.1	18.2	14.2	22.7	–	19.3	16.7
NEET rates (%) among women with difficulties in basic activities (aged 15–34)	EU28 Average 2011 32.1	Nordic Average 2011 18.2	Denmark 2011 27.0	Finland 2011 17.0	Iceland 2011 16.9	Norway 2011 –	Sweden 2011 11.7
NEET rates (%) among men with difficulties in basic activities (aged 15–34)	29.3	19.4	24.1	21.8	18.5	–	13.1

Sources: Eurostat Database: Young people neither in employment nor in education and training by sex, age and labour status (NEET rates) [lyth_empl_150]; Young people neither in employment nor in education and training by sex, age and country of birth (NEET rates) [edat-lfs_28], based on EU-LFS; Young people neither in employment nor in education and training by type of disability, sex and age [lth_de030].

disability are also at greater risk of being NEET than men and women without a disability. Last, but not least, overall NEET rates appear to be higher in the EU28 as a whole than in the five Nordic countries (OECD, 2016b, 2018).

For these reasons, this book investigates whether Nordic countries have adopted policies – or combinations of policies – enabling these countries to avoid a drift towards NEET rates like those of the whole EU28. If this appears to be the case, such policies may not only have served to limit the effects of the Great Recession but also offered better ways of meeting the challenges related to long-term economic trends and structural changes making transitions from school to employment more difficult or variable. In other words, young adults in high-income countries may have been facing new demands, which have extended beyond the recent downturn in the business cycle.

The existing scholarship on analysis of policies to prevent or respond to early job insecurity or joblessness has examined the role of public employment services and active labour market policies (ALMPs), with or without consideration of the incentive or disincentive effects of the income protection provisions available for young people with limited work experience. In recent years, a growing research has included an interest in legal employment protection, usually built on the assumption that strong employment protection rights make potential employers more careful about whom they hire. This book presents a comprehensive framework linking diverse forms of redistributive provisions (cash transfers and services) and social regulation (Majone, 1993; Jordana and Levi-Faur, 2004; Levi-Faur, 2014). Social regulation adopts legal means, financial incentives and persuasion through information (Etzioni, 1961; Vedung, 1998) as tools for influencing the behaviour of non-public actors in ways that promote social values and welfare goals. In this context, we are also interested in possible interactions and incompatibilities between redistributive and regulatory provisions.

Many observers have considered the Nordic countries as a group of countries that have had shared priorities of redistribution-oriented provisions, and more recently, a group giving similar responses to supranational and domestic expectations to adopt new and statutory social regulation instruments to ensure non-discrimination in the labour market. Yet, policy reforms since the late 1990s and early 2000s provide the authors in this volume with reasons to re-examine whether this is still the case and how the Nordic countries perform in facilitating the transition to the labour market for young adults.

This introductory chapter argues for viewing the Nordic countries as of both theoretical and political interest in the wider European context. We present the analytic framework for the volume as a whole, and the

main compositional factors relevant to examining old and new social risks and intersectionality for young adults in transition from education to employment.

CHANGING CONDITIONS FOR LABOUR MARKET PARTICIPATION

The transition from being an industrial society to becoming a knowledge- and service-based society has changed the conditions for entering the European labour market and, in this respect, becoming ‘adult’ – that is, economically independent and being considered a responsible citizen (Bell, 1973; Stehr, 2004). Transitions from school to employment seem to have become more difficult or variable. Larger demands for complex skills, individual management of the work–life balance and updating of skills have forced young adults to plan their future more actively in anticipation of the risks involved in their transitions between education, training and employment. Different from most of the twentieth century, the transition from education to work is no longer necessarily a linear one-way process but now involves complex dynamics between education and work – for example, circular processes or combinations of education and work (Allen and Van der Velden, 2011).

Changing occupational structures and new skills requirements have changed the conditions for inclusion of young adults in the economy. The knowledge-based economy is different from the industrial economy after World War II in the sense that knowledge and the processing of information play a greater role as drivers of economic growth, productivity and renewal. With the changes in occupational structure, and increasing demand for communication, information-processing and social skills in the workplace, the conditions for participating in the labour market have changed. Transitions from education to work take place later and the entrance criteria to the labour market have also changed, with increasing expectations of higher and more formal education. Such expectations stimulate longer total periods in education and, together with the more prominent role of temporary or precarious jobs, they delay many young people’s establishment, both in labour and housing markets.

In the knowledge society, education is becoming increasingly important for the competitiveness of the European economies and consequently for the sustainability of current levels of income and welfare provisions in these countries. The Nordic countries are no exception. The educational level of the labour force is crucial to processing and developing new knowledge and information, and transforming expertise to goods and services

that people demand. As the new knowledge economy rests on a skilled and flexible workforce that easily adapts to the rapidly changing needs of the economy, young adults face new expectations and conditions to succeed in the labour market.

Inclusion in the labour market is not a single, linear transition but depends on several interrelated and largely parallel transitions (e.g., Sirniö, Kauppinen and Martikainen, 2017; Lorentzen et al., 2018). These involve moving from education to paid work as one's main activity, from living in one's parents' home to being established in one's own household, from being offspring to having one's own family and offspring, from being dependent on parents' advice and support to being economically independent, making independent choices and taking responsibility for them. Overall, these transitions tend to take longer than before and difficulties in one may delay the others (Addabbo and Kjeldstad, 2018). For instance, having children before one has finished education delays the completion of education and achievement of paid work. Fluctuation between paid work and education, temporary positions and part-time work has been associated with risk of financial dependency on parents or social security benefits for shorter or longer periods. Some youth may have to move back to their parents' home while waiting for new employment opportunities (Gökşen et al., 2017). Lack of affordable and relevant accommodation affects geographic mobility of young adults and consequently the ability to seek higher education and find paid work. Similarly, a segregated housing market is likely to be associated with systematic differences in appreciation of education and school performance depending on social class (parents' education, income and occupation) and differences in children's language skills between kindergartens, schools and after-school programmes.

CHALLENGES FOR THE LABOUR MARKET INCLUSION OF YOUNG ADULTS

The complexity of the transitions is associated with four interrelated challenges for the labour market inclusion of young adults: school dropout, lack of employment opportunities, labour market segmentation and early exit and termination of contracts.

First, in knowledge society, early school exit (dropout) has become a challenge. Educational reforms in Nordic countries have changed the balance between theoretical education and vocational training (including the availability of apprenticeship schemes), placing more emphasis on theoretical knowledge at the expense of practical skills even in vocational subjects in upper secondary education (post-compulsory education). Not

only has the content changed but, in addition, the duration (longer formal education) and organization of the education (more ‘tailor-made’ educational trajectories taking into account the talents and interests of the individual) have changed in many countries. Yet, despite such educational reforms, more pupils and students are at risk of dropping out of school. Finally, there have also been some important differences in upper secondary education between the Nordic countries. According to Bäckman et al. (2015), Norway had the highest dropout rate in the vocational track, and Finland the lowest, while dropout had the most detrimental labour market impact in Norway (see also OECD, 2018).

Second, young adults with insufficient qualifications and low formal qualifications run the risk that employers perceive them as professionally unattractive employees, unqualified and too risky to hire. As the number of jobs available for unskilled workers has declined, students with incomplete compulsory education and/or higher education or weak school achievements may have problems in entering the labour market. They face a lack of employment opportunities and risk becoming locked in active labour market training programmes that are not necessarily providing the qualifications they need to get ordinary paid work. A particular case is the immigrant youth who finds difficulty in having his or her foreign education recognized in the destination country. Other young immigrants experience unreasonable or disproportional skills and proficiency requirements related to the dominant language in the destination country.

Another reason for the lack of entrance opportunities for young adults has been discrimination related to recruitment and hiring of employees on grounds of ethnic origin, religious belief or disability. Research has demonstrated the prevalence of negative valuations in the market place of personal characteristics of the worker that are unrelated to worker productivity or job performance (Arrow, 1973). According to Becker (1957), discrimination arises because employers are unable to observe directly the productive ability of individuals and therefore use characteristics such as gender, disability, or ‘race’ as proxies. Based on ignorance or prejudice, the employer assumes that certain groups of workers are less productive than others, and is therefore less likely to hire them, or pay them a wage or salary that fairly reflects their productivity, experience and applicability for a particular job. According to field experiments from several countries, employers (recruiters) less frequently invite job-seekers to an interview if their applications indicate an ethnic minority background, compared to otherwise similar applications that do not (e.g., Bertrand and Mullainathan, 2004; Rooth, 2010; Birkelund et al., 2014, 2017; Gaddis, 2014; Kang et al., 2016; Birkelund, Heggebø and Rogstad, 2017). A growing number of studies based on the same methodology have also shown that applications

indicating that the applicant has a disability reduce the likelihood that the employer will invite the applicant to an interview, compared to otherwise similar applications that do not indicate a disability (e.g., Agerström and Rooth, 2011; Rooth, 2011; Ameri et al., 2018). Overall, this research lends support to the assumption that employers do discriminate on the grounds of ethnic minority and disability.

Third, a related problem is that young adults with difficulties in entering the ordinary labour market are particularly at risk of entrapment in temporary contracts, and low-paid and unskilled jobs (Hanvold et al., 2016). This risk has increased because of weakening of legal employment protection, and, more generally, of the trend towards ‘flexibilization’ of employment. As young adults are making their way from education and training to employment, the period of transition may be of some duration. Such experience of short-term transition problems, sometimes referred to as ‘frictional unemployment’, can be due to imperfect coordination of demand and supply in the labour market and resulting from employers and job-seekers having incomplete information about each other. Young adults seeking full-time work for the first time may lack resources with which to find the company that has a position that is both available and suitable for them. In other cases, employers may abstain from hiring new staff due to difficulties in recruiting qualified individuals. However, a long period of transition from education to employment can have detrimental effects on the individual’s further life-course. Such transitions from education to employment are more likely to be prolonged in periods of economic recession.

Fourth, young adults are at risk of early exit and termination of employment contracts. In periods of economic recession, young adults risk losing their job first. If employers are reducing their workforce to adjust to a lower turnover, young adults without work experience are less likely to be hired and – due to seniority rules in many countries – often the first to be dismissed from their employment contract.

Finally, another reason for early exits is the exclusion risk inherent in treating all employees in the same manner. On occasions, an individual’s characteristics such as gender, religion, belief or disability can result in the inability to perform a particular function of job unless the employer accommodates the difference (Waddington, 2007, p.631; Häikiö and Hvinden, 2012, p.71). Young adults who are ethnic and/or religious minorities, have disabilities, or have care obligations may require ‘reasonable accommodation’ in the workplace, working hours or tasks to be able to perform their main functions. In general terms, to ‘accommodate’ means to consider something and allow this consideration to influence social arrangements – that is, the workplace. The term reflects a claim for

the need to move beyond tolerating and respecting difference to actually accommodating and taking into consideration the difference. The argument is that if one simply receives the same treatment as others, the result may be exclusion from the workplace, whereas different treatment could be essential to achieving equal opportunities in occupation and employment. The emergence of accommodation as a legal duty means that duty bearers need – within reasonable limits – to treat relevant individuals differently from others (Lawson, 2008).

Lack of recognition or acceptance of diversity in the workplace may also mean that employers or co-workers believe the employee in question does not fit in or live up to the expectations of co-workers. If the diversity in an employee's needs is not accommodated, the employee may find it impossible to continue working for the employer or the employer may come to see the lack of conformity with the standard way of performing the job as a reason to release the person from the employment contract.

CONSEQUENCES OF EXCLUSION FROM THE LABOUR MARKET

For various reasons, the four interrelated challenges for labour market inclusion of young adults in the Nordic countries (early school exit/drop-out, entrance difficulties, and segmentation) have given rise to concern among national and supranational policy-makers. Unless the current cohort of young adults can establish themselves in the labour market, the size of the next generation's labour force will decrease, and fewer people will contribute to the economy, be economically independent and able to pay taxes. Such effects will be particularly serious in countries faced with marked demographic ageing – that is, the process where smaller birth cohorts are succeeding substantially larger cohorts. This imbalance is likely to challenge the sustainability of old-age pension systems and commitments to provide formal care to frail, elderly people and tends to weaken intergenerational solidarity.

Young adults excluded from the labour market are at risk of becoming dependent on social security, especially means-tested minimum income support (Hammer and Julkunen, 2003). Due to scarce employment experience and weak entitlements to social insurance benefits, young adults out of paid work tend to be at high risk of relative poverty (Kuivalainen and Nelson, 2012). Young adults experiencing long-lasting welfare dependency and inactivity have larger risks of recurrent spells of unemployment and remaining in unskilled, part-time and temporary work (Hammer and

Hyggen, 2006; Nilsson and Bäckman, 2014). The young adult is also at risk of learned dependency on public welfare. Proponents of the discouraged workers theory have argued that individuals with marginal or no attachment to the labour market may prefer social security to employment. The reason is not so much the economic disincentives but the secondary gains and self-protection of avoiding exposure to new and degrading experiences of failure or shortcomings in the labour market, or assuming that no work is available to them (Bjørnstad, 2006). As already mentioned, young adults with low educational attainments and no or little work experience also have a higher risk of permanent exclusion from the labour market (Bell and Blanchflower, 2010, 2011a, 2011b).

A key concern is the prevalence of self-reinforcing mechanisms, implying that initially brief and apparently insignificant incidences of school dropout, periods of unemployment or inactivity will set off a vicious circle, leading to further discouragement, skills deterioration and stigma, which again exacerbates the degree of detachment from work and education (Raaum et al., 2009, p.173). Research has shown that sometimes unemployment leads to more unemployment, particularly for youth (Kieselbach, 2004; Røed and Raaum, 2006). Aside from the social degradation and discouragement associated with joblessness, there is the ‘scarring effect’ to which we have already referred. The experience of unemployment reduces the person’s employability, that is, his or her prospects and attractiveness in the labour market (McQuaid and Lindsay, 2005). Skills gained in training depreciate when they are not used. Employers tend to see extended, long or repeated periods of unemployment as a signal that the applicant is less qualified and reliable (Spence, 1973; Bell and Blanchflower, 2010, 2011a, 2011b; Fagan, Kanjua-Mrcela and Norman, 2012, p.135).

For young adults, education is a source of self-worth and pride and considered appropriate for their stage in life and in line with dominant expectations to sequencing of life events. According to dominant norms, continuing with schooling sometimes in their twenties is appropriate for young people. The students are fulfilling social obligations to acquire their professional skills and increase their competence to be able to participate in the labour market. However, during their twenties, the young adults’ social environment will usually expect him or her to achieve paid work. For young adults who fail to succeed in education and/or employment, the social costs (social devaluation, stigma) are high, especially in societies with high rates of individuals completing post-secondary education and high employment rates, such as the Nordic countries.

SOCIAL PROTECTION POLICIES AS A SYSTEM

An analysis of the challenges faced by national governments in promoting employment among young adults requires an understanding of the components of social protection policies and their interdependencies. By social protection policy, we mean the totality of policy measures with the aim to foster quality of life and opportunities for social participation of citizens. This book examines such policy measures and their interaction to the extent that they, by design or default, affect the labour market participation of young adults. For this purpose, we distinguish between three subsystems of social protection policy with intended or unintended consequences for the participation of young adults in paid work:

- *The income maintenance subsystem* aims to provide income security for young adults out of paid work, to redistribute monetary resources, and compensate for the greater expenses people may have due to a disability or other special circumstances (e.g., child care, food, heating, medical treatment, transportation). The subsystem aims to ensure that the person is equipped with the necessary resources to achieve or return to paid work, and is able to live a life according to prevailing standards in the country. By guaranteeing a safety net, such policy measures also contribute to preventing the young person from becoming socially isolated, exposed to deteriorating health conditions and thus having greater difficulties in (re-) entering the labour market.
- *The social services subsystem* aims at providing benefits in kind to young adults to compensate for various disadvantages and enable them to participate in the labour market and other sectors of society (e.g., education, training, personal assistance, assistive technology, public child care, health services).
- *The social regulation subsystem* involves government efforts to influence the functioning of markets and the behaviour of employers with the aim of promoting labour market participation for young adults. Examples of the instruments for such regulation include employment protection, legal protection against discrimination, legal duties and financial incentives for employers to provide reasonable accommodation, affirmative action measures, quotas for members of underrepresented groups, wage subsidies for trainees and employees with reduced work capacity, and voluntary agreements between employers, trade unions and public authorities with the aim to promote labour market inclusion.

Broadly speaking, both the income maintenance and services subsystems aim at redistributing resources among differing population groups and equalizing their life chances. Usually, general taxes or contributions from the protected person and employers finance such provision. By contrast, social regulation policies aim at remedying market failures. Governments seek to influence the labour market and their functioning as well as the behaviour of employers – for example, by setting legal standards for health and safety, and employment protection in the workplace (Majone, 1993; Jordana and Levi-Faur, 2004, p. 3; Mabbett, 2011; Levi-Faur, 2014). While policy measures for social regulation take different forms, many of them follow the distinction between legislative means, financial incentives and persuasion through information (Etzioni, 1961; Vedung, 1998).

Each type of policy measure depends on different assumptions about how one may influence non-governmental actors. Legislation presumes that it is possible to force actors to behave in certain ways, or at least prevent them from behaving in unwanted ways, given the prospects of punishment if they do not comply with the rules. Financial incentives presuppose that it is possible to encourage actors to act in certain ways, even if they do not have to, because such measures are cost-effective or profitable. Persuasion through information presupposes that one may make actors behave in a certain manner by convincing them of the benefits derived from compliance. Such benefits may include that it is morally and normatively right to do so, and that it would adversely affect their conscience and self-respect, or at least, their social standing or reputation, if they do not comply with the moral standards of society ('name and shame').

While redistributive provisions mainly address the supply side in the labour market, regulatory provisions concern the demand side. Redistributive provisions involve social security during periods outside employment and provisions to improve or retain the employability of the young person. If employers do not hire, accommodate, promote, and retain disadvantaged young adults, the public authorities in many – but not all – countries provide financial support or other resources required to enable the person to participate in the labour market and meet the requirements of potential employers (e.g., through education, vocational training, personal assistance, assistive technology). Alternatively, or additionally, governments may seek to increase the young adult's employment prospects by seeking to modify the behaviour of employers through legislation, financial incentives, and persuasion strategies through information (Bemelmans-Vidéc, Rist and Vedung, 1998).

Recently, we have seen a growing interest, both nationally and internationally, in provisions aiming to prevent discrimination and failure to provide accessible workplaces and appropriate accommodation, on the part of

Figure 1.1 Social protection policies as a system

employers (United Nations, 1965, 2006; European Union, 2000a, 2000b). We will refer to three kinds of provisions aiming to enable individuals belonging to ethnic minorities and those with disabilities to find and retain suitable employment. These include (1) legal provisions giving employers possibilities and constraints regarding hiring and firing; (2) government-created financial incentive structures for employers; and (3) voluntary agreements and commitments to a corporate culture promoting recruitment and accommodation of the workplace to promote diversity in the workforce.

As Figure 1.1 suggests, we regard social protection policies as a ‘system’ in the sense that the three subsystems are interconnected and interdependent, with the effect that changes in one are likely to have consequences in the others, whether by design or default. Whether policy measures in one subsystem further increases the labour market participation of young adults depends on the effects of the two other subsystems. The income maintenance subsystem may provide economic incentives for social security claimants to seek paid work and cover expenses, and services that make it easier and realistic to achieve and retain paid work. The effects of the policy measures in the income maintenance subsystem depends, however, on the provision of education and training and other services in kind and whether the regulatory policy measures succeed in influencing employers’ behaviour.

The distinction between the income maintenance subsystem, social services subsystem and social regulation subsystem is analytic. In actual policy-making, the three systems are usually combined, and in practice some policy measures do not fall neatly into one of the two categories of redistribution or regulation. For example, wage subsidies to employers (provision on the supply side) may resemble opportunities to combine social security and part-time work (provisions on the demand side).

Although they primarily address the demand side of the labour market, wage subsidies may have some of the same effects as individuals' opportunities or obligations to combine social security and part-time work.

Arguably, one could see financial schemes aimed at compensating the extra expenses of employers (relating to accommodation of the workplace, training of employees with immigrant backgrounds, perceived or actual lower productivity among employees with disabilities) as redistribution of resources among employers. However, we primarily analyse policy instruments based on their primary objective and not their possible unintended side-effects. For the purpose of our analysis, we will regard financial subsidy schemes as regulatory measures aimed at changing employers' behaviour.

SOCIAL PROTECTION POLICIES AS RULES AND RESOURCES

According to Anthony Giddens (1984), a social system is a set of reproduced social practices and relations between actors. Social systems are relatively bounded social practices that link people across time and space (Giddens, 1984, p. 25). In line with this perspective we regard the social protection system as consisting of relatively bounded practices that link actors together across time and space with the aim to foster quality of life and opportunities for participation; we are not only focusing on the rules and resources that frame practices but also the relevant actors and the relations between them. In other words, we can regard social systems as reproduced social interaction patterns. The focus on the 'system-like nature' of social practices enables examination of the relations between different loosely coupled practices. When analysing the system-like nature of Nordic social protection we are interested in how social entities as entireties, comprising interacting components, are operating in and co-evolving within their environment – that is, to what extent the policy measures and actors are coordinated, support or contradict each other, and how they evolve within their environment.

A system perspective may provide a view of the relations between the policies and practices, which, by design or default, influence the quality of life and employment opportunities of young adults. However, we need a focus on the interaction between the young adult, his or her significant others, staff in social services (teachers, social workers, health personnel) and actors in the labour market (employers, employees, job-seekers) to understand the outcome of the policy measures. From the actors' point of view the social protection policies are social structures that enable or constrain their opportunities to realize the values and objectives they cherish.

Giddens's work in the 1970s and 1980s is closely associated with the development of structuration theory. He rejects the idea that structures exist independently of social actors. Instead, he argues in favour of regarding structures as rules (norms and interpretive schemes) and resources (Giddens, 1984, p. 17), which actors produce and reproduce through their semi-reflexive and habitual practices. Giddens highlights the role of social practices in linking agency and structures, seeing practices as producing structures but also as produced by structures. Giddens captures this idea in his conception of the 'duality of structure'; structure is conceptualized as both the medium and the outcome of social practices (*ibid.*, pp. 25–8).

Following Giddens, we may view social protection policies as rules (norms and interpretive schemes) and resources that structure citizens' opportunities to realize their life goals. In social protection systems, informal expectations and formal requirements ('rules') are reflected in legislation and administrative regulations, as well as in the discretionary conditions for receipt of social benefits in cash and kind defined by the front-line services. Together with other major social institutions such as family, organized civil society and the market, public social protection systems communicate informal expectations and formal requirements for young adults to comply with in their transitions to adulthood.

How and to what extent social protection policies are relevant for and shape the transitions between education and employment of young adults is an empirical question. While the welfare state may be relevant at very different stages of the life-course, only a small group of people like long-term social security recipients and individuals working in sheltered workshops are set on a lasting or exclusive dependency on the welfare state. For most young adults, family, work relations and social networks are likely to be equally important in shaping their life-course (Leisering, 2003).

If we viewed social protection only from a system perspective (without a view on how the social structures are produced, reproduced and modified by social actors), we would risk ignoring factors or mechanisms that influence the transitions between education and the labour market for young adults. Not only do the key actors (employers and job-seekers, teachers and students, social workers and social benefit claimants) have different and sometimes conflicting interests and values, they also have unequal access to symbolic, cultural, social and economic resources to pursue their interests. Efforts to explain the transitions between education and the labour market of young adults solely in terms of relations between policy subsystems would omit how power relations and access to resources structure the action choices of young adults and the extent to which they manage to complete their education and eventually achieve and retain paid work.

The contributions to this book present both structural and agential

effects on the educational and employment achievements of young adults. This means that the authors are not only interested in how dominant ‘rules’ (norms, values, legal regulations) and allocation of ‘resources’ (cultural, economic, symbolic and social) constrain the opportunities of young adults – at the centre of their attention is also how the priorities and coping strategies of the young adults influence their opportunities to comply with, evade or bend norms or legal regulations, and negotiate access to resources (such as work training or extended time in education).

SOCIAL PROTECTION POLICIES AS PROVISION OF CAPABILITIES

A different model of human agency derives from the ‘capability approach’. A key concern for Amartya Sen is that if we want satisfactory analysis of social inequality, we cannot define it on the resources that are available to a person alone. Sen adopts capability as a term for ‘the alternative combinations of things a person is able to do or be – the various “functionings” he or she can achieve’ (1993, p. 30). He emphasizes that the person’s capability to achieve functionings constitutes his or her effective freedom – the freedom actually enjoyed by the person (Sen, 1992, pp. 40, 81). Sen has left open the question of exactly what functionings (combinations of doings and beings) one would generally expect a person to want to achieve. He argues that individuals are likely to give different weights to different functionings (perhaps beyond some basic capabilities, such as health and literacy) (Sen, 1992). Furthermore, Sen has repeatedly emphasized that while the volume and nature of the various means (commodities, goods and resources, broadly defined) to which a person has access influence his or her capability set, these means do not determine this capability set in a uniform or definitive way.

Through several steps, Sen has developed the idea that the diverse characteristics of people and the particular circumstances in which they find themselves may affect their prospects of translating access to means into a capability set (and as the next step, into achieved functionings). Since the experience of (or exposure to) such characteristics or circumstances will likely vary from person to person, their ability to convert means into a capability set (and then into achieved functionings) will also differ. For these reasons, Sen has argued that it is insufficient and misleading to evaluate the distribution of outcomes (however defined) solely based on the knowledge about a person’s access to the means to attain such outcomes and more generally, without taking into account human diversity and the heterogeneity of needs.

More recently, Sen has identified five main sources of variations in the conversion of capability inputs into capability sets and functionings (1999, pp. 70–71; 2005, p. 154; 2009, pp. 254–5), as follows:

- *personal heterogeneities* (diversity in individual characteristics, physical and mental capacities, knowledge and skills);
- *distribution within the family* (intra-family distribution of paid and unpaid work, earnings and purchase power, gendered division of labour);
- *differences in relational positioning* (e.g., cultures, social norms and conventions negatively affecting the respect of others, as well as the person's dignity, self-respect and the 'ability to appear in public without shame' (Adam Smith, as cited in Sen, 2000, p. 3));
- *varieties in social climate* (e.g., the quality of public services and community relations); and
- *environmental diversity* (e.g., climate, differential exposure and the risk of illnesses).

Because people's experience of access to capability inputs differ and their exposure to conversion factors vary, their abilities to convert resources into capabilities will also differ. The conceptualization of conversion factors in the capability approach provides a tool with which to address human diversity and differences in needs between young people (Robeyns, 2005; Crocker and Robeyns, 2010). From a capability approach we may ask whether social protection policies in the Nordic countries ensure young people's capability to achieve the functionings they have reasons to pursue, given the diversity in needs and interests among young adults.

We may note here that not only are Sen's examples for each type of conversion factor likely to interact with each other, but we also have good reason to expect interdependencies *among* the types. For instance, a person's reading skills will largely depend on the existence of a system of inclusive education and the quality of the education the social services subsystem provides. In this sense, the lists of types and examples are invitations to sociological theorization about such interrelationships rather than a strict sorting of factors of relevance for conversion.

SOCIAL PROTECTION POLICIES AS SOCIAL CONSTRUCTIONS

If we want to evaluate social protection policies and their returns, a fundamental set of factors to consider is the processes that allow or prevent the

interests and demands of young adults from entering the welfare political agenda. Two rather different strands of literature have inspired us to think about such processes.

First, Nancy Fraser (1995, 2000) has developed a normative theory of social justice in which she initially distinguishes between the redistribution of resources and the socio-cultural recognition of status as two complementary ways of ensuring participatory parity. While redistribution refers to processes for achieving the fair allocation of resources, typically economic in nature, recognition refers to the processes whereby people achieve or are bestowed the requisite standing in society (Fraser, 2008, p. 16). She later revises her theoretical framework to include political representation as a third process, seeing it as equally important as redistribution and recognition (2008, pp. 17, 60). She refers here to political processes in a constitutive sense as mechanisms and decision-making rules that structure those claims for redistribution and recognition upon which political bodies will discuss and decide. In other words, she focuses on the factors that include some people's claims as well as factors that exclude other claims from consideration and adjudication. Moreover, she distinguishes between two levels of political misrepresentation. 'Ordinary political misrepresentation' is when a particular rule makes it difficult for some people to participate fully in political decision-making. The other level of misrepresentation, which she calls 'misframing', refers to situations excluding some people completely from participation or consideration in decision-making forums (Fraser, 2008, pp. 19, 147).

Second, Anne Schneider and Helen Ingram (1993, 2005; see also Schneider and Sidney, 2009) have formulated a general framework for understanding how cultural characterizations or popular images of various categories of citizens and potential target groups of public policy affect the policy agenda and choice of policy instruments. They also examine how policy agenda and design influence the political orientations and participation patterns of target populations. One dimension is whether elected officials regard a certain category of citizens as 'strong' or 'weak' in terms of power and access to political resources. Another dimension is whether public officials tend to regard a category of citizens in positive or negative terms. The authors argue that various combinations of such constructions are important for what public officials will expect of members of a category in terms of capacity, participation and contribution to society, or conversely, in terms of demands, lack of capacity and burdens on society. One possibility is that officials require target populations to find their own solutions to problems and are attributed the qualities of being responsible and capable of making good choices for themselves and society at large. To the extent that public

officials build on such constructions in the direction of policy and the allocation of resources to categories of citizens, the constructions are to some extent self-confirming, reinforcing the relative and differentiated positions of individuals belonging to these categories. Based on this conceptual framework, Schneider and Ingram suggest that some categories of youth (single mothers, minority ethnic youth, disabled youth) risk being seen as less able to achieve and retain paid work, and consequently, that political elites will be less concerned about creating conditions to help members of these categories in transitions from education to employment.

CHANGING BALANCES IN NORDIC SOCIAL PROTECTION SYSTEMS

What have characterized the Nordic social protection systems? In general, the Nordic model of welfare has stood for public responsibility for guaranteeing transfers and social services to citizens through publicly funded provisions that cater to all needs and the whole population, financed largely through tax revenues. The Nordic income maintenance subsystems have been comparatively generous, with the official aim of providing benefits enabling people to maintain about the same standard of living during periods of unemployment. To fund these systems, the Nordic countries have promoted as high a labour market participation as possible. Public authorities have taken an active role with regard to other main social institutions, especially through regulation of the labour market, stimulating tripartite collaboration and encouraging renewal and innovation in the economy in general (Moene and Wallerstein, 2001; Moene, 2013; Moene, Barth and Willumsen, 2014).

The Nordic welfare model has largely made the individual independent of the family. To a greater extent than other European governments have, Nordic public authorities have taken responsibility for providing care services for the sick and elderly and for kindergartens for children (Esping-Andersen, 1999). For such reasons women have more easily been able to participate in the labour market and earn their own social rights from that participation rather than relying on a male breadwinner model (Ellingsæter et al., 2006).

Since the 1960–70s, the Nordic governments have adopted accommodation obligations for employers in relation to pregnancy, maternity and parental leave. Such accommodation of the needs of parents and caregivers – combined with subsidized kindergartens – has contributed to comparatively high employment rates among Nordic women compared

to other European countries (except for Finland) (Eurostat Labour Force Survey Database, 2017). In a study of youth transitions, Lorentzen and co-authors (2018) find that young mothers in Finland are more likely to be excluded from the labour market than in Norway and Sweden. At the same time, the Nordic labour market has been more gender segregated than many other European countries (European Commission, 2017, p. 57). A large proportion of Nordic women work part-time and in the public sector, especially in education, health and social services (Jensberg, Mandal and Solheim, 2012; Norden, 2015).

While Nordic welfare states have a tradition of encompassing redistributive or transfer-oriented arrangements to enhance employability and provide income security during periods outside employment, regulatory provisions as means to accomplish welfare policy objectives have been relatively less developed (although with significant differences between social status groups). In general, the use of financial incentives and legal obligations to ensure gender equality and accommodate the needs of young parents has been more advanced than regulatory measures to promote equal opportunities and accommodate the needs of ethnic minority youth and youth with disabilities (Craig, 2007; Halvorsen and Hvinden, 2009; Liisberg, 2011; Teigen, 2015; Teigen and Skjeie, 2017).

Since the late 1990s, the labour market inclusion policy of the Nordic countries has shifted in composition and balance between policy measures. Partly, Nordic governments have adjusted their labour market inclusion policies on grounds of the changing demographic and economic conditions to strengthen the sustainability of income maintenance subsystems. From a costs perspective many today argue that the level of Nordic social benefits – in interaction with relative compressed earnings in the labour market – create disincentives for young adults with little or no formal education to find paid work (OECD, 2010, 2011, 2012, 2016a). Pareliusson et al. (2018) find that during the same time period reductions in redistributive cash transfers have contributed to larger income inequalities in the Nordic countries, especially at the lower end of the income distribution. Partly, Nordic governments have been under pressure from supranational as well as domestic civil society organizations and social movements to adopt new statutory regulations to ensure equal opportunities in the labour market, independent of, *inter alia*, sex, racial or ethnic origin, religion or belief or disability (European Union, 2000a, 2000b).

The European Union has challenged several of the Nordic governments to ensure their income maintenance subsystems provide incentives to seek paid work and enhance their social regulation systems to ensure non-discrimination and equal opportunities in the labour market. Yet, the EU has also presented the social service systems in the Nordic countries as a

model for other European countries, notably the relatively large priority of social investments in active labour market measures (education and training) for individuals out of paid work (European Commission, 2005, 2008, 2013).

Nordic governments have introduced several targeted policy measures for young adults to enhance their inclusion in the workforce. In particular, the Nordic countries have, since 2008, in response to international economic turbulence, expanded education and training programmes (the social services subsystem), targeted at young adults under age 25 to adjust their individual skills and increase their professional attractiveness to employers. Over a somewhat longer period, Finland, Norway and Sweden have introduced a social right ('the youth guarantee') to education, training or work for youth aged 16–24 years. Sweden has also reduced the level of unemployment benefits to avoid disincentives in the income maintenance subsystem. Additionally, the Nordic countries have adopted various regulatory measures to encourage employers to hire young adults. For instance, since the beginning of the global financial recession since 2008, Sweden and Denmark have reduced the tax for employers who hire young adults, while Finland has introduced wage subsidies to temporary positions for graduates below 25 years (NOSOSCO, 2011).

Finally, in response to new waves of immigration to the Nordic region, the Nordic governments have adopted new policy measures in efforts to ease asylum seekers' integration into the labour market (Karlsdóttir, 2018). From the late 1990s, Denmark, Norway and Sweden have developed full-time 'integration programmes', with social security benefits conditional on their participation in the programme. The programmes are based on language education at special schools combined with apprenticeships and internships, vocational training, and assistance from employment offices in achieving employment (Joyce, 2018). In 2016, the Ministers for Nordic Collaboration established a new collaborative programme for more effective integration of non-EU immigrants in the Nordic labour markets (Karlsdóttir et al., 2017).

RISKS OF EXCLUSION IN THE NORDIC COUNTRIES

Over many years, outside observers have associated the Nordic countries with high employment rates, even among young adults. Yet, a growing criticism frequently raised against the Nordic welfare states is that the Nordic model has created exclusionary mechanisms with respect to vulnerable groups, such as the low-skilled, individuals with disabilities, minority

ethnic groups and other groups whose work capacity potential employers perceive as uncertain (Hvinden, 2010; Iqbal and Todi, 2015; Halvorsen, Hvinden and Schoyen, 2016; Plenty et al., 2018).

Theoretically, there are several arguments why this should be the case. First, a compressed wage structure implies that, at the bottom end of the earnings distribution, wages are comparatively high and that there are relatively few working poor. The flipside of this is the risk that potential employers become more reluctant to hire certain types of workers out of fear that their productivity will be too low to make up for the associated labour costs. Second, generous social transfers reducing individual incentives to work may adversely affect the labour supply decision. Third, for the high wage levels in the Nordic countries to be sustainable in the face of global economic competition, many businesses choose to shift towards more advanced products and services that demand highly qualified workers. Activities that companies can perform more cheaply elsewhere, they either transfer abroad or drop completely. Fourth, high employment protection makes potential employers more reluctant to employ job-seekers whose working capacity is considered uncertain out of fear that they will not be able to dismiss workers who turn out not to meet the productivity requirements. Fifth, an underdeveloped focus on diversity in the social regulation subsystem has given Nordic employers few reasons or incentives to actively recruit and accommodate the needs of minority ethnic youth and youth with disabilities.

As Nordic countries are shifting towards advanced knowledge societies where high levels of education, research and innovation are the keys to continued growth and competitiveness in the market, low education and poor school performance become main barriers to inclusion in the labour market. Given structural changes in the market, we may ask whether the educational systems in the Nordic countries are able to furnish groups at risk with the qualifications they need to find and keep suitable jobs. Additionally, we may ask whether there are systematic differences in employment rates that we cannot attribute to differences in school performance and education.

CONCLUDING COMMENTS: ‘NEW’ CHALLENGES FOR NORDIC SOCIAL PROTECTION SYSTEMS

This chapter has argued that young adults in Europe are facing new challenges that extend beyond the effects of the economic recession in the aftermath of the financial crisis in 2008 and the ensuing fiscal consolidation measures. With the emergence of the knowledge economy, transitions

from education to work take a longer time and entrance criteria for the labour market have changed and are more demanding than ever before.

Prominent scholars in welfare policy studies have argued that the design and delivery of social protection policies must respond to other and additional needs and demands than in the first decades after World War II. Key discussions have typically centred around conceptualizations of 'old' and 'new' social risks (Taylor-Gooby, 2004). 'Old' welfare concerns have related to social class differences in education and income, and the risks of unemployment, homelessness, serious accidents, ill health, loss of provider (for children and homemakers) and poverty in old age. According to a broad agreement in the literature, after World War II, governments designed or modified social protection systems primarily to provide protection against loss of income during shorter periods of unemployment and sickness and the risk of poverty in old age in industrial societies. Moreover, the system of provision tended to have as its premise a male breadwinner model and low divorce rates (e.g., Esping-Andersen, 1999; Andersen et al., 2005; Armingeon and Bonoli, 2007; Bonoli, 2007). Taking into consideration the social changes since the 1950s–60s, one may ask whether present day social protection systems are geared towards the new needs for support and protection against risks of social exclusion, unwanted forms of dependency and relative poverty in a knowledge economy. Peter Taylor-Gooby (2004, p. 8) argues that 'new risks tend to affect people at younger stages of their lives' as the risks are mainly related to difficulties in entering the labour market and child care responsibilities at the stage of establishing a family, rather than health care needs and old age pensions. Such new risks weigh heavily on young adults and women in particular. Taylor-Gooby (2004) sees the 'new' social risks as consequences of parallel changes in family life and working life. In this chapter, we have emphasized the new risks for young adults associated with the emergence of the post-industrial knowledge economy.

Additionally, we suggest that one should not solely focus on social class as a source of social inequalities in the transitions to the labour market. We have presented an analytic framework that allows for inquiries 'into the multifaceted nature of social differentiation' (Williams, 1995, p. 127) we observe at the interface between education and employment. The framework enables us to shift towards a focus on a broader set of social inequalities and power relations associated with gender, disability and ethnicity ('race'). By broadening the perspective to these other sources of social inequalities, we may achieve better understanding of the diversity among young adults and the complexity of the social problems that both Nordic and other European countries' social protection policies must respond to.

While the labour movement was crucial in the social struggles for collective social protection systems in industrial society, new risks have generated new forms of social mobilization that cut across traditional class conflicts in complex ways. Some of the ‘old’ risks remain important in the post-industrial knowledge economy. Yet, since the 1970s, new social movements have campaigned for recognition of other and additional social issues centred, *inter alia*, around gender, ethnicity (‘race’) and disability. New social movements have mobilized around issues of redistribution, recognition and representation to achieve opportunities for exercising autonomy and avoiding potentially oppressive relations (Williams, 1995, pp. 131, 137). Citizens’ groups who have experienced unwanted dependency on welfare institutions, policies and professionals, have mobilized to achieve participatory parity and being able to live the life they have reason to want for themselves (Williams, Popay and Oakley, 1999, pp. 3–4; Williams, 2016).

In this introductory chapter, we have presented an analytic framework that gives us space for analysing mechanisms and processes that influence transitions between education and employment for a large diversity of young adults. The perspectives we have presented allow us to examine policies in the Nordic and other European countries and theorize about the conditions that need to be in place to ensure effective combinations of redistributive and regulatory policies.

By focusing on a cross-national comparison of the Nordic social protection systems in the wider European context, we can analyse variation in policy, legal design and impact within a group of countries where we find: (1) a shared priority given to redistribution-oriented provisions, both transfers and services; and (2) largely similar responses to supranational and domestic expectations to adopt new and statutory social regulation instruments to ensure non-discrimination in the labour market, while taking into consideration the variation in overall performance between the countries and the specific combination of policy elements in each of them.

This chapter has identified mechanisms and processes that influence the transitions to the labour market. With this general framework as a backdrop, the book investigates the contemporary challenges of policy and governance related to enhancing the participation of young adults in the labour market.

As the Nordic countries are shifting towards advanced knowledge societies where high levels of education, research and innovation are the keys to continued growth and competitiveness in the market, low education and poor school performance are the main barriers to inclusion in the labour market. Given structural changes in a globalized market, we ask whether the educational systems in the Nordic countries are able to furnish groups at risk with the qualifications they need to find suitable jobs. Additionally, we

ask if there are systematic differences in employment rates that one cannot attribute (solely) to differences in school performance and education.

Focusing on the transitions from school to employment, the book therefore investigates the following questions:

- What is the background for the persistent (and possibly growing) problem of pupil attrition in upper secondary school? (Chapters 2, 3, 4)
- To what extent are youth with minority ethnic backgrounds or disability at particular risk in the Nordic labour markets? (Chapters 5, 6)
- To what extent do the income maintenance and social services subsystems facilitate or constrain the transition from school to paid work for young adults? (Chapters 2, 5, 6, 8)
- To what extent does the social regulatory subsystem (wage subsidy schemes, non-discrimination legislation, reasonable accommodation, employment protection, voluntary agreements) and their functional equivalents (informal norms and expectations about employers' obligations or corporate cultures internalizing such obligations) promote the labour market inclusion of young adults? (Chapters 5, 6, 7, 8)
- More specifically, what impact have social regulation provisions had on the employment opportunities and prospects of individuals belonging to vulnerable youth groups (notably, minority ethnic youth and disabled youth)? (Chapters 5, 6, 7, 8)

This book undertakes a systematic investigation of these connections and dependencies and their implications. It pays particular attention to whether the Nordic countries have the right balance between the different subsystems to promote labour market participation by young adults. While sector-specific analyses are numerous and offer important insights, the broader picture has often been missing. The cross-national and comparative literature on the interactions between the three subsystems and their impact is still limited. This book contributes to rectifying this gap in the current literature.

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