

# **Employers, Young adults and Flexible employment: knowledge gaps and a theoretical lens to further research**

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## **Introduction**

Growing up was never easy, but in today's volatile, uncertain, complex and ambiguous world it seems particularly difficult. In the aftermath of critical events, such as the bankruptcy of Lehman Brothers in 2008 and the first outbreak of the COVID-19 virus in 2019, economies worldwide went into recession. Numerous cohorts of young adults have therefore been dealt a bad hand with respect to their long-term prospects in building a successful life (Schwandt & Wachter, 2019). On the road towards adulthood, young people in Western countries face a multitude of risks, such as rising education costs, affordable housing shortages and encroaching loneliness (Fardghassemi & Joffe, 2022; Grander, 2023; Johnson, 2002). Young adults therefore need to demonstrate resilience to navigate their way through these insecurities. International organisations have raised concern as to whether all young adults are given enough opportunity to develop that resilience (ILO, 2022; OECD, 2022; Vono de Vilhena, Oelschlägel, Hurrelmann, & Owoo, 2022). The worry is that young people in disadvantaged positions might succumb to the accumulated risks and give up on their futures just as their independent lives start.

Getting a job and earning one's own money is seen as an important step in becoming a proper adult. Employment provides not only an income, but a professional identity, a point of orientation and possibly a sense of belonging. As such, work can function as a lighthouse in a sea of insecurities. However, over the past few decades, many Western countries have witnessed a substantial increase in labour market flexibility (Barbieri, 2009; Kalleberg, 2018). This means employment is no longer necessarily secure [see figure 1]. Over the same period, women's formal labour force participation has been on the rise (Vlasblom & Schippers, 2004), indicating that the increase in insecure employment is a concern for men and women (and everyone in between). Whereas flexible employment contracts provide a number of benefits to employers, the implications for employees are less rosy. For workers employed on a flexible contract, good performance in a job today could still result in unemployment in the (near) future. In light of these structural changes in the world of work and their implications for the lives of young adults, demographers need to better understand *how people in the 18-35 year old age bracket and their employers relate flexible employment to the transition to adulthood and how both parties perceive disadvantageous consequences of flexible employment*.

## **Gaps in the literature**

The topic of flexible employment has been studied across the social sciences by sociologists, economists and psychologists (Bessa & Tomlinson, 2017; Spreitzer, Cameron, & Garrett, 2017). Increased flexibility in employment relationships has also been a reoccurring topic in the interdisciplinary research fields of demography, life-course research and human resource management (HRM) studies. Research on flexible employment has been conducted from different perspectives: the most common being that of the employing organisation, 'the employer' and that of the employed individual, 'the employee'. In line with these two perspectives and the aforementioned cross-disciplinary interest, the

literature on flexibility in employment relationships contains a large variety of terms to address types of employment that differ from what has traditionally been considered standard. Some of these terms are predominantly used in research conducted from the employee perspective, e.g. ‘non-standard employment’, ‘temporary employment’, ‘atypical employment’, ‘precarious employment’, whereas other terms are more common in research conducted from the employer perspective, e.g. ‘flexible employment’, ‘flexible staffing arrangements’, ‘flexible labour’, ‘contingent working arrangements’, ‘alternative working arrangements’ and ‘casual work’. In my review of the literature I use non-standard employment and flexible employment (interchangeably).

Despite its interdisciplinary reach, there are still a fair number of underexplored angles in the literature on flexible employment, younger people and the transition to adulthood. An important share of this knowledge gap consists of insight into *people’s subjective experience of the associated risks of flexible employment*. This knowledge gap exists in research conducted from the perspective of ‘the employee’ as well as in the research from the perspective of ‘the employer’. In addition, *insight is lacking into how young adults and employers weigh the risks of flexible employment against the need for (a degree of) security*.

First, the existing literature provides relatively little information about which concrete considerations weight into and inform organisational decisions about the use of flexible employment contracts (but see: Rouvroye, Van Dalen, Henkens & Schippers, 2022). These considerations could show large heterogeneity, because organisations tend to differ in terms of the (social) rules that govern people’s behaviour within that organisation. Second, based on the literature little is known about the extent to which employers experience downsides to the use of flexible employment contracts (for the Dutch country context see: Rouvroye, Van Dalen, Henkens & Schippers, 2023b). In addition, fairly little is known about how employers perceive the longer-term societal consequences of extensive use of flexible employment. Third, uncertainty is perceived as a stratifying influence on the life courses of young adults. Life course research has shown that, especially for men and highly educated women, being involved in non-standard employment can lead to the postponement of key events in the transition to adulthood (e.g. Alderotti et al., 2021). However, how this dynamic translates into young adults’ affective experiences has not yet received as much attention (but see: Rouvroye & Liefbroer, 2023). Fourth, the existing literature does not provide a conclusive answer as to how specific employment conditions weigh into young people’s job preferences. Exposure to flexible employment and awareness about its negative long-term consequences is likely to inform young workers’ subjective attitude towards employment conditions. Experience with the diversity in types of flexible employment contracts might nuance this overall negative attitude. Preferences in terms of employment conditions have an influence on what young workers look for when searching for a job. Furthermore, what young workers look for in a job might differ depending on their transition to adulthood (Rouvroye, Van Dalen, Henkens & Schippers, 2023a).

### **Theoretical lens for the study of flexible employment, younger people and the transition to adulthood**

An interdisciplinary mix of theoretical insights could inform the study of flexible employment, younger people and the transition to adulthood. This combination of perspectives might serve as a theoretical lens to obtain a comprehensive understanding of the dynamic between labour markets (macro-level), employer behaviour (meso-level) and demographic outcomes in the lives of young adults (micro-level). In short, this theoretical lens can be summarized in three notions:

I) Flexible labour markets result in the concentration of risk onto specific groups of workers

In deregulated employment, the general risks attached to economic activity are born by single agents, i.e. individual workers, instead of by collective bodies, i.e. employing organisations. Flexible labour markets therefore result in the concentration of risk onto subgroups of the labour force. From a societal

perspective, concentration of risk is problematic because disadvantages accumulate with specific social groups allowing existing inequalities to exacerbate (Barbieri, 2009; DiPrete & Eirich, 2006). Most prominently, it widens the divide between those in standard, secure employment - the ‘insiders’ - and those in non-standard, insecure employment - the ‘outsiders’ - on a dual labour market (Doeringer & Piore, 1971; Thelen, 2014). Concentration of risk is especially disruptive when these differences in opportunity are faced in a vulnerable life phase, such as early adulthood. Inequality in the availability of secure employment at the start of adulthood is likely to result in larger economic, health and well-being disparities in later life (DiPrete & Eirich, 2006).

## II) Employers are influential agents in ensuring (in)security

Employers operate both within the structure of their organisations, amid social relations with and commitments to their employees, and within their segment of the market with its own interrelated network of firms. Their behaviour regarding employment relations can be understood as the outcome of a combination of highly contextualised independent decision making and patterned abidance to legal and social norms. This behavioural dynamic has been described as ‘agency within structure’ (Heugens & Lander, 2009). Because employers’ behaviour is informed by the specificities of their own organisational context, the way employment relations are organised can vary between organisations and across sectors. Employing organisations each determine the extent to which flexible employment contracts are used, for which type of jobs they are used and for what duration of time. This meso-level heterogeneity entails that employers are in fact influential agents when it comes to ensuring (in)security for their employees. Employers’ strategic motivation behind the choice for a flexible employment relationship determines employees’ chances of this relationship eventually becoming permanent. When flexible contracts are used to structurally reduce labour costs, these chances are low. In practice employers function as gatekeepers regarding workers’ opportunity to access permanent employment (Mattijssen et al., 2022).

## III) Security smoothens the transition to adulthood

Entry into the labour market is considered one of the first steps in the transition to adulthood. To better understand young people’s perspective on the role of flexible employment in their adult lives it is helpful to make a distinction between the objective and the subjective dimension of the concept ‘security’. Objective security refers to people’s structural societal position (e.g. sex, age, educational attainment), their employment status and their available resources (e.g. social contacts, skills, wealth). This understanding of security aligns with Kalleberg’s (2018, p. 111) definition of ‘economic security’: ‘the extent to which a person has sufficient and reasonably stable income and assets to be able to pay expenses and to maintain at least a minimum standard of living.’ Subjective security refers to people’s personal judgment about their life’s circumstances and the degree to which they experience safety and protection from current and future hardship. In a similar vein, Sennett (1998) writes that long-term commitments require a degree of ‘trust’. For a positive outlook on the future, people need to have faith in their own ability to navigate life and its volatility. Empirical indicators for the objective and subjective dimension of security tend to be positively associated. To illustrate, objectively secure workers (e.g. prime age men with a permanent contract) also report relatively high subjective security (Morgenroth et al., 2021). Based on a life-course perspective one can posit that security, in terms of both the objective and the subjective dimension, smoothens the transition to adulthood.

## Opportunities for future research

In light of the identified gaps in the research on flexible employment, younger people and the transition to adulthood and the proposed theoretical lens there are some research angles that might deserve further exploration.

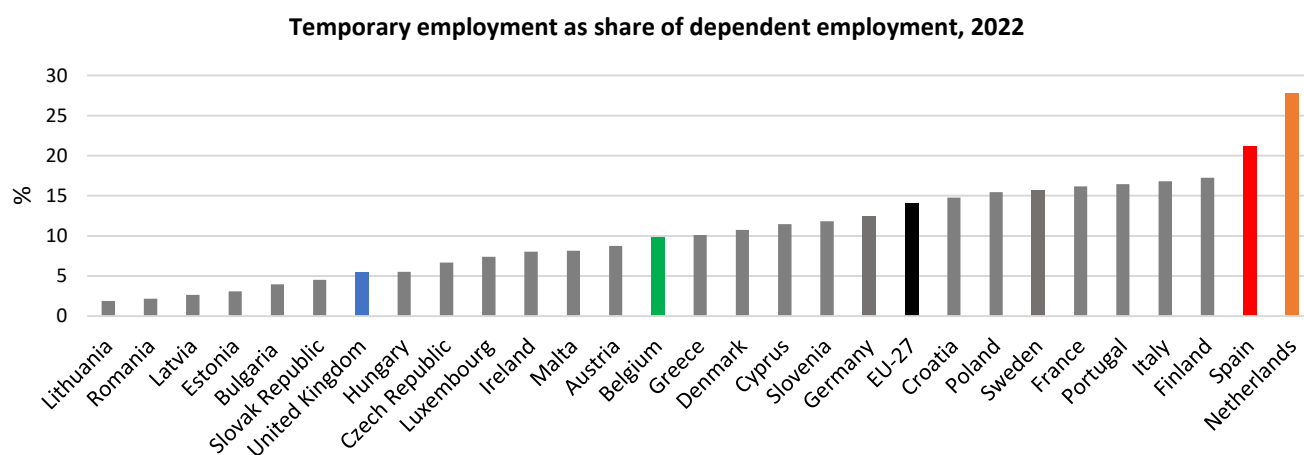
At the macro-level it would be relevant to study employers’ behavioural response to previous

and upcoming changes in national legislation about the use of flexible employment contracts (Diris, 2021). Are new regulations aimed at increasing security among workers followed by a higher share of permanent employment? And what role do structural labour shortages play in a potential shift in employers’ decision-making regarding employment relations? Flexible employment came to fruition in times of high unemployment, when the bargaining power of employees was relatively low. At present, many labour markets are tight and the working age populations of aging societies are not expected to grow. In theory, these conditions empower workers to make demands in terms of employment conditions. One may therefore expect the share of flexible employment to decline. In the upcoming years, it would be relevant to monitor employers’ use of different types of employment contracts, in order to test this hypothesis.

At the meso-level, a structurally high share of flexible employment is likely to affect the overall productivity of organisations. For organisational researchers and HR-professionals alike, it would be vital to know how the share of flexible employment within an organisation, possibly combined with a high turnover rate, relates to business performance over time (Fisher & Connelly, 2017). The dynamics of this relationship might vary across sectors of the economy.

At the micro-level, it would be informative to further examine how, through which mechanisms, objective and subjective insecurity affect the occurrence of key markers of adulthood (e.g. Barbieri, Bozzon, Scherer, Grotti, & Lugo, 2015; Pailhé & Solaz, 2012; Van Wijk et al., 2021; Vignoli, Tocchioni, et al., 2020). The relationship between perceived economic uncertainty and the transition to parenthood has recently been questioned (Van Wijk, 2023). However, existing studies on this topic mostly used a well-established measure for affective job security and have therefore only looked at one dimension of subjective insecurity. However, it might be the case that young people who experience a high degree of insecurity in multiple domains of life are in fact hindered in their transition to adulthood (postponement or obstruction effect). In addition, stratification researchers could study birth cohorts to assess whether differences in the time spent in (different types of) flexible employment at the start of working life predict socio-economic discrepancies in later life.

Figure 1: OECD indicator for Temporary Employment – EU countries, 2022



Source: Labour Market Statistics; Employment by permanency of the job; incidence (OECD, 2023)

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