



**Country level analyses of mechanisms and  
interrelationships between labour market  
insecurity and autonomy**

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- i. to advance the knowledge base that underpins the formulation and implementation of relevant policies in Europe with the aim of enhancing the employment of young people and improving the social situation of young people who face labour market insecurities, and
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## Introduction

A. Baranowska-Rataj - Umeå University; S. Bertolini, V. Goglio- University of Turin

Leaving the home of origin and setting up one's own household is regarded as one of the key markers of the transition to adulthood (Corijn & Klijzing 2001; Manzoni 2016; Settersten 2012; Shanahan 2000). Although ceasing to co-reside with parents does not necessarily coincide with becoming financially independent, it usually implies reaching greater social autonomy for young people (Billari et al. 2001). This theoretical idea is further supported by the fact that young people increasingly prefer to live on their own (Klinenberg 2012).

Youth's striving towards residential autonomy may be hindered by a lack of access to the necessary financial resources. Due to recent developments in the modern labour markets youth are disproportionately affected by unemployment and temporary employment as compared to prime-aged workers (Bell & Blanchflower 2011; O'Higgins 2012; Müller & Gangl 2003). At the same time, the main source of financial support for most young adults comes from their paid work (Blank 2009). Compared to people in their prime, youth have less financial resources such as savings or wealth that could be mobilised in order to deal with a lack of stable employment when planning to invest in a household of one's own. *This brings a question of how the labour market career of young people and, in particular, the experiences of unemployment or unstable and insecure employment, affect decisions to move out of the parental home and establish one's own household.*

In the personal sphere of private life, the rising labour market uncertainties in many European countries have indeed contributed to the postponement or even the abandonment of long-term binding decisions such as leaving the parental home (Aassve et al., 2002; Ahn and Mira, 2002; Baizán, 2005; Mills and Blossfeld, 2003) and the gradual replacement of a standard family trajectory with a more turbulent and less uniform pattern (Hofäcker and Chaloupková, 2014). However, the magnitude of the repercussions of labour market insecurities on individual transitions in private life differs notably among countries, suggesting that institutional contexts at the nation-state level mediate the effects of globalisation on young individuals in a nation-specific way (Blossfeld et al., 2011; Mills and Blossfeld, 2003).

In this report, we present results from several studies that addressed this question by adopting a longitudinal research design, which allowed for establishing the temporal ordering of events and hence brought us closer to understanding causality beyond observed relationships. This report also provides empirical evidence from a number of countries with very different institutional and cultural settings: namely Italy, the UK, Poland, Estonia and Germany. Every study aimed at capturing different peculiarities of



the local labour market and societal conditions, which provides interesting insights on the process of leaving parental home across Europe.

The studies included in this work drew on selected national panel surveys (the Social Diagnosis data from Poland; Understanding Society, the UK Household Longitudinal Study (UKHLS); the Socio-economic Panel for Germany (SOEP)) as well as comparative harmonized longitudinal surveys (the European Union Statistics on Income and Living Conditions (EU-SILC)) that provided detailed longitudinal information on labour market status and co-residence with parents. The use (and availability) of longitudinal data is particularly relevant for the study of the process of housing autonomy. Indeed, with longitudinal data it is possible to isolate the timing and the sequential order of crucial events in the life course of an individual, which contributes to highlight the interrelations among different dimensions of the life course (e.g. labour market situation but also the private sphere of marriage or union formation).

The general research question that all contributions included in their work dealt with whether and to what extent labour market exclusion (defined as unemployment or inactivity) influenced the decision to leave the parental household in the medium term. Most of the country studies (Italy, UK, Poland and Germany) also considered the role played by job insecurity (proxies are temporary, loosely regulated, low work-intensity and sometimes even non-formal types of employment) on the decision to leave parental home. Some of the country studies presented here (Italy, Estonia, Poland) also considered a third research question, which dealt with the consequences of the economic crisis that took place in 2008, testing whether and how it affected the process of transition out of the parental home.

In addition, each country study focused on specific features of the national context in order to provide insights on the differential impact of common challenges (such as current changes in the labour market) on different institutional settings. In this framework, particular attention was devoted in all country studies to sub-groups of individuals more exposed to the risk of social vulnerability, which in the case of the country study presented here, were females and low-educated individuals, including immigrants for the UK case only.

The structure of the volume is as follows: this **introductory section** is followed by a **summary of the main findings** emerging from the five country studies presented.

**Chapter 1** contains the country study on Italy and uses longitudinal data for Italy from the EU-SILC database. Italy is a country characterized by a 'latest-late' pattern of exit from parental home, typical of Southern-European countries (estimated average age of exit in 2015 is 30.1 years old (Eurostat, 2017b)), with late union formation and late transition to parenthood (Billari et al., 2002). Such a postponement might be connected to the welfare state regime, which in Italy is weak and attributes an exclusive role of the original family in supporting young people towards this transition. Youth policies have



remained largely fragmented and delegated in their implementation to regions, without a real national plan of coordination and without an integration with other policies. On the side of the labour market, the very rapid introduction of flexible forms of employment was implemented without the creation of an adequate system of new forms of social protection, assuring access to social security to temporary workers just as for permanent workers. These reforms resulted in strong market segmentation between outsiders and insiders with a high risk for youth to remain trapped in precarious (temporary, non-formal and low paid) employment. Finally, the housing market is characterized by a strong culture of homeownership, also conceived as a means of intergenerational transfer of family wealth (Filandri, 2012). This results in a residual rental market with few affordable options and a strong influence of parental resources in the process of housing autonomy.

The country paper presented in this volume investigates the relationship between labour market exclusion, job insecurity and leaving the parental home among young and young adults (16 to 40 years old) over a 10-year period (2004-2014). Given the importance that marriage still plays in the process of exiting the parental home in Italy, the authors examined the probability of exiting the parental home with a partner, without a partner or not exiting at all. Particular attention was also devoted to gender, with separate models for men and women, educational attainment and the geographical area of residence, being a country characterised by a deep divide between the North and South.

**Chapter 2** investigates the relationship between labour market uncertainty and leaving the parental home in the United Kingdom. Young adults in the UK have traditionally displayed a relatively early transition to residential independence (estimated average age of exit is 24.4 years old) and among the lowest shares of young people co-residing with their parents (Billari et al., 2001). However, the authors investigated whether recent changes in the labour market, such as the rapid increase of low-paid and highly flexible contracts and a steep increase in rental costs, were likely to affect the home leaving patterns observed in the UK.

The welfare state regime of the United Kingdom is classified as liberal, with a pro-market orientation, low level of employment protection legislation and poorly developed welfare measures providing income support, consistently with an orientation toward workfare policies (Gallie, 2010). The UK labour market has been involved by important changes with an increase in unemployment observed after the recent recession, which has been disproportionately borne by the young British and the diffusion of zero-hours contracts, fixed-term contracts and reduced hours of work. The housing market has also been involved by a deterioration of the conditions of access for young people, with house prices and rents reaching record levels, as well as mortgage costs, thus making housing unaffordable on a starting salary (Shelter 2015). State policies in support of housing were also interested by recent austerity measures, reducing the financial



support available from the welfare system to young people and thus worsening the house affordability problem (Berrington et al. 2014).

The country study included in this volume uses data from Understanding Society, the UK Household Longitudinal Study (UKHLS), and analyses the transition out of parental home for a sample of youth aged 16 to 35, observed over the period 2009 to 2014. A range of temporary forms of employment are considered, together with socio-economic characteristics linked to the ethnicity of the individual and the poverty of the household, as key factors in the process of leaving parental home in UK.

**Chapter 3** is about Poland and studied how job and income insecurity affected the transition out of the family of origin. In terms of the timing of leaving the parental home, Poland displays patterns similar to the 'latest-late' model observed in Italy and Spain (with average age of exit at 28.3 years old) and also similar proportions of young people co-residing with parents in their late twenties (about 80% among men and over 65% among women). Moreover, as in other Eastern European countries, a non-negligible proportion of young adults get married before having left the parental home (Billari et al. 2001).

The welfare state regime of Poland has been classified among Post-socialist neoliberal "embedded" model (Bohle and Greskovits, 2012), which combines neoliberal prescriptions with retained social welfare regime. In terms of recent developments in the labour market, Poland is a country where prolonged job search and precarious employment has become a common experience in the early stage of the life course (Baranowska et al. 2011; Saar et al. 2008) as well as the diffusion of informal jobs among young (Kovaceva 2001). The housing market is characterised by housing shortages and an underdeveloped private rental sector. State policies related to social housing and housing benefits are considered inappropriate, mainly targeted at low-income families and with no special programmes for young people (Ball 2008).

The country study presented in this volume uses data from the longitudinal database Social Diagnosis, a representative biannual panel household survey for Poland, and analyses a sample of youth aged 15 to 35 years old over the period 2007 to 2015. In this study, particular attention was devoted to the moderating role played by social support and gender. Indeed, on one hand, social support was a valuable resource for young adults, which could be used in order to overcome their job uncertainty. On the other hand, in a context of gendered norms towards the male breadwinner model, labour market exclusion and income insecurity might affect men more severely than women in their decision of exiting the parental home.

**Chapter 4** presents the case of Estonia, which investigated how labour market exclusion, more precisely unemployment, might affect the transition out of the parental home. Estonia is a country characterized by a pattern of exit from parental home typical





of Continental European countries, with a preference to leave home earlier than later (estimated average age in 2015 is 23.6), but not as early as in Scandinavian countries. Estonia is known for the liberal welfare regime, characterized among others by low and restricted levels of social benefits (Bohle & Greskovits 2012; Roosalu & Hofäcker 2015). The unemployment insurance benefit system strongly relies on previous work history and young entrants into the labour market usually remain excluded for not meeting the minimum requirements. A recent change in labour market regulations introduced in 2009 considerably lowered the level of protection for permanent employees, which explains the very limited use of temporary employment contracts in Estonia, also accompanied by a weak role of trade unions.

Youth unemployment figures for Estonia are lower compared to most other European countries, thanks to a fast recovery from the crisis. However, such figures remain higher than before the crisis and compared to the prime-age population. In addition, they come together with a high share of long-term unemployment, indicating the presence of barriers for youth in entering the labour market.

The housing market was profoundly reformed in the 1990s when publicly owned residential space was privatised, resulting in 96% of housing facilities privately owned. The rental sector only interests 15% of the population, whereas the subsidized housing sector such as social housing is almost non-existent. Recent policy measures do not contain measures targeted to ease access to housing for young people directly and the housing sector remains influenced by public policies only marginally.

The country study on Estonia used EU-SILC longitudinal data for a sample of youth aged 16-40 over the period 2004-2014. The study paid particular attention to the tension between a context not supportive of youth transition on one hand and social norms, which tend to support rather early than late exit on the other hand, also considering the crucial role played by the presence of a partner.

**Chapter 5** investigates the consequences of labour market exclusion and job insecurity on the process of leaving the parental home in *Germany*.

The pattern of exit in Germany is typical of Continental countries, between the two extremes of 'earliest-early' and 'latest-late' patterns of exit (estimated average age of exit is about 23.8 years old) and the persistence of a widespread male breadwinner model that may influence differently the patterns of exit of women and men.

The German conservative welfare regime provides a high level of support for young unemployed workers compared to many Southern or Eastern European states, although the same system was interested by a series of cuts in the level of expenditure in mid-2000s. Youth unemployment rate is quite low compared to most European countries; however, young Germans are still disproportionally often affected by unemployment compared to prime-aged workers. There are also important regional differences, with East Germany showing higher unemployment rates than West Germany. Moreover, as many other Western European countries Germany has





performed a partial deregulation of its labour market that resulted in a protected segment of permanent contracts and a less regulated sector of temporary employment. However, differently from other countries (e.g. Italy) in Germany many temporary jobs act as stepping-stones at the beginning of the working career. The housing market is characterized by a relatively low share of homeownership (51.9% vs. 69.5% of EU28 (Eurostat, 2017a)) and a developed rental sector that accommodates almost half of the population. The amount of expenditure on social housing is in line with EU28 average (0.6% of GDP).

The analyses presented in the German country study are based on data from the Socio-Economic Panel (SOEP) for the years 1995–2015, and consider a sample of young individuals younger than 20 at the moment of the first interview. This contribution is of interest because Germany is typically considered as a prime example of a smooth transition from education to work and has preserved a high level of welfare state support, especially if compared to the Southern or Eastern European countries considered in this volume. The differential impact of unemployment and temporary contracts was investigated, complementing the standard “*upward comparison*” to regular employment with a “*downward comparison*” to the alternative of unemployment, and took into consideration geographical differences between West and East Germany.



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## Summary of findings

The main research questions driving the present work were whether, and to what extent, labour market exclusion and job insecurity of youth had an impact on the transition toward autonomy and, in particular, toward housing autonomy in the medium term. The general hypotheses behind the five contributions presented in this volume assumed that unemployment and inactivity (as proxies for labour market exclusion) reduced the chances of making the transition out of the parental home for young individuals, as well as job insecurity, represented by having non-permanent jobs (including temporary, loosely regulated, low work-intensity, non-formal types of employment). Moreover, another expectation was that the great recession, which followed the economic crisis of 2008, further hampered the chances of youth and young adults of gaining housing autonomy.

Overall, we can summarise that, according to our expectations, the effect of unemployment on leaving the parental home was mediated by the Welfare State system. Indeed, unemployed or inactive individuals had a lesser chance of exiting the parental home in Italy, the UK and Poland. On the contrary, in Germany, such a negative effect of unemployment was limited to men in the western part of the country, while in Estonia, unemployment did not emerge as a critical factor in the process of exit parental home.

On the other hand, against our theoretical expectations, we found only limited evidence of a negative effect of temporary employment on the probability of exiting the parental home, because the great majority of the estimated effects were small and statistically insignificant in all the countries.

Finally, the economic downturn generated by the economic crisis in 2008 also seems to have contributed to delay<sup>1</sup> the transition out of the parental home, although with different timings across countries.

Below, we summarise the major findings emerging from the country studies more in detail:

- ***labour market exclusion***

Overall, a negative association could be seen between labour market exclusion (namely being unemployed or inactive) and the chances of getting housing autonomy,

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<sup>1</sup> The background of such a research question is the assumption that deteriorated economic conditions, following the economic crisis, hamper the process of leaving parental home. However, some other reasons may also be associated to the delay of the process, as an example, a general time trend towards leaving parental home later due to value change. Thus, when reading the results, we have to bear in mind that the type of analyses presented here are not able to distinguish the true effect of the crisis from other potential effects.



compared to employed individuals. However, the extent of this effect was heterogeneous across countries and gender: unemployed or inactive individuals had indeed a lesser chance of exiting the parental home in Italy, the UK and Poland. On the contrary, there was only a negative effect of unemployment limited to men in West Germany and no effect in Estonia. Consistently with the male-breadwinner model hypothesis, findings in Italy and Poland confirmed that labour market exclusion was less detrimental for women than for men on the chances of exiting the parental home. However, findings for the UK, a typical example of a liberal regime, showed significant differences by gender. Indeed, women tended to be disadvantaged by any form of labour market exclusion (unemployment and inactivity) and job insecurity (temporary and part time job), while estimates for men are less precise to be able to make definite conclusions.

- ***job insecurity***

Objective job insecurity, stemming from temporary, atypical or non-formal types of contracts, did not seem to be key risk factors in the transition out of the parental home in most of the country studies. With the only exception of the UK, where women in temporary jobs or part-time (permanent) jobs had a lower risk of exiting the parental home; findings in Italy, Poland and Germany did not show any significant association between temporary forms of employment and a reduced chance of housing autonomy. Therefore, it seemed to emerge that the key element in the transition to housing autonomy was having employment, independently from the type of contract. This may come as the result of two trends: on one side temporary employment (and other atypical forms of employment) was becoming the dominant form of entry into the labour market for young people, thus reducing the variability but also the perception of insecurity, as most of their peers only found temporary contracts. On the other side, it might also be the result that after a certain age, independently from the contract, young adults aimed at gaining housing autonomy, thus learning, or accepting to deal with, the risk of temporary contracts.

- ***economic crisis***

The studies, testing whether the economic crisis of 2008 reduced the chances of exiting the parental home, showed that such a negative association existed, although with some variability. Indeed, in Italy, individuals observed in the period after the crisis (from 2010 onward), and exiting with a partner, had a lesser chance of exiting the parental home compared to their peers observed in the pre-crisis period. However, the effect was not significant for those exiting alone. Nevertheless, the same negative effect was only observed in Estonia for individuals in the peak of the crisis (2008-2009). Estimates for Poland showed that individuals, who started to be observed in 2007, had a higher propensity to exit the parental home compared to those who entered the following waves. The issue of the economic crisis and its consequences was not



included in the country study on Germany, as it did not assume great relevance, being the least involved European country in the economic recession.

The other interesting findings that emerged from particular aspects of the single country studies, dealt with:

- ***parental background***

The Italian and Estonian country studies also considered whether a higher parental background, represented by the highest level of education of the parents, might play a positive role in supporting the transition to housing autonomy of their children (considering thus a direct effect of parental background on leaving home, net of individual labour market status and education). Results from Italy support the hypothesis that higher cultural resources of parents are positively associated to the transition out of the family of origin; having at least one parent with a higher education increases the propensity of individual exit for both men and women. The fact that the (direct) association was significant for individual exits, but not for exiting with a partner, suggested that the educational background of the parents might be associated with attitudes towards a model of education oriented toward the independence of children and less conservative in terms of gender roles.

A weak positive association of higher parental background was also observed in the country study on Estonia, although the effect was rather modest and not very clear-cut, as it became non-significant when looking at the mediating effect of parental education on young adults' employment status.

The study on the United Kingdom included a variable on the poverty status of the parental household and showed that neither poverty status of parental household nor the parents' employment status when the respondent was 14 years old bear any significant effect on the estimates of interest. Moreover, the variables, which serve as proxies for family background, are themselves not statistically significant, with the exception of mother's employment for men.

- ***social ties***

The country study on Poland highlighted the protective role of social support in buffering the negative effects of labour market exclusion and job insecurity on housing autonomy. Interestingly, findings showed that the more friends that young people had, the more likely they were to leave the parental house when holding a temporary contract. This finding was consistent with the substitution hypothesis of the Conservation of Resources theory, by which one type of resource (i.e. support from friends) might substitute for the absence of other types of resources (i.e. objective job security).

- ***ethnic origin***



The country study on the United Kingdom also included some controls for regional and ethnic origin of the individuals and showed that being a black woman (compared to being white), as well as living in Wales, it takes much longer to leave parental home.





# 1. Labour Market Uncertainty and Leaving Parental Home in Italy

## Longitudinal Analysis of the Effect of Job Precariousness on Propensity to Leave the Parental Household among Youth

*S. Bertolini, M. Bolzoni, C. Ghislieri, V. Goglio, S. Martino, A. Meo, V. Moiso, R. Musumeci, R. Ricucci, P. M. Torrioni - University of Turin*

### Introduction

Leaving the home of origin is regarded as one of the key markers of the transition to adulthood (Corijn et al., 2001; Shanahan, 2000). It implies not only housing independence but also greater social autonomy for young people (Billari et al., 2001). It also improves opportunities to plan for the future and make important lifetime decisions, such as forming a family of one's own (Aassve et al., 2002; Avery et al., 1992).

Theoretical literature, which explains incentives for, and constraints on, leaving the parental home, views the opportunity to leave as being determined by the level of individual resources available directly to young adults (Ermisch, 1999; McElroy, 1985). This represents a very important decision in the private sphere of life and reduces opportunities to receive material and emotional support from the family. The risk of losing employment and the associated negative consequences for the standard of living are much stronger for those who decide to establish one's own household as compared to youth that stay home with their parents (Aassve et al., 2007; Parisi, 2008). Therefore, if young people experience difficulties in labour market integration and perceive their situation as unstable and insecure, they may be relatively less willing to take such a step. Specifically, unemployed or inactive youth may have very limited opportunities to leave the parental home, especially in countries with limited state support for them (Aassve et al., 2002). However, chances for housing independence from parents may vary strongly, also among those young people who are actually involved in paid work. In particular, the attention of researchers has recently turned towards the role of stability of employment (Barbieri et al., 2014; Becker et al., 2010; Fernandes et al., 2008). Labour market positions with high degrees of economic uncertainty prevent youth from making blind long-term commitments (Mills and Blossfeld, 2003; Oppenheimer et al., 1997). Thus, irrespective of the level of income received by young adults, the expected variation in income may deter them from investing in household formation (Fernandes et al., 2008). Another important factor in this respect is that temporary jobs produce wage discounts, namely lower levels of



income (e.g. due to lower bargaining power), and wage scars through the employment history of individuals employed with a temporary position (e.g. due to limited promotion chances) (Gebel, 2009)

Several studies showed the negative effects of job precariousness on the propensity of youth to leave the parental household, but also the variability of this impact among European Countries (for a review see (Baranowska-Rataj et al., 2015). In Southern European countries, characterised by a familist welfare model, the rise in labour market uncertainty has contributed to the postponement of the transition to adult life for young people, but the magnitude of such a repercussion has varied across countries and suggested that this depends on the specific national institutional context. (Blossfeld et al., 2005, 2012). As an example, in Southern-European countries, where welfare systems are less generous than those of Scandinavian countries in supporting individuals from job loss or in housing costs, the relationship between the labour market condition and the transition to residential autonomy has been found to be stronger (Ranci et al., 2014). Part of the literature underlined that young people with different levels of education used different strategies for leaving the parental home in different institutional contexts (Bertolini et al., 2014, 2015).

In Italy, there has been a late and rapid introduction of flexible forms of employment without adequate *'buffering'* through simultaneous social security reform assuring access to social security to temporary workers just as for permanent workers. These reforms resulted in strong market segmentation between outsiders and insiders (Regini, 2000). Workers employed with permanent contracts, especially in large companies, can often benefit from a high level of social protection: protection covering illness or unemployment benefits in the event of periods of unemployment, whereas there has been only a low level of social protection for flexible workers who, for example, are not entitled to unemployment benefits between one contract and another, or to periods paid during absence due to illness (Blossfeld et al., 2012).

The Italian system of welfare is weak and has had an exclusive role of the original family in supporting young people towards this transition (Ascoli et al., 2015; Bertolini, 2011; Fullin, 2005; Mencarini and Tanturri, 2006; Negri and Filandri, 2010; Reyneri, 2011). Postponement takes longer in Italy and it might be because this country has a less universalistic welfare state. Youth policies have thus remained largely fragmented and delegated, in their implementation, to regions, without a real national plan of coordination and, above all, without an integration with other policies, such as education, employment and family policies (Cordella and Masi, 2012; Antonucci, Hamilton and Roberts 2014).

For Italy in particular, empirical literature found a significant and positive impact of occupational status, type of employment and income on the transition out of the parental home, especially stronger for males (Aassve et al., 2002; Bertolini, 2011). Also getting married, considered as the traditional way to housing autonomy, was found to



be negatively associated to unemployment and temporary contracts, especially for males. On the contrary, for females, economic and job insecurity were less important, so that unemployed or inactive women did not have a lesser chance of getting married (Bernardi and Nazio, 2005; Bettio, 2013). In general, in countries, “...where the male-breadwinner model is predominant, it will be more important for males to establish themselves in a secure job as opposed to females...” (Blossfeld et al., 2005, p. 19).

In the literature focused on Italy, the relation between labour market flexibilization and family formation was analysed from two perspectives (Bertolini, 2011): on the one hand, the role of the family was described as providing protection for those who had an unstable job or a lack of adequate institutional support (Fullin, 2005; Reyneri, 2011).

In this sense, it may be argued that in Italy, the family substitutes the welfare state. On the other hand, it has been pointed out that unstable jobs can slow down family formation among young people. For young adults, one of the consequences of remaining in atypical employment is the postponement of important decisions in their private/family lives, whereas the length of postponement depends on the institutional context (Bertolini, 2011; Bertolini et al., 2014, 2015; Rizza, 2002).

In addition to the above, the effects of employment precariousness on family formation vary according to both social class and the level of education. In fact, young people with a high level of education tend to stay longer in their family of origin while studying, because of the lack of economic support for mobility and allowances for students. Young people in Italy also tend to stay in the family of origin while looking for their first job, due to the fact that early entrance to the labour market lacks access to unemployment protection (Bertolini, 2011; Bertolini et al., 2014). Young people coming from families of a high social class can count on cultural and economic support from their family also while they are working with a temporary contract, while young people coming from a low social class, usually also with a low education level cannot enjoy cultural and economic protection from the family of origin and must accept any type of job. Moreover, in Italy, the strategy of leaving home late can be interpreted as a way for middle class males (Barbera et al., 2010; Negri and Filandri, 2010) to wait for entering a high quality job position (Reyneri, 2011). The family background of parents also influences leaving home: parents with a higher level of education are more prone to encourage the autonomy of their children, resulting in a tendency to leave home earlier by their sons (Franchi, 2005; Negri and Filandri, 2010).

However, in general, young people in Southern Europe leave the parental home later. Despite increases in this incidence, consensual unions are also comparatively less common than in other European countries (Billari et al., 2001; Nazio and Blossfeld, 2003). Thus, late home-leaving may also be related to the fact that young people less frequently choose to form a partnership through a consensual union.

Authors stressed the importance to analyse separately the time of leaving the parental home alone or with a partner. This was because one of the main motivations to leave



the parental home, especially in Italy, is still to form a new family (Barbagli et al., 2004; Billari et al., 2001; Negri and Filandri, 2010; Rusconi, 2006).

On the other hand, Italy is a country characterised by deep territorial differences, in particular the North-South divide (Kazepov and Barberis, 2013). Previous research using cross-sectional data (Bertolini, 2012) showed that women living in the Northern regions behaved differently from those in the South. Moreover, such a trend was found significant even when controlling for the educational level: the condition on the labour market was significantly associated to the transition to housing autonomy of women living in Northern regions, both for high and low levels of education, while, in the South it was significant only for the highly educated. This was linked to the different ways in which women made the transition to adult life in Northern and Southern Italy. In fact, in the South of Italy, the dominant model is the male breadwinner, and women leave the parental home mainly through marriage. In this framework, the labour position of men became more important in order to sustain the new family. In the North of Italy, the prevalent model was the dual-earner model in which the working condition of the female matters when planning the transition with a partner. In this context, also the way of leaving the parental home alone or with friends became common and further reinforced the importance of the working condition for females.

Therefore, since Italy is in a situation of transition towards new models of families and work, and observing how the transition takes place for men and women in different geographical areas, also taking into account the level of education, contributes to better understanding the changes occurring in the country.

## Research hypotheses

Given this background, the aim of the paper is to investigate how labour market exclusion and objective insecurity affect the transition out of the parental home for young Italians. Using longitudinal data, we will be able to investigate whether, and to what extent, labour market conditions have influenced the attainment of housing autonomy, paying particular attention to two key dimensions: gender and area of residence. Thus, building on the research questions outlined in the Introduction of this volume and, based on some particular national features, we formulated the following hypotheses:

**HP1:** Labour market exclusion (unemployment) and objective job insecurity (temporary contracts) have a negative effect on the transition out of the parental home for males and to a lesser extent for women in Italy.

**HP2:** We expect to find a higher propensity for leaving the parental home for highly educated people (both male and female) in the South compared to individuals with higher education living in the North of Italy (due to mobility for employment reasons).



**HP3:** We expect to find that the worsening of economic conditions, as a consequence of the 2008 crisis, has had a negative impact on the chances of leaving the parental household, both with a partner or independently, reducing the likelihood of exiting for those individuals who were observed between 2010 and 2014.

**HP4:** We expect that a higher educational background of parents (at least one parent with higher education) can positively support exiting the parental home, through the transfer of economic resources or through a model of education more oriented toward independence.

## Data and Method

The empirical analyses were performed using the longitudinal data from the European Union Statistics on Income and Living Conditions database (EU-SILC). In order to take into consideration a large period of observation, which includes both the pre- and post-crisis periods, we pooled together several waves of EU-SILC longitudinal data, from EU-SILC2007 (with observations starting in 2004 and ending in 2007) to EU-SILC 2014.

The longitudinal database followed individuals for a maximum of 4 years, per each wave. In order to avoid the risk of duplicating households when pooling together different waves, we only took individuals followed for 4 years, dropping cases of individuals followed for a shorter period, which might have appeared in several waves<sup>2</sup>.

The sample was composed of individuals residing in Italy, in the age range of 16 to 40, who lived with their parents at the beginning of the period of observation<sup>3</sup>. This is an extended age bracket compared to previous analyses carried out in the Except project, but has been enlarged so as to increase the chances of observing exits from the parental home which, in the case of Italy, tended to occur at adult age, much later than in other European countries<sup>4</sup>.

The dependent variable in our analyses was the event of exiting the parental household. However, since literature highlighted a strong role played by marriage and – more recently – also by consensual unions in determining the pattern of exit from the parental home, we operationalised the dependent variable not as a dummy but as a categorical variable with three modes. Moreover, preliminary versions of this paper (Bertolini et al., 2017) showed a key role played by marriage in determining the

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<sup>2</sup> Wirth H. 2016. *EU-SILC Data Structure and Documentation*. GESIS Training Course on EU-SILC (November 28-30, 2016, Mannheim, Germany).

<sup>3</sup> Due to the structure of data, we are not able to identify previous housing history of the individuals. Left censoring excludes information on possible previous episodes of independent living of the subject (e.g. due to education) and possible returns home. Thus we are not able to differentiate between first-time leavers and nest-returners

<sup>4</sup> In 2015, the estimated average age of young people leaving the parental household in Italy was 30.1, against 26.1 in EU28 (Eurostat 2017, online code yth\_demo\_030, <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>)



likelihood of exiting the parental home. Thus, in order to include the presence of a partner in the outcome variable, we redefined the operationalisation of exit from the parental home by dividing the exit with a partner (partner is a household member) and exit with no partner (partner is not a household member), in addition to the case of no-exit.

The information about living with parents (or not) is recorded in EU-SILC on a yearly basis, together with other time-varying covariates. This organisation of the dependent variable, required adopting a person-period scheme with a number of rows per each individual equal to the number of years in which he/she was followed (e.g. if the subject was censored, the panel expired and the subject did not make the transition, the subject had 4 rows; if the subject made the transition in the second year, he/she would have two rows in the dataset. Once the event occurred, the subject exited from the risk set and was no longer observable).

The independent variables included in the models are:

- *Labour market situation*: a categorical variable, which combined information about occupational status and type of contract in 5 modes:

- employed with permanent contract
- employed with temporary contract
- employed with missing information on contract<sup>5</sup>
- unemployed
- inactive (includes students and inactive individuals<sup>6</sup>)

- *geographical area of residence*: a dichotomous variable equal to 1 if the individual lives in the South of Italy and equal to 0 if the individual lives in the North-Centre regions<sup>7</sup>. For individuals who made the transition out of the parental home, the information on the area of residence is only available for the year preceding the event, we are not able to track whether the individual changed region when exiting the parental household (because household ID changes).

- *period of entry into the survey*: a categorical variable indicating the period in which the individual started to be followed (namely, the wave when he/she first appeared). The three categories are:

- pre-crisis period for individuals who entered the survey between 2004-2006
- during the crisis period for individuals who entered the survey in 2007-2009
- post-crisis period for individuals who entered the survey in 2010-2011

- *parental background*: a categorical variable as a proxy for the social status of the family of origin. This to test whether a higher social status (or at least higher cultural

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<sup>5</sup> Due to the high number of missing values in the variable PL140 we decided to create a separate category in order to control for those missing and did not lose sample size.

<sup>6</sup> The small sample size does not allow us to differentiate pure inactive individuals and students in two groups. Although heterogeneous, this category refers to the official ILO and Eurostat definitions of inactive people, which includes students, pensioners and housewives or –men.

<sup>7</sup> We also took into consideration 3-mode variables which separated the North, Centre and South. However, results are very similar and thus opted for the dummy variable.





resources) may help (or retain) youth in making the transition to autonomous living. A higher social status may indeed support youth leaving home with economical resources.

The control variables are:

- *level of education*: a categorical variable with 3 modes indicating the highest level of education attained
  - lower secondary (or less) education
  - upper secondary
  - tertiary education
- *age*: a categorical variable grouping into 3 modes the age range of the sample:
  - young (16-24)
  - young adults (25-34)
  - adults (35-40)<sup>8</sup>
- *time to event*: a categorical variable to control for left censoring, which proxies the duration component of the model. Following (Lersch and Dewilde, 2015), we considered the end of education as the starting point for all individuals, and operationalised the variable in six categories, each made up of four-year intervals. Since EU-SILC did not provide information on the exact year when the individual left education, we built on previous work done in this respect (Rokicka et al., 2015), imputed the typical age of end of education for Italy and computed the years since the individual left education.

Descriptive statistics of the sample are presented in tables A.1 and A.2.

## Method

The method used for the empirical section was Event History Analysis, with models for discrete-time data (Bernardi, 2006; Box-Steffensmeier and Jones, 2004; Mills, 2011).

Event history discrete time models estimated the hazard rate, which is defined as the probability that an event occurs at a particular time  $t$ , conditional on the fact that the event did not occur before  $t$ . The survival function expressed the probability that an event did not occur before time  $t$  (Mills 2011, p. 181).

Thus, the hazard function is expressed as follows:

$$h(t) = \Pr(T = t | T \geq t)$$

where  $T$  is the event time.

The survival function is represented as:

$$\hat{S}(t) = \Pr(T > t | T \geq t) = 1 - h(t)$$

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<sup>8</sup> We also tested the hypothesis with a continuous variable for age, with very similar results.





When the dependent variable is binary and the time intervals are discrete (e.g. one-year interval) the recommended model was logit regression (Bernardi 2006). However, as we were in presence of competing risks, by which the event could have occurred for a number of reasons, namely the dependent variable was operationalised into three different outcomes, we applied an extension of the logistic regression, which is the multinomial logistic regression (Corbetta et al., 2014). With multinomial logistic regression, we estimated the risk/opportunity of experiencing one of the three outcomes, conditional on a set of one or more independent variables. As for logistic regression, this risk/opportunity was represented as a set of probabilities ranging from 0 to 1.

In our case, the baseline category was 'no exit' and the comparison was carried out in the paper as follows:

- a) exit without partner (outcome 2) vs. no exit (outcome 1)
- b) exit with partner (outcome 3) vs. no exit (outcome 1)

Finally, observations in a dataset organised according to a person-period scheme, could not be considered independent among them, but were clustered based on the id of the unit of analysis. Although this issue was quite debated, with some authors recommending adjusting standard errors on the basis of clustered id (Bernardi 2006), and some others (Allison 1982; Mills 2011) ignoring the problem, we finally opted to use robust standard error clustered on individuals.

## Results

### Descriptive statistics

As a first step, we present here some descriptive statistics of the event under analysis (dependent variable) and characteristics (independent and covariates) of the individuals who made the transition at the time of the event (Tables 1 and 2).

In total, in the sample and time range available, we were able to observe 980 exits from the parental home (namely, no longer have their father or mother as part of their household), of which 506 occurred with a partner, 474 with no partner. According to the descriptive statistics in Table 2, it seemed that exit from the parental home without a partner tended to occur more frequently among individuals who were employed (with almost no differences depending on the type of contract); among adult individuals in the age range of 35-40, and among those with tertiary education. Similarly, the exit from the parental home with a partner (no matter whether married or in a consensual union), tended to be more frequent among employed individuals (slightly higher for permanent contracts), among individuals with higher education and in the pre-crisis period. On the other hand, differences based on gender and geographical areas looked very limited.



**Table 1** Number of events in the sample

	No.	%
no exit	9,490	90.6
exit with no partner	474	
exit with partner	506	
total exit	980	9.4
total individuals	10,470	100

Source: own calculation based on EU-SILC longitudinal database (UDB 2007-2014)



**Table 2** Descriptive statistics of characteristics associated to the event (at time  $t_{event}$ )

	exit no partner			exit with partner		
	No.	sample	%	No.	sample	%
<i>LM status and contract</i>						
employed with permanent contract	221	2,500	8.8	251	2,500	10
employed with temporary contract	75	954	7.9	79	954	8.3
employed (missing info on contract)	53	733	7.2	65	733	8.9
unemployed	55	1,537	3.6	45	1,537	2.9
inactive	70	4,746	1.5	66	4,746	1.4
Total	474	10,470	4.5	506	10,470	4.8
<i>geographical area</i>						
North & Centre	311	6,338	4.9	304	6,338	4.8
South & Islands	154	4,116	3.7	192	4,116	4.7
missing	9	16	56.3	10	16	62.5
Total	474	10,470	4.5	506	10,470	4.8
<i>period of entry</i>						
pre-crisis (entry 2007/2009)	232	4,618	5	279	4,618	6
crisis (entry 2010/2012)	172	3,829	4.5	183	3,829	4.8
post-crisis (entry 2013/2014)	70	2,023	3.5	44	2,023	2.2
Total	474	10,470	4.5	506	10,470	4.8
<i>parental background</i>						
at most lower secondary	220	4,843	4.5	279	4,843	5.8
upper secondary	175	4,249	4.1	179	4,249	4.2
tertiary	79	1,372	5.8	48	1,372	3.5
missing	0	6	0		6	0
Total	474	10,470	4.5	506	10,470	4.8
<i>Control variables</i>						
<i>Gender</i>						
male	257	5,721	4.5	240	5,721	4.2
female	217	4,749	4.6	266	4,749	5.6
Total	474	10,470	4.5	506	10,470	4.8
<i>Age</i>						
young (17-24)	88	5,540	1.6	48	5,540	0.9
young adults (25-34)	267	3,831	7	355	3,831	9.3
adults (35-40)	119	1,099	10.8	103	1,099	9.4
Total	474	10,470	4.5	506	10,470	4.8
<i>Education</i>						
at most lower secondary	97	3,680	2.6	124	3,680	3.4
upper secondary	258	5,571	4.6	275	5,571	4.9
tertiary	119	1,162	10.2	107	1,162	9.2
Total	474	10,470	4.5	506	10,470	4.8

Source: own calculation based on EU-SILC longitudinal database (UDB 2007-2014)



## Regression models

In order to highlight the different patterns of exit that might emerge for men and women, we ran separate gender-specific discrete-time EHA models (Table 3).

The estimates of the multinomial logit regression confirmed preliminary results from descriptive statistics and clarified better the factors associated to patterns of exit without a partner and exit with a partner.

### Exit with no partner (vs. no exit)

Keeping in mind that our baseline comparison group was the case of no exit from the parental home, estimates for **men** (model 1) showed that our variable of main interest, labour market condition, played a relevant role. Indeed, being unemployed significantly reduced the chances of leaving the parental home without a partner (vs. not exiting home) (HP1). However, no difference was observable with respect to the type of contract, whether permanent or temporary. The category of inactive men (which included students and people not employed and not looking for job) also showed a lower risk of exiting the parental home (compared to men employed with a permanent contract). Regarding the interaction between geographical area and education, HP2 was not confirmed: having tertiary education and living in the South did not provide significantly higher chances of a higher relative risk of exiting home alone, net of labour market status, compared to those with peers living in the North. On the contrary, individuals with low to medium education in both the North and the South had a lower chance of exiting compared to those highly educated in the North. The negative effect of the crisis hypothesised could be observed (HP3). Stated better, being observed in the period following the economic crisis (since 2013 on), net of labour market status, has significantly reduced the chances of exit alone for men, compared to those who started to be observed in the period 2007-2009.

In line with what is hypothesised in HP4, a high parental background (at least in terms of cultural resources, proxied by tertiary education), net of labour market status, was associated to a higher relative log odd of exiting the parental home with no partner (vs. non-exit). Lastly, the variable introduced to model duration provided a pattern of increasing relative risk of exiting the parental home alone as years since the end of education increased.

Estimates for **women** (model 2), did not differ much from the men model: our variable of main interest was confirmed as relevant: being unemployed was significantly associated to a reduced relative log odd of exiting the parental home for women as well (HP1). Having a temporary contract did not result as being significantly different from a permanent one, and inactive women (which included pure inactive and students), just as for men, showed a significant lower risk of exit. The association with education and geographical areas resembled the results from the model of men, also here women



with a high educational title, living in the South of Italy (net of labour market status, did not have a higher log odd of exiting the parental home alone compared to their peers in the North (HP2). The effect of the period of entry into the survey and, in particular, a potential negative effect of being observed in the period after the crisis, net of the labour market status, was not statistically significant (HP3). Finally, as observed for men, a higher parental background in terms of cultural resources was positively associated to a higher relative log odd of exiting home alone (vs. non-exit) (HP4). Lastly, contrary to what was observed for men, there seemed to be an increasing relative risk of exiting the parental home for women who left education more than >20 years ago (compared to recent school leavers, 0-4 years).

#### Exit with a partner (vs. non-exit)

Estimates for **men** (model 1), showed again that our main interest variable played a significant role, also in the relative risk of exiting the parental home with a partner. Indeed, being unemployed was significantly and negatively associated to the risk of exiting home with a partner (compared to non-exit) (HP1). As for the previous outcome, having a temporary contract did not significantly differ from having a permanent contract in determining the risk of exit, and being a student or inactive decreased significantly the relative risk of exit.

With respect to education and geographical areas, the relative chances of exiting the parental home with a partner (vs. non-exit), net of labour market situation, did not differ across the geographical area (highly educated in the South did not have a significantly different risk), but the divide seemed to run along the level of education, for the North only: indeed, low-medium educated in the North had a lower risk of exiting compared to highly educated peers (HP2). As for the previous transition, there was a significant negative effect of the post-crisis period for men, which implied that, controlling for the labour market status, being observed in the period after the crisis (since 2013 on) reduced the relative risk of exiting the parental home with a partner (compared to those observed in the pre-crisis period 2007-2009) (HP3). Unlike previous models, the educational background of the family of origin did not exert any significant effect on the relative risk of exiting the parental home with a partner (HP4). Finally, time-dependence was also observed, with a positive and significant (turning slightly significant at 90% confidence interval for the categories 15+ years) association between years since end of education and exit with a partner. The model for **women** (model 2), did not differ substantially from the men model. The negative association with labour market exclusion was confirmed for women (HP1), as well as the non-statistically significant difference between temporary and permanent contract, and the reduced risk of exit for inactive women. The interaction between the level of education and geographical area did not differ from the men model, with low-medium educated women in the North having a lower chance of exiting compared to highly educated peers (HP2).



Contrary to the previous transition, a negative association with being observed in the post-crisis period was statistically significant (HP3) but, as for men, parental background did not seem to matter in shaping the relative risk of exiting the parental home (HP4). Lastly, contrary to the previous transition, the exit with a partner for women was significantly time-sensitive, since the relative risk of exit with a partner was higher as the years since the end of education increased.

As far as differences between the two outcomes of exit alone and exit with a partner were considered, Figure A.1 in the appendix plotted the average marginal effects of main variables of interest for Model 1 (men). It can be noticed that the average marginal effect of each variable did not significantly differ across models, with the exception of the post-crisis category, which is significant only for the case of exit with partner and the high educational level of parents, which is significant in case of individual exit only (average marginal effects of the two models can also be compared in Table A.3).

### Average Marginal Effects

In order to make the interpretation of coefficient easier and to compare the two models for women and men, we plotted some of the average marginal effects of the main variables of interest and summarised them in Table A.3 in the appendix.

Figure 1 plotted the average marginal effects for the specific subsample of men and women who were unemployed and inactive (vs. employed individuals with a permanent contract) and for the two possible outcomes (exit without and with a partner). The overlapping confidence intervals showed that the unemployment gaps were not significantly different for men and women, or between the two outcomes considered. For the same specific subsample of men and women who were unemployed and inactive (vs. employed individuals with permanent contract) Figure 2 plotted the average marginal effects on their chances of individual exit (with no partner) before (2007-2009, left panel) and after (2013-2014, right panel) the economic crisis. It showed that in both periods, there were no gender differences, namely unemployed men and women did not have a significantly different average marginal effect of making the transition out of the parental home, as the confidence intervals overlapped. The same subsample was considered in Figure 3, but with respect to the transition with a partner. Here again, the average marginal effects were not significantly different between genders but, for men, they did differ across periods (a negative but smaller marginal effect in the post-crisis period compared to the pre-crisis). This might have been due to the fact that in the post-crisis period the chances of exit with a partner decreased for all individuals, employed people included, and thus the relative distance between employed and unemployed individuals decreased, although preserving a significant difference.



**Table 3** Summary of findings from multinomial regression model

	<b>M (alone)</b>	<b>M (partner)</b>	<b>F (alone)</b>	<b>F (partner)</b>
HP1: LM exclusion (unemployment)	-	-	-	-
HP2: mobility for employment/study	ns	ns	ns	ns
HP3: economic crisis	-	-	ns	-
HP4: parental background	+	ns	+	ns
Duration (years since end of education)	+	+	+	+

Source: own elaboration





**Table 4** Multinomial Logit regression coefficients, separate models for men and women

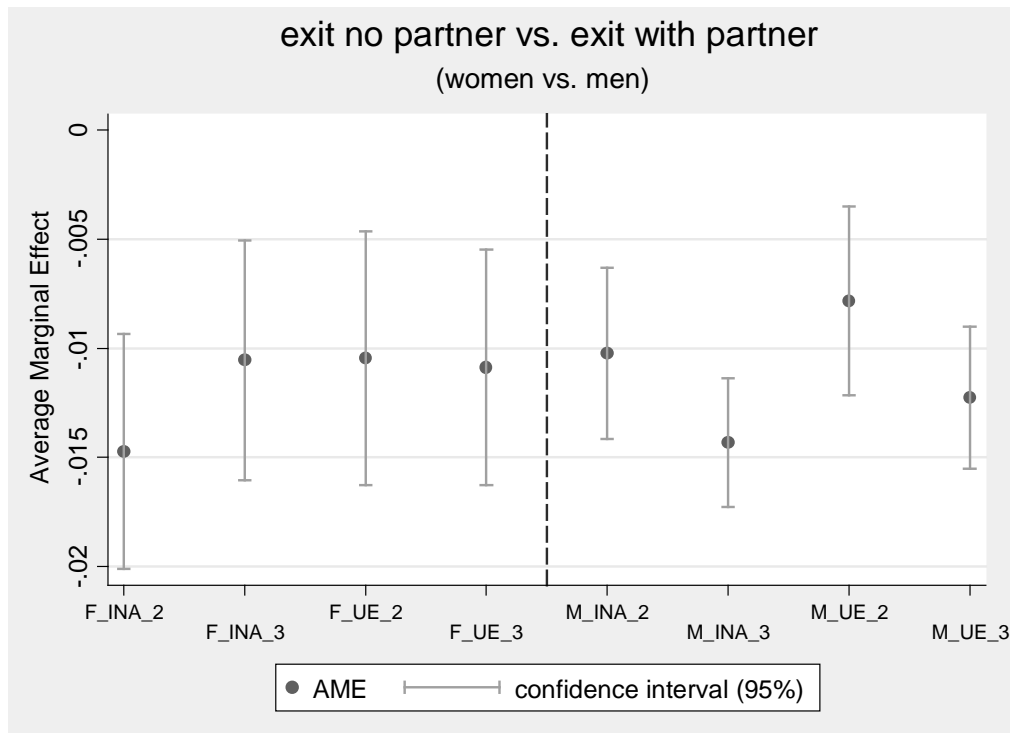
	(1) Men	(2) Women
no exit	ref	ref
<b>exit with no partner</b>		
LM status (ref= employed & permanent)		
employed & temporary	-0.248	0.0167
employed & missing	-0.272	-0.399
unemployed	-0.701**	-0.790**
inactive	-1.058**	-1.421**
education & geo (ref= high & North)		
low-medium & North	-0.431+	-0.459*
low-medium & South	-0.570*	-0.440+
high & South	0.463	0.0381
crisis (ref= pre-crisis)		
during	0.0124	-0.125
after	-0.348+	-0.308
parental background (ref= low education)		
upper secondary	0.266+	0.111
tertiary	0.642**	0.622**
years since end education (ref 0-4 years)		
5-9	0.314	0.227
10-14	0.507+	0.370
15-19	0.843*	0.562
20-24	0.748+	1.085*
25-29	0.737	1.258*
age (ref= 17-24 years old)		
25-34	0.451*	0.484*
35-43	0.591+	-0.00585
<b>exit with partner</b>		
LM status (ref= employed & permanent)		
employed & temporary	0.0357	-0.211
employed & missing	-0.127	-0.190
unemployed	-1.554**	-0.800**
inactive	-2.474**	-0.771**
education & geo (ref= high & North)		
low-medium & North	-0.510*	-0.524*
low-medium & South	-0.235	-0.229
high & South	0.0645	-0.0174
crisis (ref= pre-crisis)		
during	-0.133	-0.191
after	-0.909**	-0.907**
parental background (ref= low education)		
upper secondary	0.109	-0.0241
tertiary	0.109	-0.145
years since end education (ref 0-4 years)		
5-9	0.764*	0.757**
10-14	0.928**	1.080**
15-19	0.688+	0.912**
20-24	0.853+	1.347**
25-29	0.963+	1.340*
age (ref= 17-24 years old)		
25-34	1.404**	1.115**
35-43	1.056*	0.650+
Observations	22266	18347
R2	0.0827	0.0769

Note: + p < 0.10, \* p < 0.05, \*\* p < 0.01

Source: own calculation based on EU-SILC longitudinal database (UDB 2007-2014)



**Figure 1** Average Marginal Effect by LM status, gender and outcome



Legend: F=female; M=male; UE= unemployed; INA=inactive; \_2= exit no partner; \_3= exit with partner.  
Source: own calculation based on EU-SILC longitudinal database (UDB 2007-2014)



Figure 2 Average marginal effect of exit no partner, by LM status, gender and period

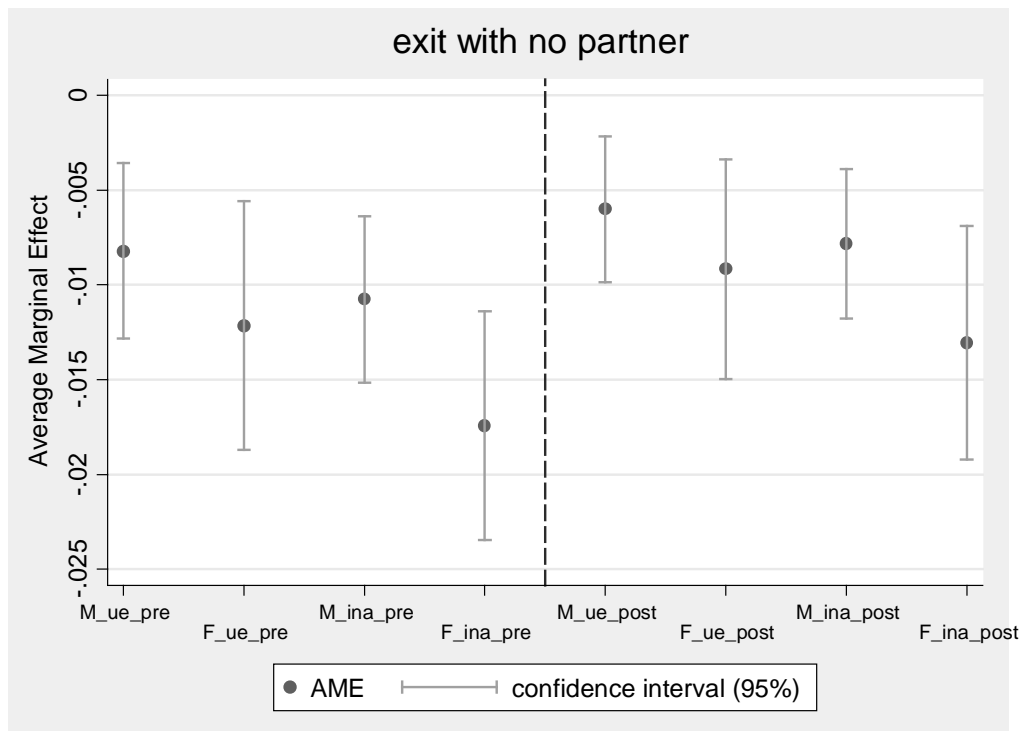
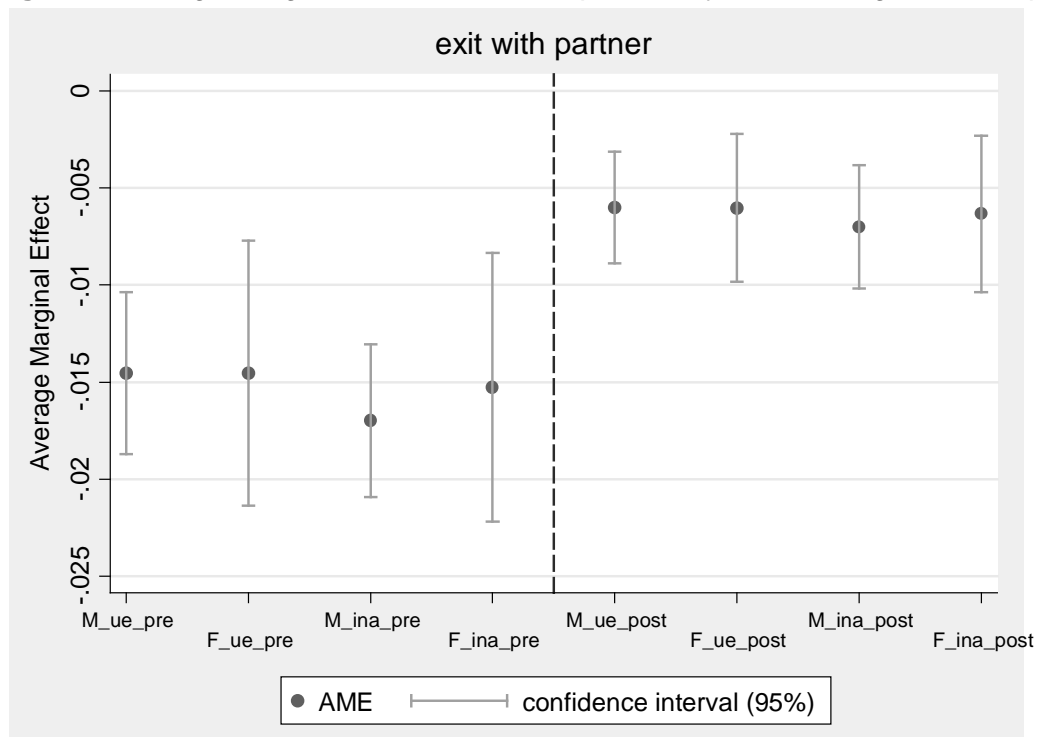


Figure 3 Average marginal effect of exit with partner, by LM status, gender and period



Legend for both figures: F=female; M=male; UE= unemployed; INA=inactive; pre=pre-crisis (entry 2007-2009); post=post-crisis (entry 2013-14).

Source: own calculation based on EU-SILC longitudinal database (UDB 2007-2014)



## Conclusions

In this paper, we analysed whether, and to what extent, the labour market situation of young Italians affected their chances of exiting the parental home, considering a medium-term horizon. The paper also aimed to test whether contextual factors, such as the occurrence of the economic crisis of 2008, and family-related characteristics, such as the educational level of parents, might also have played a role in shaping the chances of exiting the parental home. We used longitudinal data and applied discrete-time model for estimating the hazard rate of leaving the parental home for a sample of Italian individuals in the age range of 16 to 40 who, at the beginning of the observation period, were living with their parents. We ran separate models for men and women, but the estimates showed that the patterns of exit did not diverge substantially across gender.

The main hypothesis of a negative effect of labour market exclusion (HP1) was supported by all our models, and was robust and consistent across genders (both men and women) and across transitions, with the condition of unemployment impacting negatively both on individual exit and exit with a partner. Moreover, the condition of inactivity emerged as negatively associated to exit from the parental home. Although it might have been driven by a common reason of lack of resources, as for unemployed people, it might assume slightly different meanings for people who were in education (students) and truly inactive people (not employed and not looking for job). However, in all models, objective insecurity, proxied by having a temporary contract, did not play any statistically significant role. This could be explained by the fact that having a temporary contract was becoming very normal for the new generations of young people and after a certain age, they left the parental house even if in a precarious position.

The higher mobility for employment or study reasons hypothesised for individuals with tertiary education in the South (HP2) was not supported: indeed, for both men and women, net of their labour market status, highly educated people in the South did not have a significantly higher chance of exiting the parental home. On the contrary, only a very slight disadvantage of low- to medium-educated people in the North could be observed, suggesting a running divide across educational attainment in the North.

Moreover, being observed in the post-crisis period (HP3), net of the labour market status, significantly reduced (although to a little extent) the likelihood of exiting the parental home with a partner, compared to those observed in the pre-crisis period (both men and women), but did not play a significant effect in case of individual exit. This provided support for our hypothesis of declining chances of exit for youth because of a (persistent) deteriorated economic context.

The fourth hypothesis, assuming a positive role played by parents with higher cultural (and potentially material) resources in supporting the exit of children from the parental home (HP4) was also confirmed. However, it was interesting to note that this was confirmed for individual transition only: here children of parents with tertiary education



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had a higher relative propensity to exit (vs. non-exit). Therefore, it seemed that attitudes towards a more open/responsible education were positively associated to the process of leaving the family of origin.



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## Appendix

**Table A.1** Sample size by EU-SILC wave

EU-SILC wave	individuals	
	No.	%
2007 (2004/07)	1,629	15.6
2008 (2005/08)	1,537	14.7
2009 (2006/09)	1,452	13.9
2010 (2007/10)	1,531	14.6
2011 (2008/11)	1,261	12.0
2012 (2009/12)	1,037	9.9
2013 (2010/13)	880	8.4
2014 (2011/14)	1,143	10.9
Total	10,470	100

Source: own calculation based on EU-SILC longitudinal database (UDB 2007-2014)

**Table A.2** Descriptive statistics of sample size at the beginning of the observation ( $t_0$ )

Independent variables	No.	%	Control variables	No.	%
<i>gender</i>			<i>age</i>		
female	4,749	45.4	young (17-24)	5,540	52.9
<i>LM status and contract</i>			young adults (25-34)	3,831	36.6
employed with permanent contract	2,500	23.9	adults (35-40)	1,099	10.5
employed with temporary contract	954	9.1	Total	10,470	100
employed (missing info on contract)	733	7	Age (mean)	Std. Dev.	Median
unemployed	1,537	14.7		25.2	6.2
inactive	4,746	45.3	<i>education</i>		
Total	10,470	100	at most lower secondary	3,680	35.2
<i>area of residence</i>			upper secondary	5,571	53.2
South&Islands	4,116	39.4	tertiary	1,162	11.1
<i>period of entry</i>			Total	10,470	100
entry pre-crisis (2004-09)	4,618	44.1	<i>time to event (years since left education)</i>		
entry during crisis (2007-2009)	3,829	36.6	0-4	4,695	44.8
entry post-crisis (2010-2011)	2,023	19.3	5-9	2,749	26.3
Total	10,470	100	10-14	1,435	13.7
<i>parental background</i>			15-19	885	8.5
at most lower secondary	4,843	46.3	20-24	514	4.9
upper secondary	4,249	40.6	25-29	135	1.3
tertiary	1,372	13.1	missing	57	0.5
missing	6	0.1	Total	10,470	100
Total	10,470	100	partner is a household member (while living with parents)		
			no	10,284	98.3
			yes	179	1.7
			missing	7	0.1
			Total	10,470	100

Source: own calculation based on EU-SILC longitudinal database (UDB 2007-2014)



**Table A.3** Average Marginal Effects for discrete time model (multinomial logit in Tab. 4)

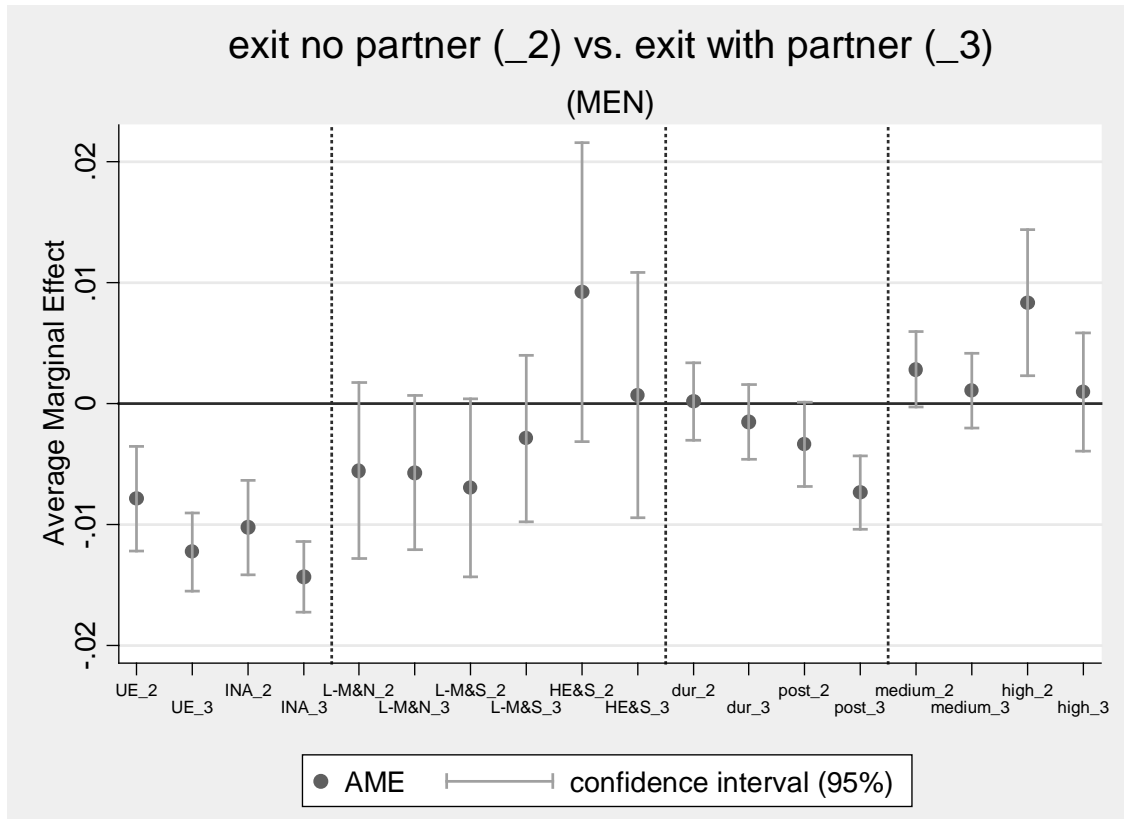
	<b>MEN</b>	<b>WOMEN</b>
<b>exit no partner (outcome 2)</b>		
LM status (ref= employed & permanent)		
employed with temporary contract	-0.00345	0.000421
employed (missing info on contract)	-0.00371	-0.00629
unemployed	-0.00783***	-0.0105**
inactive	-0.0102***	-0.0147**
education & geo (ref= high & North)		
low-medium & North	-0.00553	-0.00555+
low-medium & South	-0.00695	-0.00543
high & South	0.00922	0.000602
crisis (ref= pre)		
during	0.000177	-0.00140
post	-0.00337	-0.00312
parental background (ref= at most lower secondary)		
upper secondary	0.00284	0.00117
tertiary	0.00835**	0.00848**
Observations	22266	18347
<b>exit with partner (outcome 3)</b>		
LM status (ref= employed & permanent)		
employed with temporary contract	0.000628	-0.00377
employed (missing info on contract)	-0.00177	-0.00328
unemployed	-0.0123**	-0.0109**
inactive	-0.0143**	-0.0106**
education & geo (ref= high & North)		
low-medium & North	-0.00571+	-0.00752*
low-medium & South	-0.00288	-0.00365
high & South	0.000714	-0.000337
crisis (ref= pre)		
during	-0.00152	-0.00285
post	-0.00734**	-0.00997**
parental background (ref= at most lower secondary)		
upper secondary	0.00108	-0.000365
tertiary	0.000976	-0.00209
Observations	22266	18347

Note: +  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ .

Source: own calculation based on EU-SILC longitudinal database (UDB 2007-2014)



Figure A.1 Average Marginal Effect for exit no partner vs. exit with partner (Model 1)



Legend: UE=unemployed; INA=inactive; L-M&N=low-medium education & North-Center; L-M&S= low-medium education & South; HE&N=high education & North-Center; HE&S=high education & South; dur= during the crisis; post= post crisis; medium= highest educational level of parents is upper secondary education; high=highest educational level of parents is higher education.

Source: own elaboration based on EU-SILC longitudinal database (UDB 2007-2014)



## 2. Labour market uncertainty and leaving the parental home in the UK

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### Institutional context and theoretical background

Leaving the parental home to set up a new, independent home is usually thought of as a key element of transition to adulthood and one of the crucial nodes of the life course, implying not only household independence but also greater social autonomy for young people (Billari et al. 2001). Transition trends of older cohorts of young Europeans have usually been heterogeneous between European countries (Billari et al. 2001). Young adults in the UK have traditionally displayed a relatively early transition to residential independence compared to other European countries. Several studies comparing the living arrangements of young adults in previous decades show that the UK has been among the countries with the smallest share of young people co-residing with their parents and the youngest leaving home age (Cordon 1997, Billary et al. 2001).

In recent years however transition to independent living has been changing, becoming more protracted, more complex and following a different age pattern (Billary and Liebroer 2010). The rising economic uncertainty, particularly in the context of the global recession of the late 2000s has been identified as an important determinant of these changes (Mills et al. 2005, Wang and Morin 2009). In 1996 2.7 million (21%) young adults, aged 20-34 were living with their parents in the UK. This figure did not change much until the financial crisis in 2008, however by 2013 it reached 3.4 million (26%).<sup>9</sup>

The past decades have witnessed important changes to the nature of the British labour and housing markets which could have affected life-cycle patterns of leaving parental home. An increase in unemployment observed after the recent recession has been disproportionately borne by the young British (Office of National Statistics 2011). Starting from the 2008 economic recession the unemployment rate among young people under the age of 25 had been rising with a peak of over 22% in 2012 (see Figure 4), yet after 2013 it has been on a decreasing path reaching 12% by the end of 2016. However, at the same time among those employed, jobs have become more precarious. There has been an increase in the number of zero-hours contracts, fixed-term contracts and reduced hours of work (Whittaker et al. 2013). According to the Labour Force Survey (Dec, 2016) the number of people on zero-hours contracts

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<sup>9</sup> <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/datasets/youngadultslivingwiththeirparents>



reached an all-time high in the final three months of 2016 at 905,000 (2.8%). This constitutes a dramatic increase from the 2012 level, for example, when 252,000 people were employed on this basis (0.8%). The figures are even more striking for those aged 16 to 24 7.5% of whom are employed on a zero-hour basis<sup>10</sup>. In addition, as the labour market has become more competitive the need for higher qualifications has heightened and this has led to a lengthening of the time young people spend in education (Kneale and Joshi 2008).

During the same period housing has become increasingly unaffordable for young people. House prices and rents have been rising to record levels in recent years which combined with high mortgage deposit costs make home ownership unaffordable on a starting salary (Shelter 2015). The recent austerity measures put in place have led to reductions in the financial support available from the welfare system to young people, further aggravating the house affordability problem (Berrington and Stone 2014). The figures produced by the Local Government Association in 2016 suggest that the average house prices were 7.9 times the average earnings in September 2016. As a result of this high ratio at age 25, only 20% of individuals born in 1991 own their own home compared to around 40% of those born 10 years before<sup>11</sup>.

These changes have likely had an effect on the home leaving patterns observed in the UK. The literature suggests that both the level of income and the extent of uncertainty around income will affect moving-out decisions. The standard model used in this literature developed (among others) by McElroy (1985), Rosenweig and Wolpin (1993), Ermisch (1999) has the following features. Individual utility depends on consumption and housing, and parents are altruistic but the child is selfish. Individuals exhibit a taste for privacy and parents share income (consumption) and housing with the child when co-residing and if their income is high enough, they make transfers to the child when living apart. It can be shown that under fairly general conditions, the higher the child's income, the higher the probability of living apart, since the child can then avoid having to share her income with her parents and also enjoy more privacy. Becker et al. (2005) extended this standard framework to analyse the effect of uncertain income streams on co-residence. They assume that moving out is costly. This gives rise to an option value, associated with waiting to see the realization of future income and then deciding whether to leave. Thus, a child who moved out may come to regret her decisions. They show that, under general conditions, when the child's income distribution shifts to the right, the child is more likely to move out. The paper also shows that a higher variance of the child's future income holding the mean constant makes the child more reluctant to leave. As labour market exclusion and job insecurity are associated with greater economic uncertainty, we can formulate and test the following hypothesis: Labour

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<sup>10</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/contracts-that-donot-guarantee-a-minimum-number-of-hours/mar2017>

<sup>11</sup> <http://www.local.gov.uk/sites/default/files/documents/building-our-homes-commun-740.pdf>



market exclusions and job insecurity decrease the likelihood of leaving parental home and lower the speed of the transition to housing autonomy.

## Data and methods

### Data

Data comes from six waves of the Understanding Society, the UK Household Longitudinal Study (UKHLS). The UKHLS is a new longitudinal prospective survey following up annually all the 16+ aged members of around 40,000 household interviewed in wave 1. The panel started in 2009 and runs until 2014 for the first six waves. Individuals are re-interviewed annually and are followed up even when they leave the original households to form new ones.

The sample is restricted to respondents aged 16 to 35 at the time of first interview. Employment is measured in a categorical fashion distinguishing between those employed on a full-time and permanent basis, those employed on a temporary basis, those employed on a part-time but permanent basis, unemployed, those not active in the labour market (e.g. due to retirement, maternity leave, family care, illness and other) and in education (full time students or in government training scheme).

Those living in the same household with at least one natural, step-parent or adoptive parent are deemed to be living in the parental home. If a respondent is observed not living in the same household with a parent while he was in a previous wave this is considered as a move out of the parental home.

A number of other variables are also used in the analysis as controls. These include age, a dummy for male, a dummy for low education (no qualification, other qualification, GCSE), country dummies (England, Wales, Scotland, Northern Ireland) and ethnicity dummies (White, Mixed race, Asian, Black, other). According to the ONS estimates (Young Adults Living With Parents, ONS 2014<sup>12</sup>) there is significant regional variation in the proportion of those aged between 20 and 34 living with their parents. Between 2011 and 2013 36% of young people in Northern Ireland still lived with their parents compared to 25% and 27% for Scotland and Wales respectively. For England the proportion is lower still at 24%.

US evidence presented in Lei & South (2016) [Racial and ethnic differences in leaving and returning to the parental home: The role of life course transitions, socioeconomic resources, and family connectivity] shows that amongst 18 to 26 year olds 44% of individuals leave the parental home over a seven-year period. Amongst White people this figure rises to 50% while amongst Black people it falls to just 39%.

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<sup>12</sup> <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/datasets/youngadultslivingwiththeirparents/current>



## Methods

Given the nature of the data, we estimate a discrete time proportional hazard model with a log function as a baseline hazard function and derive the predicted hazard functions, relying on the complimentary log-log model (Jenkins 2008).

Let  $h(t_j)$  be the discrete-time hazard, i.e. the conditional probability that the event of moving out of the parental home will occur in the period  $j$  given that it has not occurred earlier:

$$h(t_j) = \Pr\{T = j | T > j\} \quad (1)$$

Let  $z(t) = c(t) + \beta'X$  be a function for a representative person in time  $t$ , where  $c(t)$  is the baseline hazard function and  $\beta'X$  is a set of characteristics with a corresponding vector of coefficients including an intercept term.

The complementary log-log discrete time hazard function  $h(t)$  is:

$$\log[-\log(1 - h(t))] = z(t) \quad (2)$$

$$\Rightarrow h(t) = 1 - \exp[-\exp(z(t))] \quad (3)$$

$$\Rightarrow h(t) = 1 - \exp[-\exp(\beta'X) \exp(c(t))] \quad (4)$$

The discrete time survival function  $S(t)$ :

$$S(t_j) = \Pr\{T > j\} \quad (5)$$

is then estimated by cumulating hazard:

$$S(t_j) = S(t_{1-j})[1 - h(t_j)] \quad (6)$$

For the estimation of the discrete time model the sample is restricted to those individuals who are 16-35 years old, live in the same household with parents in the first wave, and are observed in all six waves. They are kept in the sample until they are first observed moving out of the parental home either before or at the end of the sixth wave. In addition to the baseline hazard function, we also include in the estimation the following characteristics measured at first wave: employment status, age, gender, education, regional and ethnicity dummies as a set of time-invariant predictors. The final sample includes 14,083 person-year observations for 2,569 individuals selected into the sample at first wave. Of the 2,569 people aged between 16 and 35 living with their parents in wave one 2,126 (87%) do not leave the parental home before the end of the sample. For males this figure is 77% while for females it is 85% of the initial sample.





## Results

Table 5 presents the first wave characteristics of the sample used as additional predictors to the baseline hazard function in the model. In the UKHLS we have 2,569 individuals who are between 16 and 35 years of age and start in the first wave as cohabitating with parents and are observed in all 6 waves. In the total combined sample (Column (1)) approximately 41% report being in a full time permanent employment, 7.4% are unemployed, 27% not in the labour market, 3.2% in full-time education, 4.5% in a temporary job and 16.5% in permanent part-time job. The average age is approximately 30, 30% are males and 36% are of low education, i.e. have up to GCSE qualifications. In terms of ethnicity, 75% are white and 85% of the sample comes from England. There are striking gender differences in terms of the labour market status at first wave (Column (3) and Column (5)): only 26.8% of women are in full time permanent employment compared to 76% of men, while the situation is reversed for being not in the labour marker (only 2.2% for men vs. 37.4% for women). The difference is also significant in terms of education (2.0% among men vs. 3.8% among women) and with regards to permanent part-time job (4.9% for men vs. 21.4% for women). At the same time the difference in the unemployed status are much more modest: 8.7% among men and 6.9% among women.

Comparing characteristics of the total sample (odd numbered columns) to those of the transition sample (even numbered columns) one can see that in the transition sample there is a higher prevalence of those who had full-time permanent employment at the baseline, much lower prevalence of those not in the labour market and with part-time permanent employment. At the same time, there is little difference in terms of the unemployment status and the prevalence of those with temporary jobs at the baseline is actually higher in the transition sample.



Table 6 present the estimation results from the discrete time hazard model with log baseline hazard function and the set of time-invariant predictors. Column (1) uses the combined sample of men and women and shows that the baseline hazard rises with elapsed survival time, meaning that with time the probability of individuals leaving the parental home increases. Other things equal, within the same time period older individuals are less likely to move out of their parental home if they were living with parents in the previous period. Also, those with low education level are 34% less likely to move out compare to those with higher education, being black also reduces the likelihood of moving out by 48%, similar to the previous literature. However, other things equal, geographic differences turn out to be not statistically significant.

Compared to the full time permanent employment, being not in the labour market has the largest negative effect on the hazard rates of moving out of the parental home – of 89%, followed by having a permanent part-time job – of 84%. Being unemployed reduces the likelihood of moving out next period by 41% and having a temporary job – by 39%. The effect of being in education is also negative but not statistically significant.

Columns (2) and (3) show results from separate analyses by gender. As can be seen, the baseline hazard is positive for both men and women, yet it is almost twice larger for women. As for the control, the effect of low education is negative, but smaller for males than it is for females: having low education reduces the likelihood of leaving parental home by 39% for women and by 26% for men. However, the results regarding the impact of age and being black is only preserved for women, while for men they are not statistically significant. At the same time women who at the baseline period live in Wales are 46% less likely to move out. Similarly, there are significant differences by gender in the impact of labour market status: for women all the effects are qualitatively as documented with the combined sample, albeit somewhat more negative. Yet being in education has the opposite effect on men than it has on women: for men it increases the likelihood of moving out of parental home by 149%, while for women there is a reduction by 53%.

Figure 5 shows graphically the predicted probabilities (hazard functions) for persons with particular combinations of covariates comparing in each figure the hazard functions by employment conditions (full-time permanent employment, temporary employment, unemployment, part-time permanent unemployment, being not in the labour market). We see that the probability of moving out of the parental home at each period is lowest for those being not in the labour market, followed by those in full-time permanent employment. The hazard functions for the other groups are much higher meaning that the likelihood of people with such labour market status at baseline moving out of the parental home is much higher. Those who at the baseline have permanent full-time job have the highest hazard rates at each period of time. Thus, a change in the employment status from unemployment to employment results in an upward shift of the hazard function.



Figure 6 to Figure 13 offer examples of hazard functions across people with various labour market statuses for certain population groups: men and women, those with lower and those with higher education, 16-25 men and 16-25 women, 26-35 men and 26-35 women. As compared to the overall population, the spread in the hazard functions for those with lower education (Figure 6) is much smaller – there is practically no difference in the hazard functions between those with part-time permanent employment and those not in the labour market at the baseline. The difference between those unemployed and with temporary employment is actually reversed with those unemployed being more likely to leave parental home than those with a temporary contract. This may be suggestive of the worse types of temporary contracts available to low educated workers. Likewise, the hazard function for individuals with low education and in full-time permanent positions at baseline is much closer to the other statuses, indicating that even secure jobs which require little qualification do not bring enough benefits to ensure autonomy. The situation is the opposite for those with high education at the baseline (Figure 7): the differences between hazard functions for those in full-time permanent positions and the other categories are largest at each point in time. And the hazard function for temporary employment is above that for those unemployed, again indicating that perhaps the types of temporary contracts are much more beneficial for those with higher education than for those with lower education.

If one compares hazard functions for men (Figure 8) to those for women (Figure 9), it is obvious that, although full-time permanent position at the baseline is as beneficial for both with what concerns the autonomy status, temporary jobs are associated with much higher hazard rates at each point in time for men than they are for women. In addition, part-time permanent employment shifts upwards the hazard function for men but does not for women. Comparing age difference for men (Figure 10 to Figure 12) and women (Figure 11 to Figure 13) does not reveal any significant irregularities except for the expected fact that those who are older have higher hazard functions for the autonomy from parental household irrespective of gender and/or labour market status at baseline.

To check whether poor family background both defines the decision to move out of the parental home and lowers chances of an individual to be in full-time permanent employment or increases chances of labour market exclusion and having an insecure job, we added poverty status of the parental household (defined as having equivalised household income at or below 60% of the median) at baseline (Panel A, Table 7) and employment status of parents when the individual was 14 years old (Panel B, Table 7) as control variables. Neither poverty status of parental household nor the parents' employment status when the respondent was 14 years old bear any significant effect on the estimates of interest. Moreover, the variables which serve as proxies for family background are themselves not statistically significant, with the exception of mother's employment for men.



## Conclusions

In this paper we investigated the hypothesis that labour market exclusion and job insecurity are associated with a delayed transition to independent living, outside the parental home in the context of the UK, a country with traditionally early and high youth residential autonomy. As after the start of the Great Recession the country has experienced a surge in youth unemployment to high 22% followed by a decline to pre-2008 levels of 12% by 2016, while at the same time having a steady increase in the share of temporary jobs, especially among youth, as well as an unprecedented growth in housing prices over the same period, it offers an interesting case for the analysis of the impact of labour market exclusion and job insecurity on housing autonomy of youth.

The evidence from the estimated models provides support to the main hypothesis that the labour market exclusion (measured as being unemployed or economically inactive) and job insecurity (being in temporary or part-time job) has a negative impact on transition of youth out of the parental home. Analysing separately samples of men and women reveal that the direction of the effect is similar, but the estimated effects for men are much less precise to be able to make definite conclusions. We also find that among women for those who are black and who reside in Wales at the baseline it takes much longer to leave parental home.

Analysing the hazard functions, we document the existence of the educational divide in the effect: full-time permanent jobs for those with lower education at baseline do not provide enough support for future autonomy. There is also a significant difference in the position of the hazard function for those with temporary contracts at baseline across educational groups: those with higher education in fact do have higher chances of moving out of parental home at every single time period after the baseline if they started out with a temporary contract, while for those with lower education temporary contracts bring no advantage when compared to unemployment in the short-run and are even worse in terms of ensuring autonomy 2 years later and on. When considering gender dimension, temporary contracts are much more advantageous with respect to autonomy for both men and women, yet the advantage is much greater for men when compared to the unemployed category.

Controlling for the family background as measured either by the poverty status of the parental household or by the employment status of parents when the respondent was 14 years old, only slightly changes the magnitude of the effect for both men and women.



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## Appendix

**Table 5:** Baseline Characteristics (age 16-35)

	All		Men		Women		Men-Women (total sample) (7)
	Total Sample (1)	Transition Sample (2)	Total Sample (3)	Transition Sample (4)	Total Sample (5)	Transition Sample (6)	
FT Perm Employed	0.414	0.670	0.761	0.756	0.268	0.614	0.493
Unemployed	0.074	0.072	0.087	0.080	0.069	0.067	0.018
Not in the labour market	0.270	0.077	0.022	0.028	0.374	0.109	-0.352***
In education	0.032	0.079	0.020	0.057	0.038	0.094	-0.018***
Temp Job	0.045	0.054	0.062	0.051	0.038	0.056	0.023
PT Perm Job	0.165	0.047	0.049	0.028	0.214	0.060	-0.165***
Age	29.740 (4.210)	27.641 (4.791)	30.549 (3.693)	29.080 (4.230)	29.399 (4.366)	26.693 (4.909)	1.150
Male	0.297	0.397					
Low education	0.364	0.253	0.319	0.267	0.382	0.243	-0.064***
White	0.754	0.817	0.785	0.818	0.741	0.816	0.044
Mixed race	0.021	0.029	0.009	0.017	0.026	0.037	-0.017***
Asian	0.164	0.106	0.168	0.119	0.163	0.097	0.005
Black	0.047	0.032	0.025	0.028	0.056	0.034	-0.031***
Other	0.014	0.016	0.013	0.017	0.014	0.015	-0.001
England	0.854	0.851	0.846	0.835	0.858	0.861	-0.011
Wales	0.049	0.045	0.056	0.057	0.046	0.037	0.010
Scotland	0.056	0.061	0.059	0.068	0.054	0.056	0.005
Northern Ireland	0.040	0.043	0.038	0.040	0.042	0.045	-0.003
N	2,569	443	762	176	1,807	267	

Low education: no qualification, other qualification, GCSE; Higher education: A level, other degree, university degree. White: british,english, scottish, welsh, irish, gypsy of irish traveller, other; Mixed: white and black caribbean, white and black african, white and asian, white and other; Asian: indian, pakistani, bangladeshi, chinese, other asian british; Black: african, caribbean



**Table 6:** Hazard estimation for the probability of moving out of parental house (age 16-35)

	All	Men	Women
	(1)	(2)	(3)
ln(time)	1.3620*** (0.0716)	1.2684*** (0.1046)	1.5007*** (0.1034)
<i>Ref: FT Perm Employed</i>			
Unemployed	0.3892*** (0.0741)	0.7236 (0.1981)	0.2502*** (0.0640)
Not in the labor market	0.1064*** (0.0213)	1.2941 (0.5817)	0.0765*** (0.0164)
In education	0.7332 (0.1450)	2.4942*** (0.8153)	0.4681*** (0.1071)
Temp Job	0.6054** (0.1254)	0.7227 (0.2506)	0.5122*** (0.1334)
PT Perm Job	0.1583*** (0.0343)	0.9363 (0.3270)	0.0946*** (0.0245)
Age	0.7553*** (0.0787)	0.8246 (0.1447)	0.7538** (0.0963)
Age <sup>2</sup>	1.0024 (0.0019)	1.0013 (0.0031)	1.0021 (0.0024)
Male	0.9517 (0.1053)		
Low education	0.6612*** (0.0748)	0.7405* (0.1306)	0.6112*** (0.0912)
<i>Ref: White</i>			
Mixed race	1.0677 (0.3253)	2.2378 (1.6054)	0.8533 (0.2888)
Asian	0.9347 (0.1349)	0.8382 (0.1746)	0.9121 (0.1857)
Black	0.5236** (0.1486)	0.7952 (0.4043)	0.3759*** (0.1323)
Other	1.2400 (0.5147)	1.5097 (0.8454)	0.9454 (0.5434)
<i>Ref: England</i>			
Wales	0.7263 (0.1663)	0.8657 (0.2994)	0.5385* (0.1745)
Scotland	0.9359 (0.1771)	1.3391 (0.3802)	0.6571* (0.1668)
Northern Ireland	1.1194 (0.2420)	1.2350 (0.4907)	0.9947 (0.2441)
N	14,083	4,031	10,052

Notes: Table reports hazard rates. Robust standard errors clustered at the individual level; \*\*\* p<0.01, \*\* p<0.05, \* p<0.1





**Table 7:** Hazard estimation for the probability of moving out of parental house  
controlling for poverty and parental employment status when 14(age 16-35)

	All (1)	Men (2)	Women (3)
<i>Ref: FT Perm Employed</i>			
Unemployed	0.3975*** (0.0768)	0.7365 (0.2012)	0.2508*** (0.0659)
Not in the labor market	0.1072*** (0.0215)	1.3731 (0.6165)	0.0764*** (0.0165)
In education	0.7417 (0.1463)	2.6279*** (0.9107)	0.4682*** (0.1062)
<b>(A)</b> Temp Job	0.6099** (0.1265)	0.7168 (0.2499)	0.5127** (0.1348)
PT Perm Job	0.1585*** (0.0343)	0.9347 (0.3260)	0.0945*** (0.0245)
Poverty	0.8101 (0.1775)	0.5056 (0.2583)	0.9616 (0.2347)
N	14,067	4,026	10,041
<i>Ref: FT Perm Employed</i>			
Unemployed	0.3895*** (0.0782)	0.7883 (0.2133)	0.2233*** (0.0634)
Not in the labor market	0.1087*** (0.0221)	1.4213 (0.6290)	0.0776*** (0.0170)
In education	0.7709 (0.1540)	2.7870*** (0.9454)	0.4780*** (0.1108)
Temp Job	0.6682* (0.1387)	0.7940 (0.2833)	0.5478** (0.1436)
<b>(B)</b> PT Perm Job	0.1547*** (0.0341)	0.8648 (0.3119)	0.0950*** (0.0246)
Poverty	0.7932 (0.1776)	0.5217 (0.2653)	0.9584 (0.2407)
Dad Employed at 14	0.8739 (0.1589)	0.6708 (0.1975)	1.0470 (0.2355)
Mum Employed at 14	1.1596 (0.1282)	1.3933* (0.2500)	1.0378 (0.1485)
N	13,829	3,961	9,868

Notes: Table reports hazard rates. Robust standard errors clustered at the individual level; \*\*\* p<0.01, \*\* p<0.05, \* p<0.1. All control variables are the same as in Table 2.



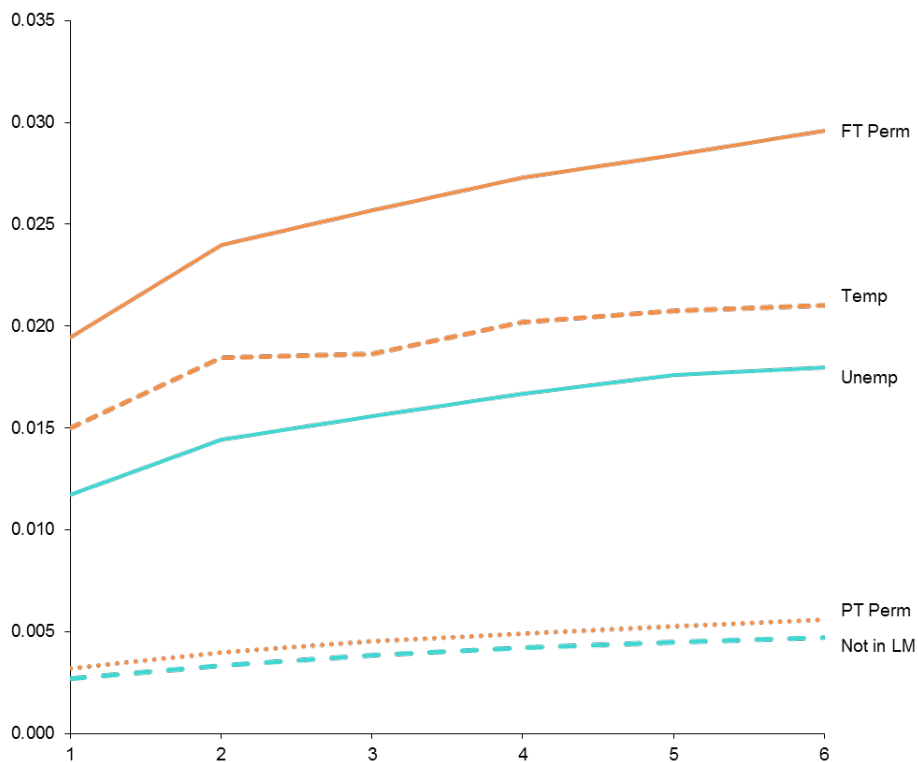


**Figure 4:** Youth Unemployment Rate in the UK: 2008-2016



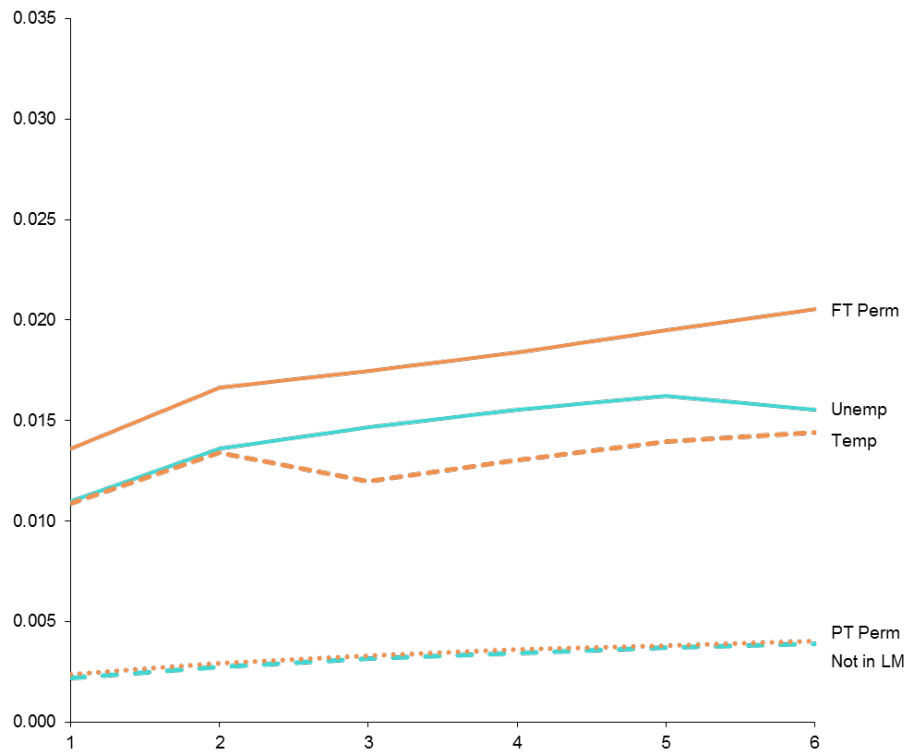
Source: <http://www.tradingeconomics.com/united-kingdom/youth-unemployment-rate>

**Figure 5:** Hazard Functions by Labour Market Status – whole population

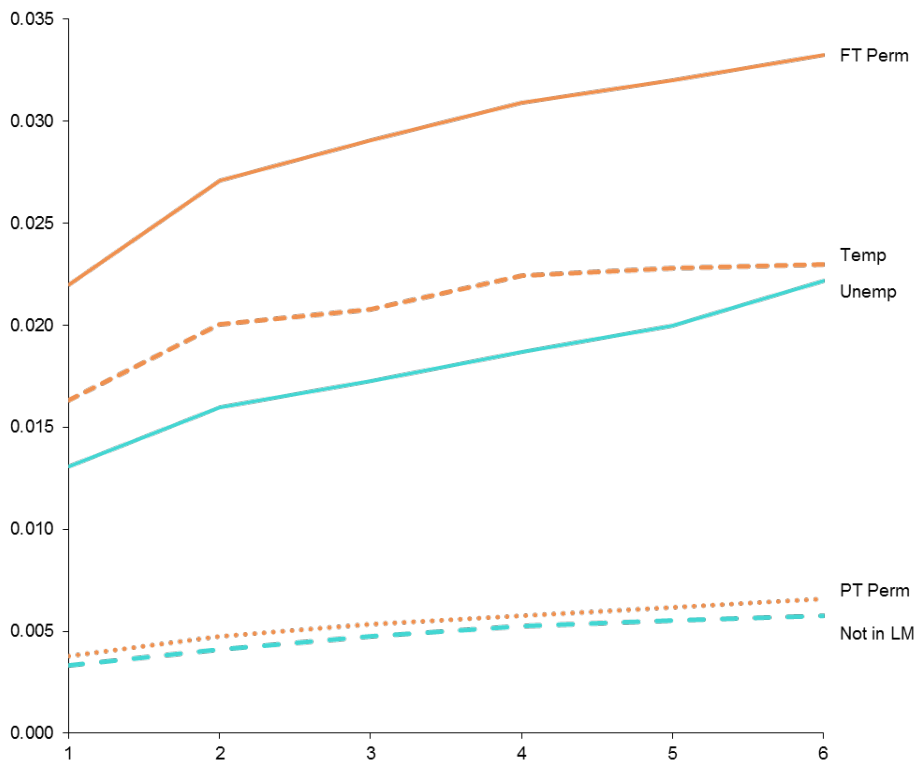




**Figure 6:** Hazard Functions by Labour Market Status – those with low education

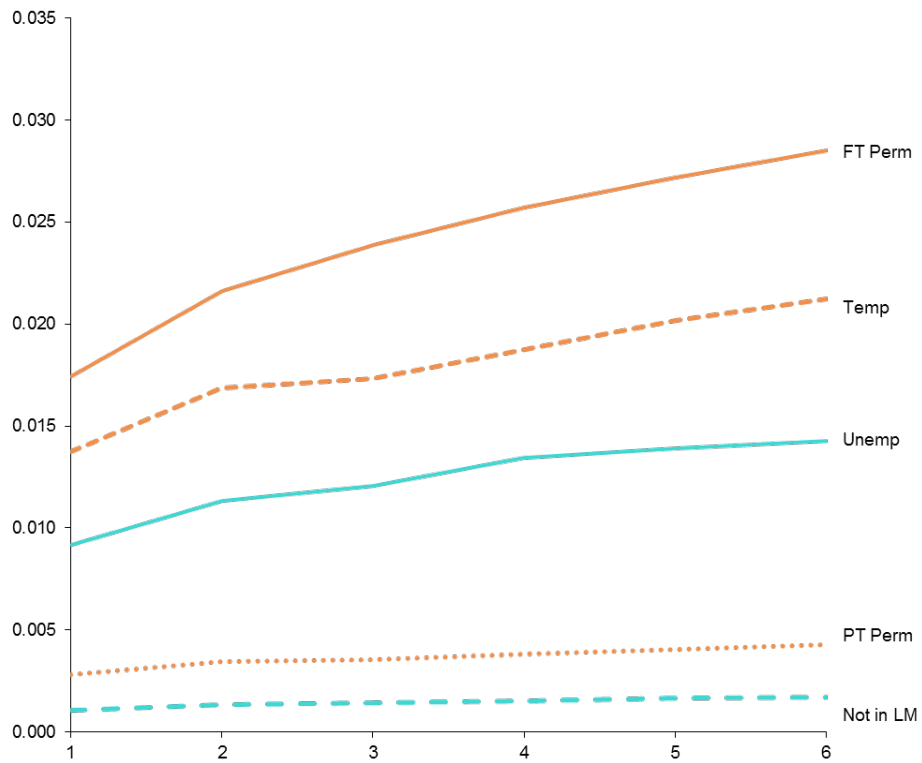


**Figure 7:** Hazard Functions by Labour Market Status – those with higher education





**Figure 8:** Hazard Functions by Labour Market Status – men



**Figure 9:** Hazard Functions by Labour Market Status –women

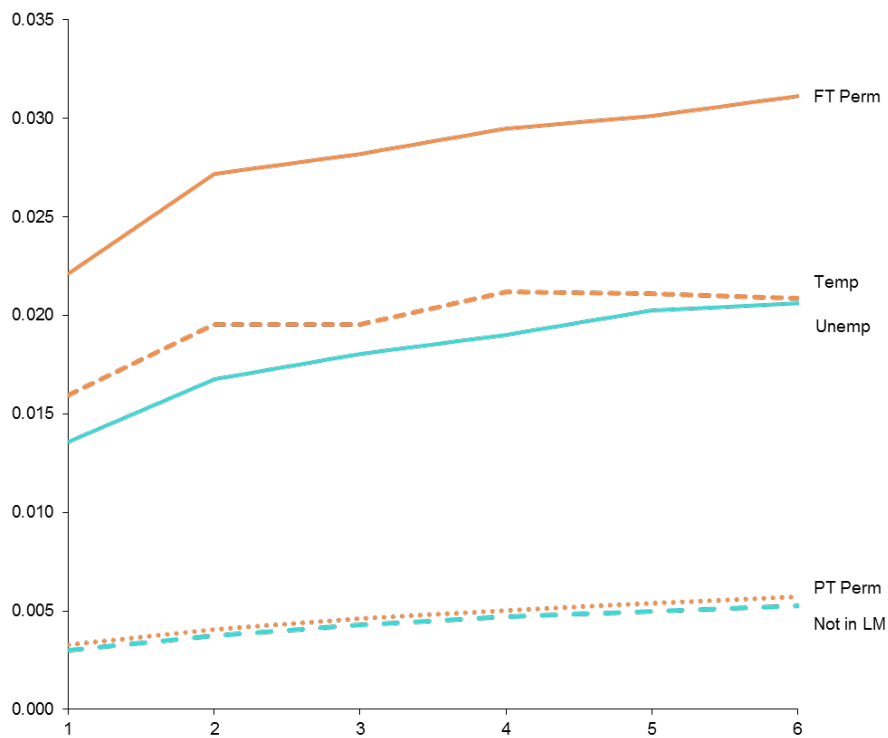




Figure 10: Hazard Functions by Labour Market Status – men 16-25<sup>13</sup>

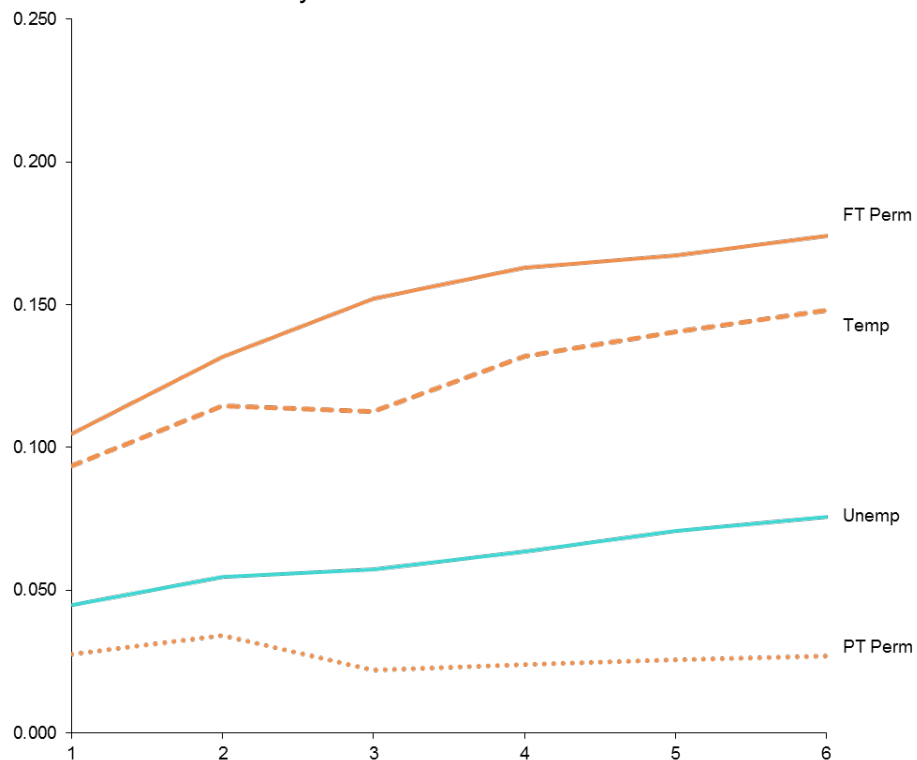
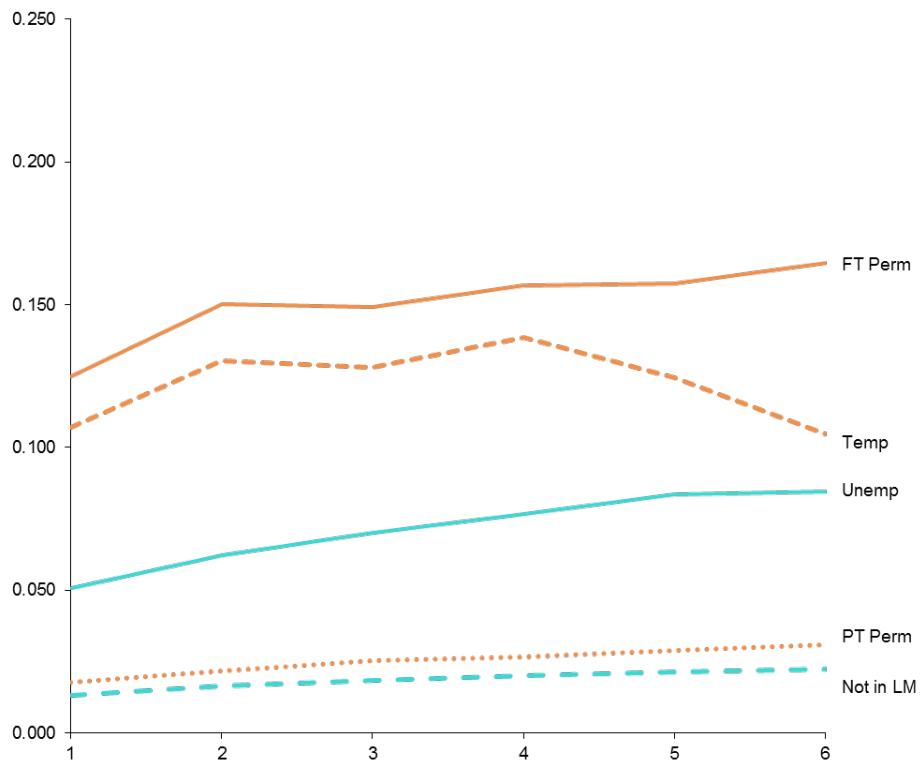


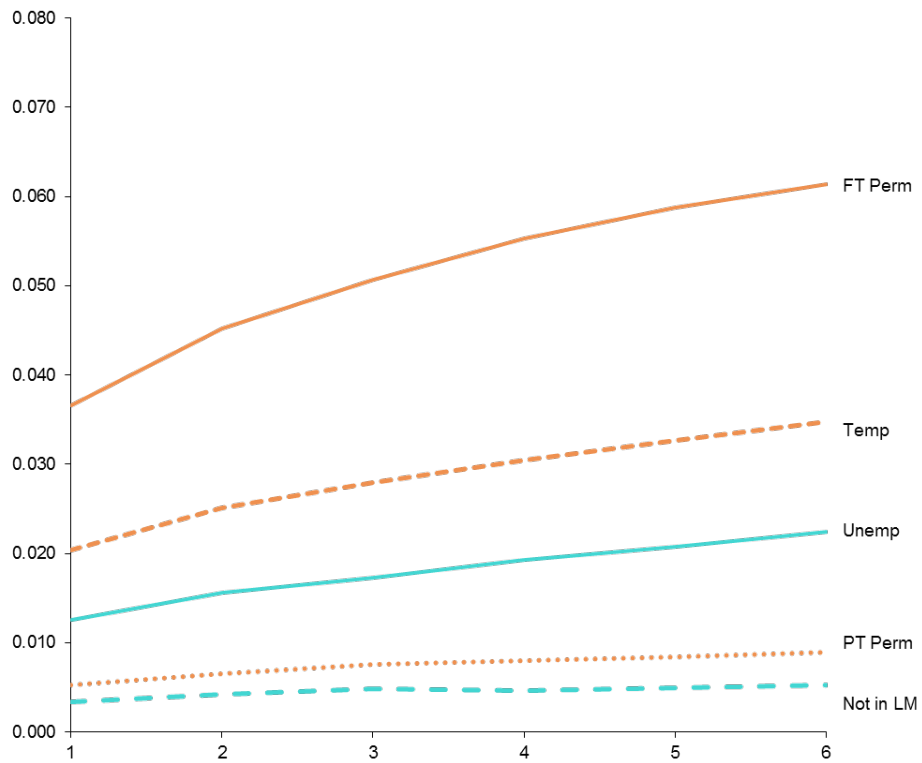
Figure 11: Hazard Functions by Labour Market Status – women 16-25



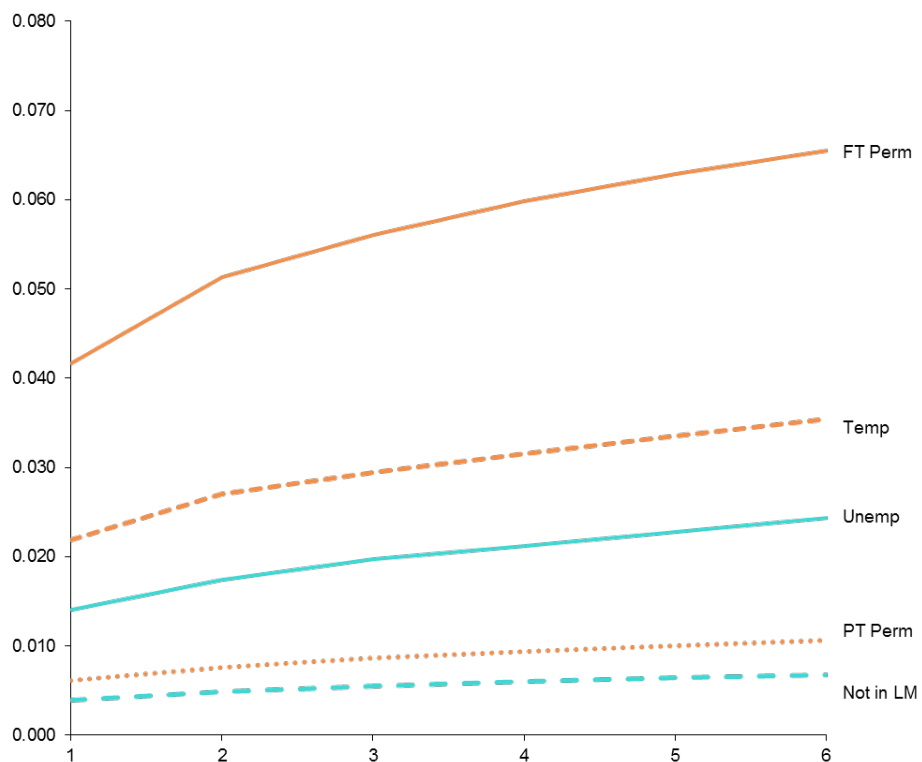
<sup>13</sup> Economically inactive group is missing because there are not enough men in this category who still live at home at the start of the sample.



**Figure 12:** Hazard Functions by Labour Market Status – men 26-35



**Figure 13:** Hazard Functions by Labour Market Status – women 26-35





### 3. The impact of labour market insecurity on leaving parental home: Evidence from Poland.

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#### Introduction

Leaving the home of origin and setting up one's own household is regarded as one of the key markers of the transition to adulthood (Shanahan 2000; Corijn and Klijzing 2001) since it usually implies not only residential independence but also greater social autonomy for young people (Billari et al. 2001). However, the significance of this marker varies across countries (Speder et al. 2014). The patterns of leaving the parental home vary greatly across European societies, but so far empirical research for this phenomenon has remained relatively scarce as compared with evidence for other life course transitions in early adulthood (Kiernan 1986).

The strive for residential independence among young adults can be constrained by several factors. Many studies show the importance of parents' resources, which may potentially discourage moving out from parental home (e.g., Aassve et al. 2001, 2002, Avery et al. 1992, McElroy 1985; Jacob and Kleinert 2008; Mulder et al. 2002). More recently, research attention has turned towards the role of job instability and income uncertainty among youth (Becker et al. 2005, Fernandes et al. 2008, Wolbers 2007). The main idea postulated by these researchers is that irrespectively of the current *level* of income received by young adults, the potential *variation* in future income may deter investment in household formation.

In this study, the main goal is to analyse the individual determinants of choices concerning living arrangements among young people in Poland. Following recent insights gained from theoretical and empirical literature (Becker et al. 2005, Fernandes et al. 2008), and considering the exceptionally high level of employment flexibility on the youth labour market in Poland, we attempt to examine the role of labour market exclusion and precariousness of jobs among youth for housing membership decisions. The question of the influence of labour market exclusion on household formation among young adults is very relevant especially for Poland, a country where prolonged job search and precarious employment has become a common experience in the early stage of the life course (Baranowska et al. 2011; Saar et al. 2008). We also consider the role of informal jobs, which are not uncommon among young people in Central and Eastern Europe (Kovaceva 2001), and which, in principle, may imply precarious



working conditions, as well as lack of basic employee rights. However, little empirical evidence is available for the consequences of informal jobs in Europe. Furthermore, to determine the conditions under which labour market insecurity is particularly unfavourable for housing autonomy, we investigate the moderating role of gender and social support.

#### *The study context*

Poland is an interesting case study for this research for a number of reasons. First, while the reasons of prolonged residential co-residence of young adults with their parents in many European countries have been studied extensively, the evidence for countries in Central and Eastern Europe is scarce, even though these countries stand out with very high rates of co-residence of youth with their parents (Iacovou and Skew 2011). In terms of the timing of leaving the parental home, Poland displays patterns similar to those observed, for example, in Italy and Spain. Baranowska (2011) shows that among cohorts born in early 80ies, the proportion of young people co-residing with parents in their late twenties amounted to about 80% among men and over 65% among women. The process of leaving parental home in Poland differs from other European countries not only in terms of its timing, but also in the way that it is interrelated with union formation. A non-negligible proportion of young adults get married before having left the parental home (Billari et al. 2001), which may be related to severe structural barriers for housing autonomy.

Factors limiting opportunities for leaving the parental home include the situation on the housing market, which is characterised by housing shortages and an underdeveloped private rental sector, as well as inappropriate design of state policies related to social housing and housing benefits and tax reliefs (Ball 2008). State support for those who need to buy their own flat targets mainly low-income families and there are no special programmes for young people. This implies that individual labour market status should play an important role in reaching residential independence among Polish youth.

## **Theoretical background**

#### *The role of unemployment and precarious jobs*

The choices of household membership can be seen as driven by specific opportunities faced by youth with different individual and parental resources. Young people can be assumed to assess the costs and benefits of continuing to co-reside with their parents and compare it with the value of alternative living arrangements (Ermisch 1999; McElroy 1985). This calculus leads them to choosing the arrangement that offers the relatively highest benefits. Co-residence may bring benefits to both parents and their children due to economies of scale (Avery et al. 1992). However, these benefits come at the expense of privacy or desire for independence (Seiffge-Krenke 2013).





The opportunity to leave the parental home is determined by the level of resources available to young adults (Ermisch 1999; McElroy 1985). Previous research has paid substantial attention to the role of individual labour market situation as an important factor shaping the chances for establishing one's own household. Empirical studies have shown that indeed young people in difficult labour market positions, such as unemployment or working in insecure jobs, may be more likely to co-reside with their parents because of liquidity constraints (Martinez-Granado and Ruiz-Castillo 2002; Wolbers 2007).

Recent research has also highlighted the role of economic insecurity – i.e. uncertainty about the future development of income. The basic idea put forward by Fernandes et al. (2008) is similar to the one used in earlier demographic and economic studies on explaining the role of uncertainty for migration or fertility (Burda 1998; Ranjan 1999), i.e. other types of life course events that increase life time satisfaction and in the same time constitute a form of investment from which it is difficult to withdraw. Fernandes et al. (2008) extend this framework of irreversible investments to analyse the effect of economic uncertainty on the probability of living away from one's parents. According to this model, it is not only the level of income available to the individual, but also the expected instability of future income, that can have an effect on the probability of separation from the home of origin. Hence, the income insecurity that results from insecure job positions can have a negative effect on the probability of separation from parents. These arguments are very relevant for the unemployed, as well as for youth employed in temporary jobs, which have a pre-defined date of termination of an employment contract, and for youth employed in informal jobs, which imply no written contract at all, and hence may be associated with very limited income security.

**Hypothesis 1:** Labour market insecurity (i.e., unemployment, temporary jobs and informal jobs) will relate negatively to housing autonomy.

#### *The moderating role of social support*

Social support seems to influence young adults' decisions. As concerns their decision to leave the parental home, young adults are affected by the levels of support they receive, both from their close social environment and also from their extended social network. Parental material (e.g., money, property) or non-material resources (e.g., social capital or psychological support) has been found to relate to children's decision regarding household autonomy (Aasve et al. 2002; Avery et al. 1992; Gierveld et al. 1991). More specifically, it has been shown that parental resources (including income, education, and social capital) facilitate the process of young adults' residential independence. Extended social networks (e.g., having a lot of friends) make it easier to find information about housing opportunities and to share housing with friends and colleagues, which decreases the costs of moving out from parental home (Zorlu and Mulder 2011). Moreover, social ties are instrumental in finding jobs, and hence



extended social networks may reduce the risk of labour market exclusion and employment uncertainty (Mouw 2003).

These results suggest that in supportive (in tangible or non-tangible terms) social contexts, young people are more likely to leave the parental home, while in contexts, where support is lacking, decisions regarding household autonomy are more likely to be delayed. Even though previous studies emphasized the role of support for household autonomy, they have focused on main effects. Thus, they have failed to capture social context as a boundary condition on the relationship between income insecurity and household autonomy. Based on Hobfoll's (1989) Conservation of Resources (COR) theory, it is possible to understand how a strong social context moderates the effects of job and income uncertainty on young adults' decision to leave their parental home.

COR theory proposes (Hobfoll 1989) that individuals strive to preserve and protect their resources and to acquire additional resources to adapt successfully to their environment. Accordingly, "resources are defined as those objects, personal characteristics, conditions, or energies that are valued by the individual or that serve as means for attainment of these objects, personal characteristics, conditions or energies" (Hobfoll 1989; p. 516). Hobfoll recognizes four categories of resources: objects (e.g., shelter, food, transportation), conditions (e.g., marriage, employment, friendship), personal characteristics (e.g., self-esteem, optimism, sense of mastery), and energies (e.g., time, money, knowledge). These resources are important not only for their instrumental value but, also for their value in helping individuals to deal with threatening and stressful conditions thus, preventing health impairments and promoting their well-being. Therefore, financial security or good social relations can be viewed as valued resources, since they provide or facilitate the preservation of valued resources and help individuals to adjust in threatening environments. Importantly, according to the substitution hypothesis of COR theory (Hobfoll and Lieberman, 1987), one type of resource may substitute for the absence of other types of resources. In that sense, being in an insecure situation can be substituted by having a strong network of friends that could potentially provide financial, instrumental (i.e., house-sharing) or even psychological support (Simon 2008).

On the basis of the theoretical tenets of COR theory (Hobfoll 1989), we argue that a supportive context measured as number of friends is a valuable resource for young adults, which can buffer the unfavourable effects of job uncertainty on taking the decision to leave the parental home. In other words, having friends may be viewed as a source of support (i.e., financial, psychological, instrumental) that may substitute for the lack of job/financial security for young people and determine important life decisions, like leaving the parental home. For instance, having a broad circle of friends may provide opportunities in finding a job or sharing a house thus, facilitating parental autonomy. Namely, young people in insecure positions are more likely to leave the parental home when they have access to a supporting network of friends and less likely



when they do not have such access. Put differently, the decision of these young people to leave the parental home will be less likely in conditions where a broad network of friends is lacking. On the basis of this analysis, we hypothesize the following:

**Hypothesis 2:** The relationship between labour market insecurity and household autonomy is more negative for those who lack social support compared to those who have people to turn to for help when needed.

#### *The moderating role of gender*

The decision to leave parental home seems to be affected by an individual's gender, since there are different parental home leaving patterns for men and women. For example, young men tend to live with their parents for longer periods of time, despite their work status. According to Cordon (1997), both employed and unemployed men continue to reside at their parental home up to the age of 30. In contrast, young women seem to be leaving their parental home earlier than men, irrespective of their marital or family status (Avery et al. 1992; Seiffge-Krenke 2013). However, it is important to note that, particularly in traditional societies, women leave the parental home to live with their husband since marriage is regarded as a form of independence from the parental family (Cordon 1997). Thus, housing autonomy does not necessarily indicate women's financial autonomy, but rather income security. These different home-leaving patterns across men and women imply that gender may moderate the relationship between job/income insecurity and household autonomy of young people.

Traditionally, men are considered the primary income earners who have more right to jobs, while women are expected to take over more traditional roles (i.e., that of wives and mothers) and limit their paid work for the sake of their families (Leschke and Jepsen 2012). In addition, women are more likely than men to work part-time, to move from unemployment to inactivity and be involved in unpaid work due to their stronger commitment to their gender roles (Leschke 2011; Leschke and Jepsen 2012). The differences between women and men emanate from stereotypical gender norms. For example, whether employed full-time or not, women continue to be responsible for most of the housework, while the homemaker status continues to serve as the primary standard by which they are judged (Lindsey 2015). Additionally, daughters tend to provide more companionship to their parents than sons and contribute more domestic services to the household (Goldscheider and Waite 1991). In contrast, sons are a little more likely than daughters to contribute some of their earnings to the family budget (Goldscheider and Goldscheider 1991). In other words, women are required to be mainly involved in domestic labour, while men are primarily expected to support the family financially.

Considering these differences across genders, it may be suggested that men are expected to have a job and be financially independent in order to leave their parental home and start their own home, while for women having a job or being financially



independent is not a prerequisite for leaving the parental home. Furthermore, parents might be more willing to support daughters than sons because women tend to have closer relationships with them (Blaauboer and Mulder 2010), and are regarded as less responsible for the family income. Thus, it may be suggested that parents could be more inclined to support their daughters rather than their sons financially until they leave their parental home, because, in line with stereotypical gendered norms, men are expected to become financially independent in order to gain housing autonomy, while women appear to have more options (i.e., marriage).

Based on the theory regarding gender roles and relevant research, it may be argued that gender moderates the relationship between labour market exclusion and financial hardships on housing autonomy. According to gender roles, it seems more important for men than for women to have a secure job and be financial independent in order to leave their parental home and start their own. Thus, when considering the gendered norms which dictate men to be the primary income earners, it can be argued that labour market exclusion and income insecurity affect men more severely than women in their decision to remain at the parental home. This is because, having a job and being financially secure is more valued for men than for women. To this end, we formulate the following hypothesis:

**Hypothesis 3:** Gender will moderate the negative relationship between labour market insecurity on the one hand, and housing autonomy on the other hand in a way that the relationship will be more negative for men than for women.

## Research design

### Sample

The data used in this study come from Social Diagnosis, which is a national representative biennial panel household survey established by the Council of Social Monitoring in 2000. It represents a unique source of panel micro-data, which covers information from a variety of areas, such as social background, income and living conditions in the household, as well as labour market participation of household members and their social ties.

The analysis focuses on young adults aged 15-35, who are not in education. The examination of the determinants of household formation requires selecting youth, who lived in the household of their parents during the time observed in the survey. The definition of the household used in Social Diagnosis covers a dwelling with persons who co-reside together and have a common budget. The outcome variable distinguishes between young adults, who either continued to reside in the home of origin or formed their own households in specific waves of the survey. Because of the data availability, we restricted our dataset to five waves of the panel: 2007, 2009, 2011, 2013 and 2015.



## Measures

*Labor Market Status.* We distinguished between youth who are working, but have temporary contracts and those who are looking for a job or are inactive. Labour market status was measured by the following categories:

- Employed – people working as an employee in the private or public sector
- Self-employed or having own business
- Unemployed – people who are not working and searching for a job
- Inactive – people who are not working and not looking for a job
- Farmer – people who are working in own or family's farm

*Employment Insecurity.* Social Diagnosis dataset provides numerous variables on subjective and objective employment insecurity. We used the following indicators of insecure job position:

- Temporary jobs – this category includes temporary contracts, probationary contracts and contracts for specific tasks
- Informal jobs – this category includes helping family member, casual jobs and jobs without contracts

*Moderators.* Gender was measured with a dummy variable where 0 corresponds to men and 1 corresponds to women. Social support has been measured by the number of close friends of an individual. Specifically, we used a dummy variable which takes value 0, when respondent reported that has no more than 5 friends (this is a median for our sample), and 1, when respondent reported that has more than 5 friends.

*Housing Autonomy.* The dependent variable was measured with a dummy variable, which takes value 0 for young people who had been living with their parents in previous wave of the panel and stayed with them in the subsequent wave, and 1 for young people, who had been living with their parents in previous wave, but they moved out (to establish their own household) before the subsequent wave of the panel.

*Controls.* The set of control variables in the basic specification of the model includes age, age squared, as well as educational attainment. Educational attainment is measured with a variable including the following categories: tertiary and post-secondary, secondary and vocational secondary and finally at least low-secondary and basic vocational education. We also controlled for population density (dummies for small cities/villages and big cities with more than 500 thousand citizens), individual economic situation (income quintiles) of working youth and wave of the panel. As the main mechanism which we would like to test is the impact of uncertainty related to future income as proxied by unemployment and precarious jobs, we control for current personal income in all models except in models concerning unemployed and inactive people (see Strategy of Analysis).



## Strategy of Analysis

Our dependent variable is a dummy variable, thus, to test our hypotheses, we performed several logit models. We used the same dependent variable, similar sets of control variables and independent variables indicating youth's labour market status and their interactions with our moderators. We report cluster-robust standard errors with clustering by person as we used pooled dataset 2007-2015 and some observations repeat between consequent panel waves. Our dependent variable indicates youth who leave their parental home and it is based on reports coming from surveyed households between 2009-2015. Our independent and control variables are lagged by 2 years and refer to the last survey year when a given individual was present at the surveyed household. Thus, all control and independent variables come from years 2007-2013.

To examine the impact of unemployment or labour market inactivity we restricted our sample to youth who are under 35 and currently are not in formal education. While investigating the impact of insecure job position on the probability of leaving parental home, we run two types of models. The first type focuses on temporary jobs and considers youth who are working in private/public companies or who are self-employed. The second type of models was specified to investigate the impact of informal employment and the sample was restricted to young people who do not define themselves as pupils or students. Thus, the latter analysis includes farmers and people who define themselves as inactive or unemployed, because all of them might work in grey economy. Our main focus is to investigate the impact of labour market position on probability of leaving parental home, despite the personal economic situation. However, we did not control for personal income in all types of models as inactive and unemployed people do not have their own income. Thus, we decided to include information about personal income only in models for working population.

## Results

### Descriptive Analyses

In the first step, we present descriptive evidence on the associations between labour market insecurity and leaving parental home. Tables 1 and 2 present the percentage of young people leaving parental home across different labour market statuses and across types of contracts. These descriptive results show a positive association between having a job and leaving the parental home. However, we did not observe substantial difference in propensity for leaving parental home between youth with temporary or informal contracts as compared to general category of working youth.





**Table 1.** Percent of home leavers across different labour market positions

	labour market status		
	working	unemployed	inactive
2007	17.72	09.75	11.27
2009	14.79	10.72	09.18
2011	14.33	08.21	06.77
2013	14.60	14.33	07.74

**Table 2.** Percent of home leavers across informal and temporary jobs

	regular jobs	employment insecurity	
		informal jobs	temporary jobs
2007	16.72	7.81	20.00
2009	16.29	6.38	13.15
2011	14.33	13.34	14.03
2013	14.85	17.31	14.11

## Hypotheses Testing

In line with Hypothesis 1, labour market insecurity was expected to relate negatively with housing autonomy. Table 3 presents the results for labour market status, while Table 4 presents these results regarding temporary jobs (Model 1) and informal jobs (Model 2). As concerns labour market status, the results of Table 3 suggest that unemployed and inactive young people are less likely to leave the parental house than those employed. These results support Hypothesis 1 and highlight the role of employment for housing autonomy. However, Hypothesis 1 was not supported for employment insecurity since neither temporary jobs (Table 4; Model 1) nor informal jobs (Table 4; Model 2) related significantly with household autonomy.





Table 3. *Impact of labour market insecurity on decision to leave parental home – the role of unemployment – logit coefficients*

VARIABLES	(1) Coef.(S.E.)
Small city or village	0.189** (0.060)
Big city	-0.165+ (0.085)
Age	0.755*** (0.085)
Age <sup>2</sup>	-0.0147*** (0.002)
Education: At least lower secondary/basic vocational education	-0.078 (0.069)
Education: Tertiary/post-secondary education	0.224** (0.068)
Gender: female	0.136* (0.057)
Inactive	-0.342*** (0.077)
Unemployed	-0.293*** (0.076)
Self-employed/own business	-0.044 (0.153)
Farmer	-0.916*** (0.187)
Year 2007	0.304*** (0.079)
Year 2009	-0.018 (0.072)
Year 2011	-0.003 (0.069)
Constant	-11.38*** (1.093)
Observations	12,862
Log pseudo likelihood	-4944.3467

Robust standard errors in parentheses. \*\*\*  $p < 0.001$ , \*\*  $p < 0.01$ , \*  $p < 0.05$ , +  $p < 0.1$ .



Table 4. Impact of labour market insecurity on decision to leave parental home – the role of temporary and informal jobs – logit coefficients

	(1) Coef.(S.E.)		(2) Coef.(S.E.)
<b>Temporary jobs</b>		<b>Informal jobs</b>	
Small city or village	0.223** (0.0805)	Small city or village	0.267* (0.104)
Big city	-0.128 (0.105)	Big city	-0.167 (0.143)
Gender: female	0.0723 (0.0776)	Gender: female	0.186+ (0.103)
Age	0.751*** (0.146)	Age	0.707*** (0.188)
Age^2	-0.0146*** (0.00276)	Age^2	-0.0137*** (0.00351)
At least lower secondary education	-0.184+ (0.101)	At least lower secondary education	-0.358** (0.127)
Tertiary/post-secondary education	0.205* (0.0897)	Tertiary/post-secondary education	0.0699 (0.118)
Year 2007	0.272* (0.110)	Year 2007	0.0916 (0.143)
Year 2009	-0.0862 (0.0988)	Year 2009	-0.0910 (0.123)
Year 2011	-0.0206 (0.0950)	Year 2011	-0.0498 (0.122)
4th individual income quintile	-0.132 (0.0874)	4th individual income quintile	-0.0730 (0.119)
5th individual income quintile	-0.127 (0.0902)	5th individual income quintile	0.0326 (0.114)
Temporary jobs (ref. Permanent jobs)	0.0101 (0.0754)	Informal jobs (ref. Formal jobs)	0.0118 (0.137)
Constant	-11.22*** (1.902)	Constant	-10.71*** (2.498)
Observations	6,187	Observations	3,888
Log pseudo likelihood	-2585.2758	Log pseudo likelihood	-1594.1661

Robust standard errors in parentheses. \*\*\*  $p < 0.001$ , \*\*  $p < 0.01$ , \*  $p < 0.05$ , +  $p < 0.1$

According to Hypothesis 2, social support (operationalized as the number of friends) was expected to moderate the relationship between labour market insecurity and household autonomy. Table 5 presents the results regarding Hypothesis 2 for employment status. As shown on Table 5, Hypothesis 2 was rejected since none of the interaction effects were statistically significant.



*Table 5. Impact of labour market insecurity on decision to leave parental home – labour market status and the moderating role of social support – logit coefficients*

VARIABLES	(1) Coef.(S.E.)
Small city or village	0.187** (0.071)
Big city	-0.102 (0.099)
Age	0.629*** (0.110)
Age <sup>2</sup>	-0.0126*** (0.002)
Education: At least lower secondary/basic vocational education	-0.074 (0.082)
Education: Tertiary/post-secondary education	0.224** (0.081)
Gender: female	0.167* (0.067)
Friends (more than 5)	0.074 (0.077)
Inactive	-0.293* (0.120)
Unemployed	-0.255* (0.118)
Self-employed/own business	-0.163 (0.197)
Farmer	-0.966*** (0.224)
Year 2007	0.162+ (0.095)
Year 2009	-0.063 (0.086)
Year 2011	-0.095 (0.083)
Inactive x Friends (more than 5)	-0.155 (0.182)
Unemployed x Friends (more than 5)	0.0339 (0.171)
Constant	-9.684*** (1.408)
Observations	9,423
Log pseudo likelihood	-3450.3098

Robust standard errors in parentheses. \*\*\*  $p < 0.001$ , \*\*  $p < 0.01$ , \*  $p < 0.05$ , +  $p < 0.1$



Table 6 presents the results regarding Hypothesis 2 for youth with temporary jobs (Model 1) and those with informal jobs (Model 2). In line with expectations, temporary workers who have more than five friends are more likely to leave their household than temporary workers who have less than five friends. This highlights the heterogeneity of the impact of contract types. Youth with jobs that are considered as less secure due to their temporary nature may be relatively more likely to leave parental home if they can count on a supportive network of friends. A denser network of friends facilitates the processes of finding a flat and roommates, thus young temporary workers with higher levels of social capital might be more prone to leave their parental home. However, Hypothesis 2 was not supported for people working with informal contracts (see Table 6; Model 2). For youth, who have no written contract, informality of their employment does not play any discouraging role regardless of whether they lack social support or not.

According to Hypothesis 3, gender was expected to moderate the negative relationship between labour market exclusion and income insecurity on the one hand, and housing autonomy on the other hand in a way that the relationship is stronger for men than for women. Table 7 presents the results of labour market status. Results show (see Model 2) that while inactivity discourages leaving the parental home, the negative impact of being inactive is less strong among females, which is in line with our hypothesis. However, somewhat surprisingly, the impact of unemployment is not moderated by gender.



*Table 6. Impact of labour market insecurity on decision to leave parental home – the role of temporary and informal jobs and the moderating role of social support – logit coefficients*

	(1)		(2)
<b>Temporary Work</b>		<b>Informal Work</b>	
Small city or village	0.196* (0.0939)	Small city or village	0.238+ (0.122)
Big city	-0.0968 (0.119)	Big city	-0.143 (0.166)
Gender: female	0.112 (0.0900)	Gender: female	0.148 (0.121)
Age	0.612*** (0.164)	Age	0.554* (0.220)
Age^2	-0.0122*** (0.00311)	Age^2	-0.0111** (0.00408)
At least lower secondary education	-0.221+ (0.119)	At least lower secondary education	-0.343* (0.149)
Tertiary/post-secondary education	0.198+ (0.105)	Tertiary/post-secondary education	0.00903 (0.139)
Year 2007	0.296* (0.125)	Year 2007	0.0548 (0.162)
Year 2009	-0.0486 (0.117)	Year 2009	-0.0377 (0.143)
Year 2011	-0.0329 (0.112)	Year 2011	-0.113 (0.144)
4th individual income quintile	0.0133 (0.114)	4th individual income quintile	0.237 (0.162)
5th individual income quintile	0.0464 (0.117)	5th individual income quintile	0.378* (0.158)
Temporary work	-0.184 (0.119)	Informal work	-0.331 (0.241)
Friends (more than 5)	-0.0914 (0.118)	Friends (more than 5)	-0.113 (0.116)
Temporary work x Friends (more than 5)	0.349* (0.166)	Informal work x Friends (more than 5)	0.396 (0.302)
Constant	-9.371*** (2.138)	Constant	-8.712** (2.926)
Observations	4,767	Observations	2,999
Log pseudo likelihood	-1942.3323	Log pseudo likelihood	-1183.8304

Robust standard errors in parentheses. \*\*\*  $p < 0.001$ , \*\*  $p < 0.01$ , \*  $p < 0.05$ , +  $p < 0.1$



*Table 7. Impact of labour market status on decision to leave parental home: Moderating role of gender – logit coefficients*

VARIABLES	(1) Coef.(S.E.)	(2) Coef.(S.E.)
Small city or village	0.189** (0.060)	0.190** (0.060)
Big city	-0.165+ (0.085)	-0.161+ (0.085)
Age	0.755*** (0.085)	0.754*** (0.085)
Age^2	-0.015*** (0.002)	-0.015*** (0.002)
Education: At least lower secondary/basic vocational education	-0.078 (0.069)	-0.076 (0.069)
Education: Tertiary/post-secondary education	0.224** (0.068)	0.236*** (0.069)
Gender: female	0.136* (0.057)	0.044 (0.069)
Inactive	-0.342*** (0.077)	-0.503*** (0.108)
Unemployed	-0.293*** (0.076)	-0.386*** (0.104)
Self-employed/own business	-0.044 (0.153)	-0.063 (0.153)
Farmer	-0.916*** (0.187)	-0.935*** (0.187)
Year 2007	0.304*** (0.079)	0.306*** (0.079)
Year 2009	-0.018 (0.072)	-0.013 (0.072)
Year 2011	-0.003 (0.069)	-0.005 (0.070)
Inactive x female		0.339* (0.146)
Unemployed x female		0.204 (0.150)
Constant	-11.38*** (1.093)	-11.34*** (1.092)
Observations	12,862	12,862
Log pseudo likelihood	-4944.3467	-4941.1697

Robust standard errors in parentheses. \*\*\*  $p < 0.001$ , \*\*  $p < 0.01$ , \*  $p < 0.05$ , +  $p < 0.1$



Table 8 presents the results regarding the moderating role of gender on the relationship between temporary jobs (Model 1) and informal jobs (Model 2) with household autonomy. Results do not support the moderating role of gender on the relationship between temporary jobs and household autonomy. However, gender did moderate the relationship between informal jobs and household autonomy. Specifically, the results showed that women who have informal work are more likely to leave their parental home than men who have informal work. This finding partly supports the hypothesized gender differences by showing that insecure job positions are less likely to limit women’s decisions to leave the parental home.

*Table 8. Impact of temporary informal jobs on decision to leave parental home: Moderating role of gender – logit coefficients*

	(1)		(2)
<b>Temporary Work</b>	Coef.(S.E.)	<b>Informal Work</b>	Coef.(S.E.)
Small city or village	0.223** (0.0805)	Small city or village	0.261* (0.104)
Big city	-0.128 (0.105)	Big city	-0.170 (0.143)
Gender: female	0.0911 (0.109)	Gender: female	0.110 (0.111)
Age	0.751*** (0.146)	Age	0.722*** (0.189)
Age^2	-0.0146*** (0.00276)	Age^2	-0.0140*** (0.00352)
At least lower secondary education	-0.185+ (0.101)	At least lower secondary education	-0.342** (0.126)
Tertiary/post-secondary education	0.204* (0.0903)	Tertiary/post-secondary education	0.0851 (0.118)
Year 2007	0.272* (0.110)	Year 2007	0.0916 (0.143)
Year 2009	-0.0870 (0.0988)	Year 2009	-0.0825 (0.124)
Year 2011	-0.0211 (0.0951)	Year 2011	-0.0475 (0.122)
4th individual income quintile	-0.133 (0.0874)	4th individual income quintile	-0.0649 (0.119)
5th individual income quintile	-0.127 (0.0902)	5th individual income quintile	0.0356 (0.114)
Temporary work	0.0260 (0.0977)	Informal work	-0.140 (0.158)
Temporary work x Female	-0.0369 (0.146)	Informal work x Female	0.516* (0.260)
Constant	-11.23*** (1.904)	Constant	-10.90*** (2.510)
Observations	6,187	Observations	3,888
Log pseudo likelihood	-2585.2432	Log pseudo likelihood	-1592.2871

Robust standard errors in parentheses. \*\*\*  $p < 0.001$ , \*\*  $p < 0.01$ , \*  $p < 0.05$ , +  $p < 0.10$





## Discussion

Leaving the parental home is a decisive factor for the transition to adulthood. By using longitudinal data from four waves (2007, 2009, 2011 and 2013) from the Social Diagnosis Survey, our aim was to examine the relationship between labour market insecurity on the one hand, and the decision to leave the parental home among young people in Poland, on the other hand. We hypothesized that exclusion from the labour market as well as job insecurity (i.e., temporary and informal work) will relate negatively to household autonomy. Moreover, to understand better the conditions under which labour market situation particularly determines young people's decision to leave the parental home, we investigated the role of two moderators on this relationship: supportive social context (assessed as number of friends) and gender.

Results provided some support for our hypotheses. Namely, as expected, unemployed and inactive young people were less likely to leave the parental house than those employed. Furthermore, results provided some support for our moderating hypothesis since it was found that having many (vs. few) friends makes young people with temporary jobs relatively more likely to leave the parental home. Finally, our results revealed some interesting findings regarding gender roles. Specifically, inactivity turned out to play relatively less negative role for leaving the parental home for women than for men. Moreover, having an informal job was found to relate more positively to household autonomy for women (vs. men). Even though these moderating effects were not consistent across all models, they provide some important insights. In what follows, we discuss the theoretical significance of these findings, as well as their implications for policy makers.

### *Employment status and household autonomy*

Our analyses revealed that exclusion from the labour market inhibits young people from leaving the parental home. However, the same was not the case for job insecurity. Namely, neither working with a temporary contract nor with an informal contract related significantly with household autonomy. This finding may be explained by the situation in the Polish labour market, where temporary and informal jobs are very common (Baranowska et al. 2008; Kiersztyn 2016), and thus employment insecurity is the norm. Hence, these results indicate that what matters for young people in Poland is having any source of earnings, but the type of employment contract – whether it is temporary or permanent, written or informal – does not seem to play a major role. These results contradict the theoretical ideas of Fernandes et al. (2008) about the role of anticipated income variations for decisions to establish one's own household.

### *The moderating role of social support*

Based on Hobfoll's (1989) COR theory, we hypothesized that a broad social context (assessed by number of friends) may function as a resource that may help individuals cope with the threatening conditions of labour market exclusion and job insecurity, thus



buffering their negative effects on household autonomy. Our results provided some support for this theoretical assumption since we found that the relationship between temporary work and household autonomy was particularly strong and positive for those having more than five friends (and less strong for those having less than five friends). In other words, the more friends young people have, the more likely it is to leave the parental house when holding a temporary job. This finding is in line with the substitution hypothesis of COR theory (Hobfoll and Lieberman 1987), according to which one type of resource (i.e., support from a strong network of friends) may substitute for the absence of other types of resources (i.e., having a secure job). In that sense, young people in insecure job positions are more likely to leave the parental home, if they have access to high levels of support from their environment.

#### *The moderating role of gender*

Previous studies suggest that men and women exhibit different patterns regarding their decisions to leave the parental home with women leaving the parental home at an earlier stage of their life than men (Avery et al. 1992; Cordon 1997). Moreover, women are more likely to leave the parental home in order to live with their husband or partner (Cordon 1997), suggesting that the housing autonomy of women does not necessarily indicate financial autonomy. These gender differences are supported by gender role theories since men, as primary income earners, are expected to have a job and be financially independent to leave their parental home and start their own home (Leschke and Jepsen 2012), while for women having a job or being financially independent does not seem to be a prerequisite.

Based on these gender stereotypes, we expected that the negative relationship between labour market exclusion/job insecurity and household autonomy will be particularly strong for men than for women. Our results provide some evidence for the hypothesized direction of effects that can be explained by gender stereotypes. Our results showed the negative impact of being inactive was less strong among females than males and that the relationship between informal jobs with household autonomy was positive for women. This result indicates that it is not so important for women to have a secure job or a job at all and be financially independent in order to leave their parental home and start their own because men and not women are expected to be the primary income earners. Our findings imply that women, who are inactive or have an informal job, feel more dependent on others (i.e., partners, husbands) which makes it more likely to decide to leave the parental home. Interestingly, gender did not moderate the relationship between unemployment and housing autonomy implying that unemployed people (i.e., those who actively look for a job), whether men or women, value work and view it as a prerequisite for leaving the parental home.

#### *Implications for policy makers*

Our findings provide some insights for policy makers. First, our results suggest that particularly in contexts like Poland having even a temporary or informal job does not



deter young people's decision to leave the parental home. What matters is whether youth have their own sources of income or not, and the type of contract does not seem to play any major role. This underscores the role of policies which strengthen the labour market attachment of youth. Second, and most importantly, the role of social capital seems to buffer the negative effects of unfavourable labour market positions on job insecurity. In other words, young people who have access to supportive environments are relatively more likely to leave the parental home particularly when they need it the most (i.e., when they do not have a stable job). Although our findings refer to social support from the immediate social circle of participants, they may have broader implications. Since support can be derived from different sources (i.e., the family, the social circle, the local government but also the central government) and can come in tangible and non-tangible terms (Minguez 2016), policy makers should consider ways of increasing the support provided to young people in unfavourable labour market positions.

#### *Limitations*

This study is not without limitations. One pronounced limitation is that social support was not assessed directly but indirectly by means of the number of friends that participants have. Of course, the number of friends may be viewed as a proxy of social support particularly in the context of housing autonomy (since the more friends one has the more likely it is to find a person to share the expenses of a household and therefore, decide to leave the parental house). However, future studies should also focus on more direct assessments of social support that capture whether participants have access to support, when they need it.



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## 4. Labour market exclusion and leaving parental home in Estonia

### Longitudinal analysis of the effect of youth labour market exclusion on probability to leave parental household

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#### Introduction

In previous studies, economic circumstances have been shown to be one of the most important predictors explaining young adults' decision to leave parental home (Ermisch 1999; Aassve et al 2002; Jacob & Kleinert 2008). Being unemployed and therefore in an economically restrictive situation has been argued and shown to reduce significantly young adults' move towards housing autonomy (Aasve et al 2001; Mulder et al 2002). In the case of Estonia, still little is known about the process of leaving parental home and even less is known about the specific relationship of it with employment status. In her study that focused on youth housing autonomy in Estonia in historical perspective, Põldma (2011) showed, using retrospective data of Estonian Social Survey (2004), that employment (finding a job) was over the period of 1920-2004 only the fourth reason for leaving parental home, after partnership formation, studies, and other matters (e.g. military service, etc.). It should be, however, kept in mind that the study looked only at the first time young people moved out of parental home and did not control for the possibility to return (for example after finishing studies or military service). Also, it asked only for the main reason and ignored the possibility of several events coming together, such as moving out due to partnership formation when already having a job, etc. Previous research (e.g. Jacob & Kleinert 2008) has shown the complexity of the event of leaving parental household due to interrelatedness of various circumstances and life events, such as life situation in parental home, partnership, etc. The main 'crossing' factors and events that could be mutually shaping the process of housing autonomy pointed out in that research are: gender, parental/family background (e.g. parents' financial resources) and partnership status.

Previous studies on Western societies have shown that men and women tend to act differently when it comes to exiting parental home, although the empirical results are often mixed. There are studies that state that men are more connected to family situation and parental resources, whereas women are more dependent on their own resources (Whittington & Peters 1996). The latter makes women more dependent on

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<sup>14</sup> Our special thanks to Valentina Goglio from Italian team for her help in the data preparation and analysis





the labour market resources than men in establishing their own household (Aassve et al 2002). On the other hand, there are studies that show and claim that personal financial resources are more important for men than for women, especially in the context of leaving household for a partnership/marriage (Wittington & Peters 1996; Haurin et al 1993).

Also regarding the effect of parental resources, the findings have remained often mixed (Goldscheider & Goldscheider 1993). On the one hand, parents' higher resources may facilitate the children's move towards household autonomy – better off parents have more resources to support their children if they prefer to live on their own – as has been shown for example by Aassve et al (2002). On the other hand, the resources available in the parental household may keep the children longer home (Blaaubour & Mulder 2008). It has been also shown that the effect may change in time – for younger people, higher level of parental resources tends to keep them home, whereas in later age the same resources facilitate them to gain household autonomy easier (ibid.).

The third factor often pointed out in previous studies on leaving parental household is the entry into partnership or formation of one's own family. Until WWII young people left parental home mostly for marriage, but by the end of 20<sup>th</sup> century the importance of marriage has reduced. This is partly due to liberalization of social norms (Gutmann et al 2002), and due to general changes in life-course trajectories where more people attain higher education and therefore leave parental home rather for studies whereas family formation becomes actual only after finishing the studies (Aasve et al 2002). Still, partnership status as such remains a strong predictor for leaving parental home (Jacob & Kleinert 2008) especially due to increasing number of young people cohabiting before or instead of marriage.

Next to various individual and household level factors, also country institutional context and social norms can shape the relationship between housing autonomy and employment status. For example, Wallace (1987) demonstrated that in Denmark where state provides rather generous benefits to unemployed, young unemployed were more likely to leave parental home. Thus, when studying the effect of labour market situation (in the current report unemployment) on youth leaving parental home, both individual, household (including social origin) and institutional aspects (Billari & Liefbroer 2007; Jacob & Kleinert 2008), such as macro-economic context, welfare regime, housing policies, and cultural factors (attitudes and value orientations) should be considered.

The aim of the current study is to investigate how labour market exclusion, more precisely unemployment situation affects the transition out of parental home of young people in Estonia. The focus of the report is on the effect of unemployment status only<sup>15</sup> as temporary employment is not very spread in Estonian labour market, which would leave us among others with very limited data for this group. Using longitudinal

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<sup>15</sup> The focus of the EXCEPT project is both on youth labour market exclusion (unemployment) and insecurity (temporary employment)



data (pooled longitudinal data of EU-SILC, waves 2007-2014), the central research focus will be on whether and to what extent labour market situation such as being unemployed influences young adults' attainment of housing autonomy. Based on previous research, the main factors to be potentially shaping the association between employment status and housing autonomy and therefore to be considered as mediators in our study are: gender, parental background, partnership status and economic context. Before posing our hypotheses for the study, we discuss shortly the institutional context of Estonian country case from the perspective of youth housing autonomy process. Due to the focus of the study and the data available, the institutional context is used here for describing the country case, for posing the hypotheses, and interpreting the findings.

## Estonian country context

### *Youth in Estonian labour market*

In Estonia, the share of youth searching for a job is in average lower compared to most other European countries. In 2007, the unemployment rate for young adults aged 15-29 in Estonia was 7.2% compared to European (EU28) 12.0%. Estonian economy and respectively youth labour market situation was strongly affected by the economic crisis – the youth unemployment rate reached 24.6% in 2010 (compared to 16.6% of EU28 average). Despite the fast recovery from the crisis (by 2013 the youth unemployment rate dropped to 13,8% compared to EU28 18,9%), the level of youth unemployment in Estonia remains higher than before the crisis and is more widespread compared to the prime-age population, indicating the presence of barriers for youth in entry to the labour market.

Another important feature of youth unemployment in Estonia is the high share of long-term unemployment among young adults out of labour market. In 2010, almost half of unemployed youth was looking for a job for more than a year. Between 2011-2013, two out of five unemployed young persons in Estonia had been unemployed for more than one year. This share has remained almost unchanged despite of overall quick recovery from the crisis.

Similar to many other European countries, unemployment and NEET risk among school leavers in Estonia remains strongly related to the attained level of education – more than half of the graduates from lower secondary education are NEET during the early career stage, whereas among the highly educated the figure is about three times less. In contrast to the general European trend, the educational gap has not widened much in Estonia over recent years. One explanation for why the low-educated in Estonia have managed relatively better than their European peers is the rapidly decreasing youth cohorts and the recovering economy which has created labour



shortages in low-paid, low-skilled positions. In addition, one tenth of low educated Estonia youth has found a workplace abroad (Krusell 2015).

Turbulent times at the labour market were accompanied by the change in labour market regulations, which were considerably lowered in 2009 providing even less security for employees. A key change was the reduction of the employer's costs for terminating an employment relationship through a reduction in the notice period and the amount paid in severance payments. The latter explains also the still limited use of temporary employment contracts in Estonia – the 'protection' given by permanent contract is quite low as terminating it has been made increasingly easier for employers. At the same time, traditional institutions of protection against labor market risks (trade unions, employment contracts law, social security transfers) are weak.

#### *Housing policy*

Housing policy of the country has been pointed out as one of the key factors shaping youth' transition to housing autonomy (Billari and Liefbroer 2007). Estonia went through a thorough residential space reform in 1990s when publicly owned residential space was privatised and former owners were returned their property. As a result, the vast majority of the housing facilities in Estonia are in private ownership, whereas the subsidized housing sector such as social housing is almost non-existent. In 2007, 96% of residential space was privately owned; out of all households, 85% lived in residential space that they owned, 15% were tenants, which rented private dwellings. Of the 4% of the residential space, which was publicly owned, 75% was owned by municipalities. Because of the ownership pattern whereby residence space is privately owned, influence of state and municipalities on housing is limited.

Although Estonian housing sector has been more liberal than in most other European countries, two national strategies, which outlined policy measures aimed at influencing housing patterns in the country have been adopted. The housing plan of 2008-2013 identified among a number of housing related challenges and identified young people (couples, families) as one of the main risk groups in terms of access to housing. To remedy the situation, the main measure provided by the State was suretyship for getting a mortgage to buy a flat or a house. In other words, the measure further promoted the ongoing dominant policy of home ownership. Since 2014, the policy measures targeting issues related to housing sector do not contain measures that would be targeting young people directly. Thus, on the national level, housing sector remains influenced by public policies only marginally (Köre 2008).

#### *Welfare state model*

Closely related to the housing policy issue is the general welfare state model of the country that also tends to shape the residential autonomy process of young adults (Baranowska-Rataj et al 2015). Estonia is known for the liberal welfare regime, characterized among others by low and restricted levels of social benefits (Bohle & Greskovits 2012; Roosalu & Hofäcker 2015). In 2002, former flat-rate unemployment



benefit system was changed to unemployment insurance benefit system. The latter means that receiving benefits became directly related to previous employment history and respective labour income. In order to receive it one needs to prove at least 12 months of employment history over the last 36 months, to be unemployed involuntarily, and be officially registered as unemployed and actively seeking for job. Thus, especially younger people who are just about to make their transition to labour market do usually not qualify for it. Those who do not meet the criteria for insurance benefit or who have exhausted the timely rights to it are entitled to (flat-rate) unemployment allowance system. Thus, support for unemployed is highly conditional of previous work history as unemployment allowance measure does not compensate for income loss, which means that young unemployed adults are very much dependent on their own resources, i.e. their savings, parental resources, partners, etc.

#### *Norms and values*

Another contextual factor shaping the process of moving out of parental home is related to cultural and social norms and values (Billari & Liefbroer 2007; Giuliano 2007; for more details, see Baranowska-Rataj et al. 2015). The basic idea is that social norms exist about the appropriate timing of major events in life, including leaving parental home (Giele and Elder 1998; Settersten 2003). For example, Billari et al (2002) introduced the term „latest-late“ to characterize the peculiar pattern of late home-leaving, union formation, and transition to parenthood in Italy and Spain. On the other end of this scale can be found the „earliest-early“ pattern of transition in Nordic countries where leaving parental home takes place around 20 years of age. According to the estimated mean age for leaving parental home, Estonia resembles rather to continental European countries such as Germany, France, Austria, Luxemburg, etc. In 2007, the estimated mean for leaving parental home in Estonia was 25.3 years (compared to EU28 average of 26.3), which has reduced after the ‘recovery’ from the financial crisis to 23.6 by 2015 (compared to EU28 average of 26.1 years) (Eurostat 2017). Thus, it could be said that in Estonia the norm is to leave parental home rather earlier than later, but not as early as for example in Scandinavian countries. Also different from Nordic countries, there do exist basically no institutional measures (e.g. financial support, housing facilities, etc.) to ease or encourage this process.

### **Hypotheses**

As stated earlier, leaving parental house is claimed to be mostly related to available (financial) resources and this is why labour market insecurity and exclusion are expected to reduce the probability of housing autonomy (Jacob & Kleinert 2011; Aassve et al 2002). Given the liberal welfare state regime of Estonia with rather low and restricted level of unemployment benefits, it could be assumed that unemployment situation increases the financial vulnerability of young adults strongly and this way has



a clear (negative) impact on their housing autonomy decision. On the other hand, as the reason of leaving parental household is often related to studies or family formation (Põldma 2011), it could be expected that the unemployment situation does not play the major role in housing autonomy process. Thus, we expect that:

**H1: Labour market exclusion (unemployment) has a modest negative effect on the transition out of parental home for young adults in Estonia.**

Although the gender effect has remained mixed in previous studies, a general trend of women leaving parental household on average earlier than men has been observed (Blaauboer & Mulder 2008). One of the main explanations for this is that women enter partnership/marriage on average in younger age. Still, recent studies show that the age difference between men and women is reducing in time (Avery et al 1992). Põldma (2011) in her study about Estonia also showed a rather minor difference in the median age of men and women in leaving parental household. Still, where men's and women's positions differ strongly is the labour market – although women in Estonia tend to have average higher attained level of education and experience on average lower levels of unemployment, Estonia is still known for the largest gender pay gap in Europe. Also, women's career prospects in the labour market are despite their higher educational attainment poorer. This has been partly explained by still prevalent traditional gender norms in Estonia where despite women's high labour market attachment and educational attainment level men are considered as the main providers and also with lower 'risks' for employers. Therefore, we expect that:

**H2 The effect of unemployment situation on leaving parental home is stronger on men compared to women.**

At the same time, as one of the main causes for leaving parental home in Estonia for both men and women has been family formation (Põldma 2011), it could be expected that partnership remains as a strong predictor for young adults to leave parental household. This translates into the following hypothesis:

**H3: Partnership situation (getting engaged in consensual union, marriage) increases the propensity to leave parental home despite the employment status (incl. labour market exclusion)**

Regarding the effect of family background and/or parental resources, it should be kept in mind that many young people in Estonia exit parental home first time due to their studies. Thus, it could be expected that the mediating effect of parental household resources related to young adults' employment status is respectively weaker as the group of young adults who remain in parental home for longer period may be somewhat selective. Moreover, given the on average rather low mean age for leaving



parental household, it could be considered as a social norm that young adults try to leave parental household as soon as possible, independent from the financial resources available. However, among those who stay with their parents also after having finished their studies and/or having entered labour market, parents' financial resources may moderate the negative effect of labour market exclusion on young adult's household autonomy. Thus we expect that:

**H4: Higher parental resources reduce the possible negative effect of unemployment on exiting parental household**

Next to individual and household characteristics, also wider macro-economic situation is expected to shape the housing autonomy process, more precisely the effect of employment situation on housing autonomy. Estonia with its open economy on the one hand and medium protected labour market on the other hand has been proved to be very vulnerable to global economic turbulences. During the recent economic crisis, Estonian economy was considered among the (European) countries affected the strongest by the crisis. For young people it meant a dramatic increase in unemployment figures within a very short period of time. Although the employment levels of young adults started recovering rather fast, they remained still higher compared to pre-crisis period (Rokicka et al. 2015). Thus it is expected that:

**H5: The worsening of the economic conditions, as a consequence of the crisis of 2008, is expected to have had a negative impact on the chances of leaving parental household, and it is expected to have reduced the probability to move out of parental household for those being unemployed compared to pre-crisis period.**

## Data and Methods

### Data and variables

The empirical analysis of the current report is carried out using the Estonian data of the longitudinal version of the European Union Statistics on Income and Living Conditions database (EU-SILC). In order to take into consideration a period of observation, which includes both the pre- and post-crisis time, several waves of EU-SILC longitudinal data, from EU-SILC 2007 (with observations starting in 2004 and ending in 2007) to EU-SILC 2014 have been pooled together. In order to avoid the risk of duplicating household cases when pooling together different waves, only individuals followed for the maximum possible 4 years are included in the analysis. Due to data restrictions (left-censoring of the data), we are able to control for transitions over the observed four-year period, but have no control on the potential shifts and returns to parental home





happening outside the observation window. Thus, the sub-sample is restricted to individuals in the age range of 16 to 40 years old in the moment of 'entry' to observation window. This leaves us with a sample of 3,635 individuals living with at least one parent at the moment of first round of interview. The chosen age range is larger compared to the general definition of youth applied in the EXCEPT project due to several reasons: on the one hand, it allows increasing the sample size of the study, on the other hand it allows observing also those leaving parental home in later age.

The dependent variable in our analyses is the event of exiting parental household: it is operationalized as a dummy variable, which takes value 1 when father and mother are no longer household members and 0 otherwise. This information is recorded in EU-SILC on a yearly base (together with other time-varying covariates, such as the highest educational level attained and partnership status). Such an organization of the dependent variable requires adopting a person-period scheme with a number of rows per each individual equal to the number of years in which he/she is followed (as an example, if the subject is censored, the panel expires and the subject has not done the transition, the subject has 4 rows; if the subject makes the transition on the second year, he/she will have two rows in the dataset. Once the event occurs the subject exits from the risk set and is no longer observable). In total, 350 exit events can be observed in our sub-sample.

The central independent variable included in the model:

- *labour market situation*: a categorical variable which combines information about labour market status as follows:

- employed<sup>16</sup>;
- unemployed;
- student
- inactive.

Other independent and control variables:

- *period of the survey*: a categorical variable indicating the year of the survey with the categories as follows:

- pre-crisis period –2007;
- crisis period –2008-2009;
- post-crisis period –2010-2014.

- *level of education*: a categorical variable with 3 modes indicating the highest level of education attained

- lower secondary (or less) education;
- upper secondary;
- tertiary education.

- *age*: a categorical variable with age ranges as follows:

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<sup>16</sup> As already explained earlier, temporary contracts are not common in Estonia, Therefore only unemployment episodes are under scrutiny here all young people employed indifferent of the contract type are treated as a single category 'employed'.



- 16-19 years old;
  - 20-24 years old;
  - 25-29 years old;
  - 30-34 years old;
  - 35-40 years old<sup>17</sup>.
- *parental background*<sup>18</sup>: a categorical variable indicating the highest attained level of education of the parents (when different, the variable takes the value of the highest education level of the parents), including three categories:
- lower secondary (or less) education;
  - upper secondary;
  - tertiary education.
- *partnership status*: a dummy variable equal to 1 if the individual is engaged in a partnership (married or not married), equal to 0 otherwise.

Descriptive statistics of the sample are presented in Table 1. In total, within the subsample and during the observable time period, 350 exit events from parental home can be observed, which means that of the 3,635 young individuals living at least with one of their parents at the beginning of observation period, 9,7% in the following year(s) no longer have father or mother as part of their household. In other words, we argue that these young people have gained their housing autonomy from their family of origin.

## Method of analysis

The method used for the empirical section is Event History Analysis, with models for discrete-time data (Bernardi, 2006; Box-Steffensmeier & Jones, 2004; Mills, 2011). Event history discrete time models estimate the hazard rate, which is defined as the probability that an event occurs at a particular time  $t$ , conditional on the fact that the event did not occur before  $t$ . The survival function expresses the probability that an event did not occur before time  $t$  (Mills 2011). Given that the dependent variable is binary and time intervals are discrete (one-year interval), a logit model for the analysis is applied (Bernardi 2006). Observations in the dataset are organized according to a person-period scheme. As the observation periods of the same individual cannot be considered independent, they are clustered on the basis of the id of the unit of analysis. Despite this issue is quite debated, with some authors recommending to adjust standard errors on the basis of clustered id (Bernardi 2006), and some others (Mills

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<sup>17</sup> The models were tested also with a continuous variable of age, which gave similar results to those using categorical variables.

<sup>18</sup> As the general level of parental education is rather high (especially due to high level of mothers' education in Estonia), whereas the level of education does not always correspond to economic status and resources, it may be expected that the effect of this proxy variable is rather weak





2011) ignoring the problem, the final models used here use robust standard error clustered on individuals.

**Table 1** Descriptive statistics of characteristics associated to the event (at time  $t_{event}$ )

Variable	Event=1		Total (at $t_0$ )	
	N = 350	%	N = 3,635	%
<i>LM status</i>				
employed	225	64.3	1,020	28.1
unemployed	43	12.3	269	7.4
student	25	7.14	2,007	55.2
inactive	50	14.3	175	4.8
other	7	2.0	164	4.5
<i>gender</i>				
male	178	50.9	2,020	55.6
female	172	59.1	1,615	44.4
<i>Age</i>				
16-19	20	5,7	1,452	39.9
20-24	183	52,3	1,297	35.7
25-29	91	26,0	391	10.8
30-34	27	7,7	233	6.4
35-40	29	8,3	262	7.2
<i>age (continuous)</i>				
	mean	st.dev	mean	st.dev
	25.3	5.3	22.7	5.8
<i>time period</i>				
pre-crisis (2007)	73	20.9	716	19.7
crisis (2008-2009)	57	16.3	737	20.3
post-crisis (2010-2014)	220	62.8	2,182	60.0
<i>Education</i>				
at most lower secondary	98	28.0	1,909	52.5
upper secondary	184	52.6	1,482	40.7
tertiary	68	19.4	229	6.3
Missing			15	0.4
<i>highest level of education of parents</i>				
at most lower secondary	17	4.9	218	6.0
upper secondary	191	54.6	1,929	53.1
tertiary	142	40.5	1,487	40.9
<i>In partnership</i>				
no	123	35.1	3,408	93.8
yes	227	64.9	227	6.2

Source: own calculation based on EU-SILC longitudinal database (2007-2014)



## Results

The results of our analysis (Table 2, Model 1) show that the effect of employment status, more precisely being unemployed compared to being employed, on probability to exit from parental home is negative, yet statistically not significant. Statistically significant effect of LM status on the housing autonomy can be observed in the case of students – young adults still studying and living with their parents are less likely to make a step towards housing autonomy. At the same time, young adults in the status of inactive are more likely to move out of the parental house. Thus, regarding the first hypothesis (H1) that stated the modest negative effect of unemployment status on housing autonomy got only partially confirmed – according to current data, being unemployed tends to decrease indeed the probability to move out of parental home, but the effect is rather modest (and statistically insignificant).

Regarding the gender effect and hypothesis two (H2), while women are in general more likely to leave parental home (Table 2, Model 2a), there cannot be observed any great gender difference when it comes to employment status, more precisely unemployment (Table 2; model 2b). The findings show that even in the status of unemployed or student, women are more likely to leave parental household, but the difference between the two gender groups are statistically not significant. However, a significant and rather dramatic difference can be observed when it comes to the status of inactive (see also Figure 1) – while for inactive men the predicted probability to leave parental house is close to zero, for women it is close to .10. The gender effect seems to be also the main driving force behind the positive effect of inactivity status on household autonomy observed in Model 1 – once the respondent's gender is controlled for, inactive persons are significantly less likely to leave parental home compared to those in employment. Regarding the hypothesis H2, our data does not statistically support our expectation that unemployment status reduces especially men's probability to leave parental household – when being in a status of "student" or "inactive", for men the probability to move to housing autonomy is significantly lower compared to those in employment, but this seems not to be the case for unemployment status.

**Table 2** The effect of individual characteristics on housing autonomy, logit coefficients

	Model 1	Model 2a	Model 2b	Model 3a	Model 3b	Model 4a	Model 4b	Model 5a	Model 5b
Employment status (ref = employed)									
Unemployed	-.249	-.195	-.321	.054	-.069	-.211	-.556	-.242	.485
Student	-2.360 ***	-2.419 ***	-2.720 ***	-1.782 ***	-2.267 ***	-2.387 ***	-2.848 ***	-2.367 ***	-2.360 ***
Inactive	.550 ***	.465 ***	-2.289 **	-.252	-.886 *	.588 ***	.836	.572 ***	.492
Gender									
Female		.323 ***	.040						
Partnership									
Yes (consensual union, marriage)				3.289 ***	3.077 ***				
Parents' education (ref = low)									
Upper secondary						.372	.308		
Tertiary						.521 *	.552		
Crisis (ref = 2007)									
2008-2009								-.293 *	-.361 *
2010-2014								.008	-.014
<i>Controls</i>									
Age group (ref= 20-24)									
16-19		-.408	-.399	-.206	-.088	-.391	-.414	-.369	-.382
25-29		-.117	-.162	-.674 ***	-.646 ***	-.135	-.137	-.145	-.142
30-34		-.571 ***	-.555 ***	-1.599 ***	-1.533 ***	-.560 *	-.563 ***	-.589 ***	-.597 ***
35-40		-.826 ***	-.818 ***	-1.984 ***	-1.913 ***	-.732 ***	-.726 ***	-.829 ***	-.826 ***
Education (ref=low)									
upper secondary		-.120	-.122	-.156	-.149	-.114	-.114	-.081	-.083
Tertiary		.265	.324 *	.395 *	.394 *	.329 *	.317 *	.387 **	.384 **
<i>Interactions</i>									
Status*gender									
unemployed*female			.303						
student*female			.558						

inactive*female			3.235 ***								
Status*partner											
unemployed*partner						.213					
student*partner						1.608 ***					
inactive*partner						.799					
Status*parent's education											
unemployed*upper secondary								.426			
unemployed*tertiary								.279			
student*upper secondary								.885 **			
student*tertiary								omitted			
inactive*upper secondary								-.244			
inactive*tertiary								-.281			
Status*crisis											
unemployed#2008-2009											-.296
unemployed*2010-2014											.282
student*2008-2009											.275
student*2010-2014											-.081
inactive*2008-2009											.381
inactive*2010-2014											.003
Constant	-3.126 ***	-3.043 ***	-2.923 ***	-3.716 ***	-3.617 ***	-3.342 ***	-3.319 ***	-2.896 ***	-2.869 ***		
N	13,414	13,414	13,394	13,398	13,398	13,410	13,274	13,414	13,414		
Rsq	.082	.094	.103	.288	0.292	.093	.093	.093	.094		

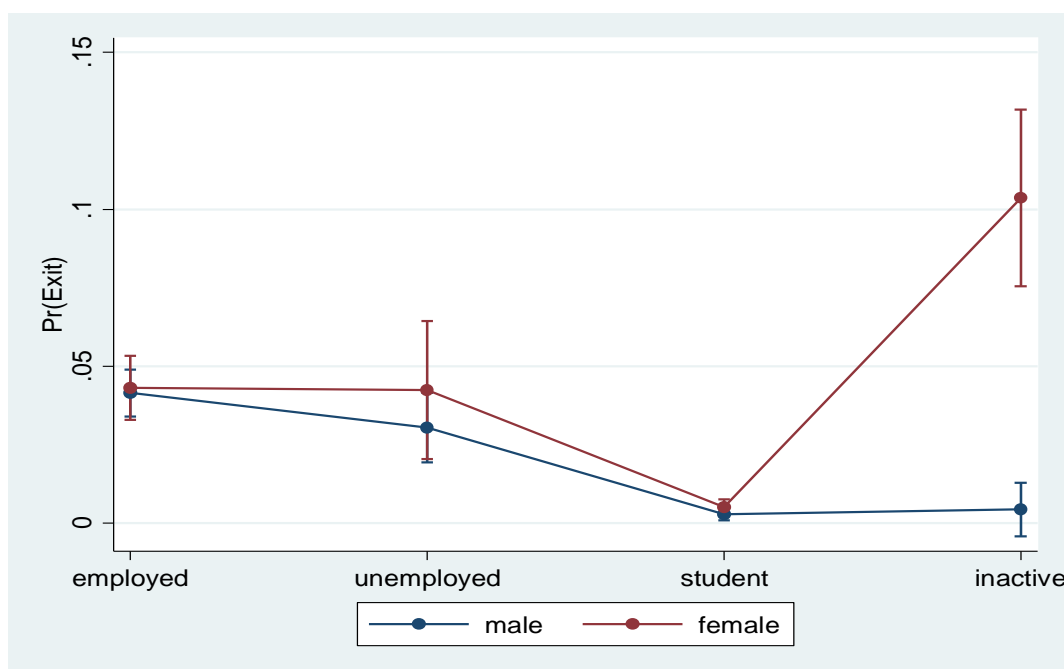
Source: EU-SILC Longitudinal data (2007-2014), authors' own calculations

Note: \* p<.10; \*\* p<.05; \*\*\*p<.01



The latter brings us to the next important feature that tends to determine the shift towards housing autonomy among young adults – partnership status. Our findings show, as expected, that among the all controlled variables, this has the strongest predictive power – after controlling for partnership status, the  $R^2$  of the model jumped from the average of .08 - .10 to almost .29 once controlling for the event of entering partnership in the analysis (Model 3a, Table 2). The third hypothesis (H3) predicted that partnership status increases the propensity to leave parental home despite the employment status and our data partly also confirms it (see also figure 2). As can be seen in the findings (Model 3b, Table 2), those not having partners are less likely to leave parental home when still studying or when being inactive. But especially for those who are still studying, the propensity to leave parental home is significantly higher when entering partnership compared to when not doing so. In other words, despite the (financial) resources argument that is often brought out and emphasized as one of the pre-conditions for leaving parental home, in the current, case entering partnership makes even those young adults still in studies to move out of parental home, whereas it there cannot be observed any significant effect regarding the employment status such as being unemployed or inactive.

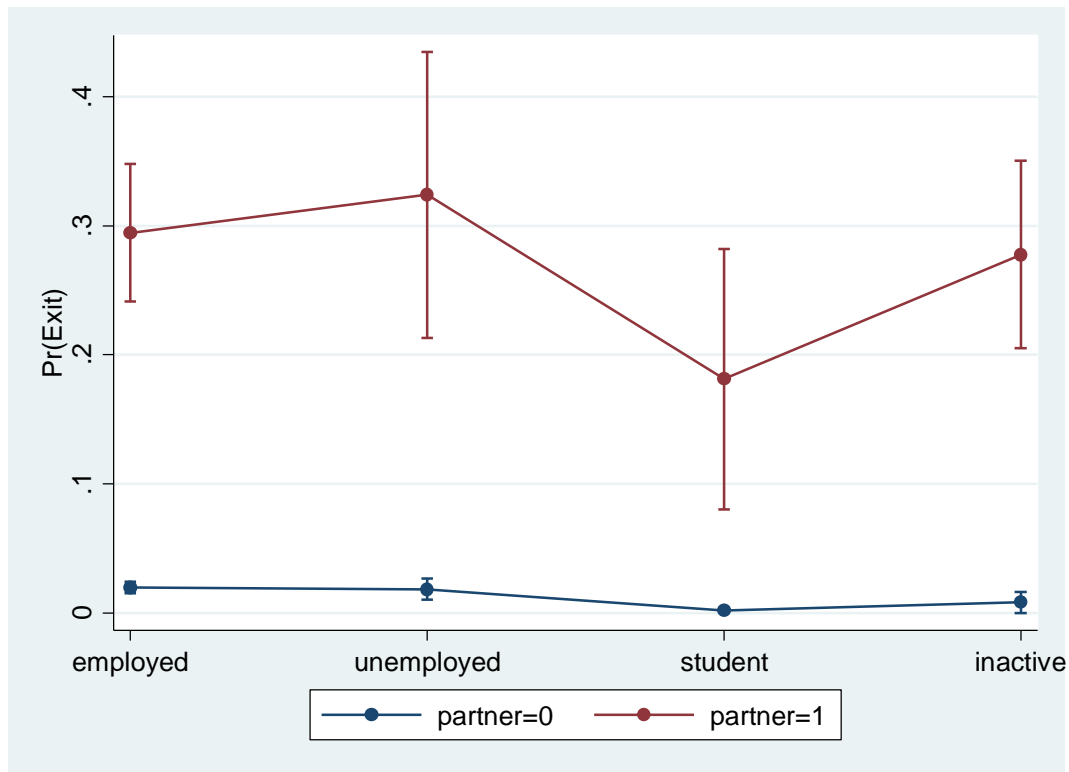
**Figure 1** Average marginal effects: LM status\*gender for Model 2a in Table 2



Source: EU-SILC longitudinal data set for Estonia, 2007-2014, authors' calculations  
Note: Model controls for respondent's education and age



**Figure 2** Average marginal effects: LM status\*partnership for Model 3b in Table 2



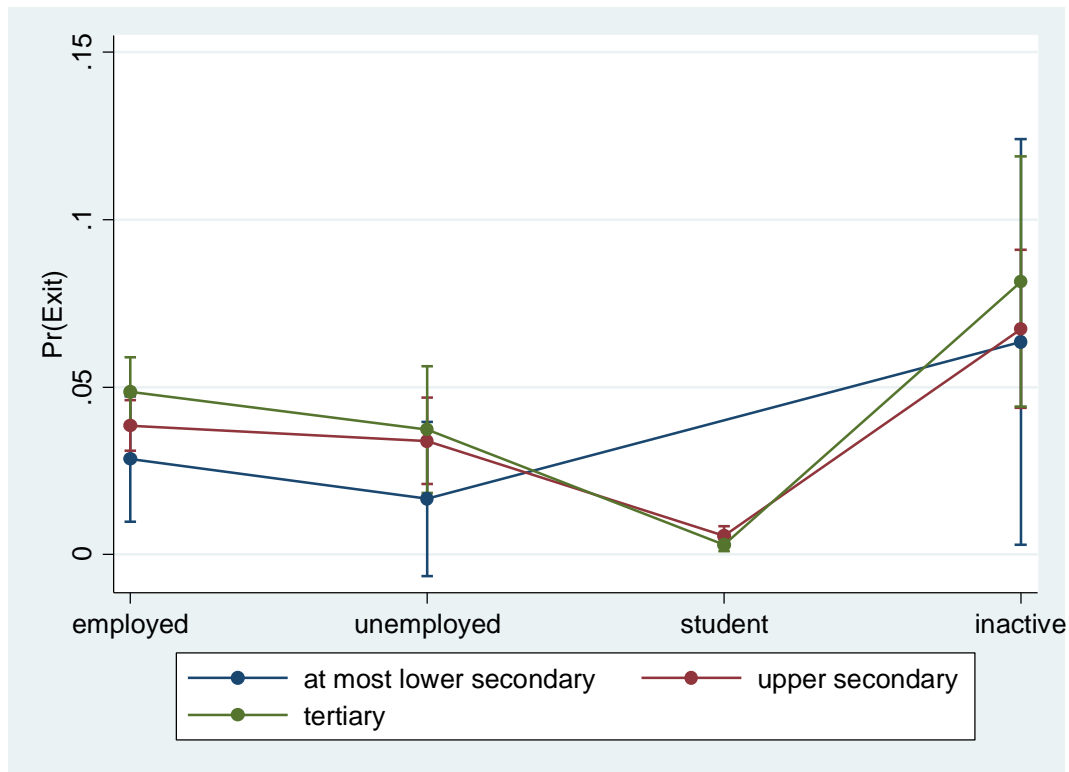
Source: EU-SILC longitudinal data set for Estonia, 2007-2014, authors' calculations

Note: Model controls for respondent's education and age

As expected (H4) and also shown by our data, parental resource effect (here operationalized via parents' highest attained level of education) on exiting parental home is rather modest and not very clear-cut (Model 4 in Table 2). As a main effect (Model 4a in Table 2), it can be observed that having parents with higher resources (here at least one parent is higher educated compared to the both parents having lower secondary education or less) significantly (although modestly) increases the propensity to leave parental home. Still, when looking at the mediating effect of parental education on young adult's employment status (Model 4b in Table 2, see also figure 3), for those being unemployed or students (versus employed) the parental higher resources slightly increase the propensity for exit, although the difference between the groups is statistically not significant. For those being inactive, higher parental resources rather reduce the propensity to move out compare to those employed, but also here the difference between the groups is statistically insignificant. It should be kept in mind, however, that parents' highest attained level of education may underestimate the effect of parental resources as it does not correlate always very strong with the actual material resources or housing facilities.



**Figure 3** Average marginal effects: LM status\*parents' education

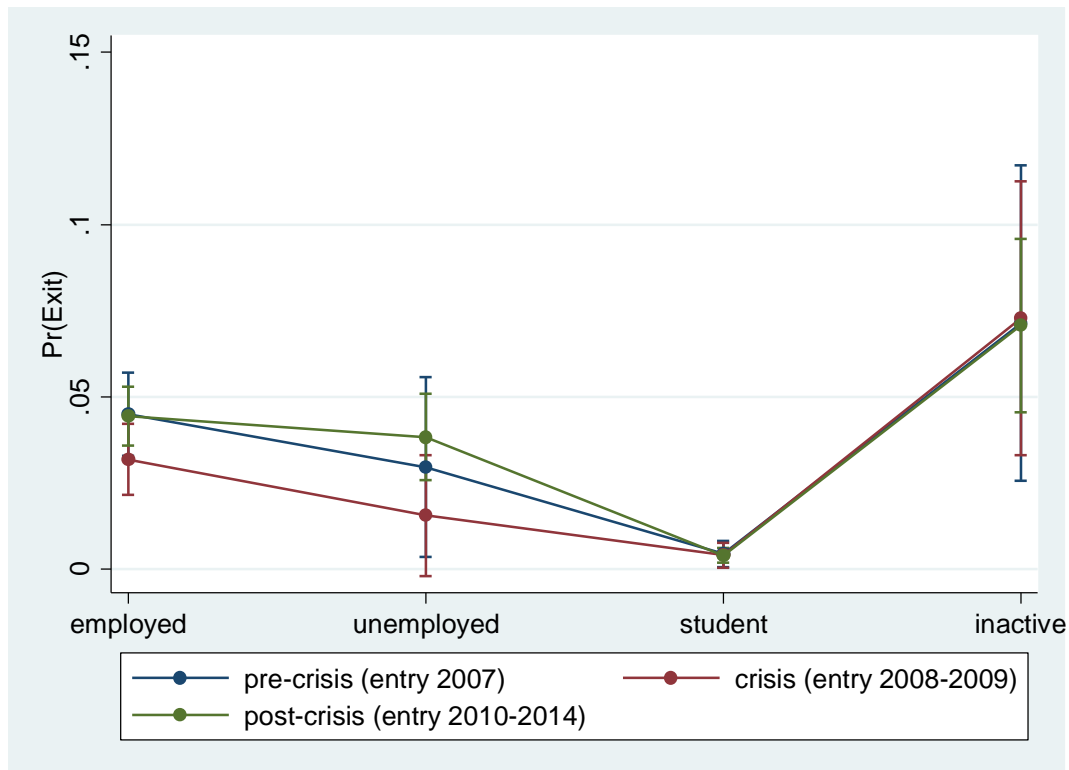


Source: EU-SILC longitudinal data set for Estonia, 2007-2014, authors' calculations  
Note: Model controls for respondent's education and age

The last characteristic under scrutiny here is the mediating effect of economic context on the effect of young adult's unemployment status on housing autonomy. Respective hypothesis (H5) stated that economic crisis should have reduced the general exit level out of parental home for young adults, and even more so for those experiencing unemployment at that moment. The main effect (Model 5a in Table 2) confirms the first part of this hypothesis, showing that during the crisis period the propensity to exit parental home is significantly lower compared to pre-crisis period. Still, as of mediator effect, there cannot be observed any clear association (model 5b in Table 2) – although unemployed young adults are indeed less likely to enter housing autonomy during the crisis period compared to pre-crisis time, the difference is statistically not significant. Still, it should be said (see Figure 4) that any kind of differentiating effect that can be observed by economic crisis variable is related to employment status – while for those being in studies or inactive the exit rate tends not to differ across periods of economic crisis, both for employed and unemployed the probabilities to exit rates are the lowest during the crisis period, even when statistically not significantly.



Figure 4 Average marginal effects: LM status\*crisis



Source: EU-SILC longitudinal data set for Estonia, 2007-2014, authors' calculations  
Note: Model controls for R's education and age

## Conclusions

The aim of the current report was to study the household autonomy in Estonia, more precisely the effect of labour market exclusion (unemployment) on the propensity to exit parental home<sup>19</sup>. In terms of institutional context, Estonia can be characterized as liberal welfare state model with restricted unemployment insurance scheme and low levels of benefits to financially support (young) people experiencing labour market exclusion. Also, the housing policy targeted to young adults' transition towards housing autonomy is almost non-existent – the vast majority of housing facilities are in private hands, the rental market is rather limited, and the share of social housing very low. At the same time, the social norms tend to favour earlier than later exit from parental home – on average Estonian young adults leave parental home in their early or mid-twenties. For the analysis of exiting parental home, the data from EU-SILC longitudinal (pooled data of data collection waves of years 2007-2014) for Estonia was used.

<sup>19</sup> The aim of the EXCEPT Project is to study the effect of both labour market exclusion and insecurity on household autonomy, but as temporary contracts are still rather rare in Estonia, the current report focuses only on the effect of unemployment





The findings of the current analysis showed no clear negative effect of unemployment status on young adults' exit from parental home in Estonia, as originally expected. The analysis showed that being unemployed in general reduces the propensity to exit parental home, still the difference from those employed is not statistically significant. Given the institutional context that tends not to facilitate the exit from parental home, the non-significant effect of unemployment status is somewhat surprising. Part of it could be explained by small N for the analysis and respectively lack of statistical power in the model. Also the general value context may have an explanative part in it – the social norms tends to support rather early than late exit and therefore may happen that young adults feel the urge to leave despite the restricted financial resources. In line with this argument is also the observed effect of entering partnership – the main reason to exit parental household seems to be in Estonia (as in many other countries) entry into a partnership, which includes cohabitation, consensual union, marriage, etc. Once the partnership status is controlled for in the model, the effect of other individual and household characteristics becomes marginal. The current analysis did not control for partner's information, especially partner's employment status, which leaves the question of exact mechanism and effect of external resources on youth housing autonomy decisions somewhat open. Namely, also partner can bring in (financial) resources and this way reduce the pressure for having enough resources for a shift towards household autonomy for the young adult taking the exit decision. The current study could be considered as first attempt to explore the existing associations, but more research is needed in this area in the future.

The young adults' vulnerability to economic situation could be, however, observed in the effect of period – both employed and unemployed young adults show reduced levels of housing autonomy during the period of economic crisis.

Regarding the findings, one has to keep in mind also the limitations of the current study. First of all, it considers only the first move out of parental home and it is not clear, neither controlled how many of those young adults have moved out and returned to parental home before the observed four-year period, neither how many actually return to parental home after the observed transition. Also, more research is needed on the role of external resources such as parents' economic status and the facilities or location (urban, rural) of the parental home, both of which could be shaping the housing autonomy process. As partnership tends to have a strong effect on exit decision, the exact role and mechanism of it (including information on partner's economic status, for example) would need further investigation.



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## 5. The effects of unemployment and temporary employment on leaving the parental home in Germany

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### Introduction

Many young people experience episodes of unemployment and job insecurity in terms of temporary jobs during their school-to-work transition period and their early labour market career. A large body of the literature has investigated how these experiences of labour market exclusion and insecurity affect other life domains. This is because the transition from education to work and the early work career are seen as a central stage in the life course with long-lasting effects for individuals' future. Following the multidimensional concept of the transition to adulthood the interrelationships of early labour market transitions with other processes of the transition to adulthood such as leaving the parental home, gaining economic independence, and the family formation have been investigated (Baranowska-Rataj *et al.*, 2016). Finding a stable, adequate job is often seen as a central precondition to make successful transitions on the way to become an adult (Gebel, 2015).

In this chapter we investigate the consequences of labour market exclusion and job insecurity on the process of leaving the parental home. Leaving the parental home is seen as an important step in the complex transition to adulthood (Baranowska-Rataj *et al.*, 2016; Shanahan, 2000; Aassve *et al.*, 2002; Corijn, Klijzing and Baizan, 2001). It is an objective indicator or, so called "transition marker", of young people becoming independent from their parents. It also often implies that young people gain greater autonomy (Baranowska-Rataj *et al.*, 2016). However, the objective indicator of leaving the parental home should only be seen as a proxy for these underlying subjective dimensions and similar aspects that are often not measured in available data sets. Specifically, there is not a perfect overlap with the event of becoming independent of one's parents (Manzoni, 2016). This is because young people may be rather independent of their parents although they still share a flat. In a similar way, young people may have their own household but the parents still strongly support their child. Another methodological challenge is that leaving the parental home strongly interrelates to other processes of the transition to adulthood such as moving to another city to pursue higher education, starting a new job, cohabiting or getting married. This coincidence of youth transition events is a methodological challenge. Hence, the



following results should be interpreted carefully when it comes to the direction of causality.

We investigate the consequences of labour market exclusion and job insecurity on leaving the parental home for the case of Germany. Germany represents an interesting case study because it is often seen as a prime example of a smooth transition from education to work with very low youth unemployment rates in European comparison (Gangl, 2001; Breen, 2005). Moreover, despite unemployment benefit cuts during the so called Hartz-Reforms in the mid-2000s (Eichhorst, Grienberger-Zingerle and Konle-Seidl, 2010) the level of welfare state support is still high compared to many Southern or Eastern European states with residual welfare state support for young unemployed workers. However, young Germans are still disproportionately often affected by unemployment compared to the German prime-aged workers. There are also important regional differences (Schnabel, 2016). Although there is a slow convergence of East-West disparity in unemployment rate, East Germany still suffers from much higher unemployment rates than West Germany. The east-west disparity in unemployment was particularly pronounced in the 1990s and the beginning of the 2000s (Schnabel, 2016).

Moreover, the restructuring process of the German economy has been accompanied by an increase in the proportion of so-called "flexible" or "non-standard" employment as one form of labor market flexibilization (Esping-Andersen and Regini, 2000). In this chapter we focus on a very prominent form of external flexibility, namely temporary employment, which is characterized by contracts of limited duration that end automatically upon expiry. As many other Western European countries Germany has performed a partial deregulation of its labor market (Barbieri, 2009). While permanent contracts are still highly protected, the use of temporary contracts has been progressively facilitated in Germany. For example, the 1985 Employment Promotion Act and later changes to the law in 1996, 2001, and 2003 gradually extended the possibilities for temporary contracts by easing their application and renewals as well as prolonging their maximum duration (Gebel and Giesecke, 2009). This partial deregulation has increased the incidence of temporary jobs (Gebel and Giesecke, 2016).

Against this background, our central research question is whether labour market exclusion and job insecurity hamper the process of leaving the parental home. In addition, we want to address the research question whether there are different effects of different disadvantaged labour market positions, i.e. comparing the consequences of unemployment and temporary employment. Thus, to fully assess not only the risks but also the chances of taking up temporary jobs at labour market entry, we complement the standard "upward comparison" to regular employment with a "downward comparison" to the alternative of unemployment (Gebel, 2013). Moreover, we want to answer the question whether the effects differ between men, women, East, and West Germany.



## Theory and hypotheses

Leaving the parental home and starting living independently requires resources (Ermisch, 1999). While parents often substantially contribute to their offspring's establishment of an own household it can be expected that the socio-economic situation of the young person matters, too. Regarding these resources both the direct availability and security are relevant. Having resources at the moment is not sufficient because there also need to be trust into having the necessary resources in the future. Thus, in order to cover the direct and long-term costs of having an own household, young people need sufficient economic resources and security.

It can be expected that particularly the individual labor market position determines the current and future socio-economic conditions and, thus, the capability of young people to bear the direct and long-term costs of establishing an own household. Having a job after leaving education and, thus, gaining income should be of great relevance for gaining the necessary resources to leave the parental home.

Moreover, if economic uncertainties exist with regard to the individual future because a person occupies insecure labor market positions this may lead to the postponement of living independently. First, having a temporary job is associated with wage discounts and wage scars, i.e. temporary workers earn less than workers with permanent contracts (Gebel, 2010). Second, although a temporary job provides income there is an increased risk of loosening this job again. This creates a higher degree of expected income volatility that diminishes the probability of living separately from one's parents (Fernandes *et al.*, 2008). This can be buffered if youth are still living with their parents, whereas the poverty risks of job loss are much higher for those who decide to establish one's own household (Aassve *et al.*, 2007). Third, temporary jobs may make youth less willing to establish long-term commitments, being it having an own household or getting married (Oppenheimer, 1988; Mills and Blossfeld, 2003). In contrast, the success of entering a secure job with a permanent contract may reduce uncertainty and should promote the chances of leaving the parental home.

In terms of an effect hierarchy with having a permanent contract standing at the top, we assume that the worst negative effects stem from unemployment, whereas the negative effects are weaker for temporary workers. This is because the unavailability or loss of resources is much higher for unemployed workers because they gain no income or only very restricted amounts based on marginal part-time jobs. Moreover, all the aspects of insecurity about the future affect unemployed workers in the same way or even stronger as temporary workers. This should apply especially to Germany, where many temporary jobs act as stepping stones at the beginning of the working career (Gebel, 2010). Thus, temporary jobs should take an intermediate position between unemployment and permanent contract work.





Hence, we expect that having a temporary job reduces the transition rate out of the parental home compared to working with a permanent contract. Being unemployed should reduce the transition rate even more (*Hypothesis 1*).

Regarding the effects of labor market activities, it is important to differentiate between the situation of men and women. According to the widespread male breadwinner model in Germany, one could expect that the labor market position matters more for men than for women. This is because according to the male breadwinner model men bear the responsibility for providing the economic basis for young couples. Men are expected to have a job and a secure position in order to leave the parental home and establish their own household if they have a partner. For young women the experience of labor market exclusion and insecure labor market positions should have a weaker impact than for men. Even if they face unemployment or job insecurity they could rely on the resources of their partners and focus more on the alternative career that emphasizes housework and taking care of children. Similar arguments are also put forward in the research on the transition to first marriage with regard to gender-specific impacts of unemployment and temporary employment (Kreyenfeld, 2010).

Thus, we expect the negative effects of unemployment and temporary employment on the transition rate out of parental home to be more pronounced for men than for women (*Hypothesis 2*).

Related to the gender-specific argument it seems appropriate to expect also differences between East and West Germany. This is because the traditional gender norms are more prevalent in West Germany than in East Germany due to the institutional and cultural historical differences (Matysiak and Steinmetz, 2008). Gender egalitarianism became more widespread in the socialist East German regime. Even nowadays egalitarian sex-role attitudes are more widespread in East Germany than in West Germany. Despite reunification long-time ago there is no evidence for a convergence process in gender attitudes and even some indications of increasing attitude gaps (Bauernschuster and Rainer, 2012). There are also prevailing institutional differences. For example, in East Germany there are better childcare opportunities than in West Germany (Hofäcker, Stoilova and Riebling, 2013).

From this perspective it could be expected that the gender interaction effect that is specified in Hypothesis 2 is especially pronounced in West Germany (*Hypothesis 3*). According to this three-way interaction especially West German men who experience unemployment or temporary employment should register a lower transition probability out of the parental home compared to West German women, whereas the gender-specific differences in effects should be less pronounced in East Germany.

However, not only the gender and family regimes differ between East and West Germany. There are also strong differences in the labor market situation, specifically during our observation period that starts already a few years after reunification in the mid-1990s (Schnabel, 2016). On average, the economic climate is worse in East



Germany. During the observation period many East German regions were affected by mass unemployment. The nature of temporary jobs also varies because temporary contracts in East Germany are often based on job creation schemes in terms of public subsidized work or specific training arrangements of active labor market policy, whereas temporary jobs are usually located in the regular labor market segment in West Germany. Against this background one could argue that experiencing unemployment or temporary employment should have more (expected) negative effects with regard to the future labor market career outcomes. Thus, based on this argument, one could expect that the negative effects of unemployment and temporary employment on the transition rate out of parental home should be stronger for East Germany than for West Germany in general (*Hypothesis 4*).

## Research design

### Data and sample

For the empirical analyses, data from the Socio-economic Panel (SOEP) of the period 1995 to 2015 (version 32) are used (Haisken-DeNew and Frick, 2006). The SOEP is designed to be nationally representative of German households and surveys of more than 20,000 persons each year. It offers yearly household and individual panel data. The longitudinal SOEP data have the advantage that individual persons are followed over time, which allows dynamic life course studies in a prospective perspective. This dynamic perspective is needed when analyzing the youth transition event of leaving parental home. Organized as a household panel survey the SOEP also provides important prospective longitudinal information on the parents, partnerships and the household context. In addition to collecting information annually, GSOEP retrieves retrospective information about family background.

We reconstruct the history of living arrangements based on the yearly information. We start analysing the process of leaving parental home at age 16 due to data restriction and the fact that independent living is legally restricted for underage person (Jacob and Kleinert, 2008). Due to refreshment samples and the specific follow-up concept the starting age of observation is higher for some respondents. In order to reduce this phenomenon of left truncation we restrict the analysis to respondents who were younger than 20 at the date of the first interview. Imposing this restriction, we have 9596 respondents in our analytical sample. These 9596 respondents are followed up in yearly interviews up to the age of 34. The upper age limit of 34 is imposed in order to focus on life course periods that are seen as the period of transition to adulthood. The observation stops at the event of interest, the date of leaving parental home for the first time. Due to the household panel structure we know the identification number of the mother and the father and the current household number of the mother and the father. Mother and father are defined in social, not in biological terms. Leaving parental home





is defined when a young respondent is living with his mother or father or both parents in the same household in period  $t$  and neither with his mother nor father in period  $t+1$  or  $t+2$ . The extension of the definition to  $t+2$  was necessary because many youths leaving parent home have an interview gap of one year. This is probably related to the time it takes to follow-up the young people who left parental home and to define a new SOEP household. Applying our definition avoids the misclassification of one parent moving out (e.g. because of divorce) or jointly moving with a parent(s) to another household as leaving parental home. Furthermore, “leaving parental home” is also defined in the rare event of a single or both parents dying or moving– even if the respondent stays in the same dwelling it is defined as leaving parental home because she or he is not living with his parent(s) anymore. However, according to this definition, the event of leaving parental home is not classified when the follow-up of the young respondent leaving parental home is not successful. Or, in the unlikely event that mother and father leave the SOEP survey in the year their son or daughter left their home. If no event of leaving parental home is registered up to the last interview or the person reaching age 34, we code spells as right-censored. As we stop our observation when a person left parental home we fade out any events of youth returning to parental home.

Thus, we rely on an “objective” measure of leaving parental home. There is not a perfect overlap with the event of becoming independent of parents. This is because young people may be rather independent of their parents although they still share a flat. Or, young people may have their own household but parents are still strongly supporting their child. However, due to the requirements for the definition of a new household in the SOEP our definition does not include mis-measurements such as leaving parental home for military or civil service, for a hospital stay, for a long travel or for establishing a secondary residence for study (e.g. in a student dormitory). Unfortunately, due to data limitation, our definition cannot be compared to alternative subjective measures or respondents’ self-evaluations (Jacob and Kleinert, 2008).

## Methods

We are analysing the central life course event of leaving parental home. As all events of the transition to adulthood represent highly dynamic life course processes, applying the statistical tools of event history analysis seems most appropriate. The key feature of event history analysis is its interest in understanding the determinants of time spent in specific states – so called spells or episodes – and the timing of transitions to other states. The basic concept is the hazard rate, which represents the instantaneous rate of leaving a specific state conditional on the fact that no exit has taken place earlier. Event history analysis also provides the tools to handle censored data. Censoring occurs when spells are not completely observed, i.e. we do not identify when an event ended. Our data are characterized by right-censoring because of the prospective panel design, the imposed upper age limit and persons dropping out of the panel survey. As we focus on one event we use single-risk models. Following the argument of Jacob



and Kleinert (2008) we will not distinguish different exit routes in terms of leaving parental home for studies, work, cohabitation etc. Instead, we conceptualize the economic activity and marital status as measurements of resources that hamper or facilitate the decision to leave independently of the parents.

Hence, we apply event history models to address the problem of right-censoring. Specifically, we use a discrete time hazard model using a logistic functional form (Jenkins, 1995). In view of not having a specific hypothesis on the shape of the baseline hazard function we apply a piecewise constant specification. We have chosen to apply a semi-parametric piecewise constant baseline hazard function as it relaxes the assumptions concerning the distribution of the hazard function by allowing the hazard to vary between predefined duration intervals. This allows us to establish whether the chance of exiting parental home increases or decreases with the respondent's age controlling for selected variables. Following this approach, process time is split up into intervals in order to estimate the baseline hazard rate. Within each of those specified intervals ("pieces") the hazard rate is assumed to be constant. The intervals are defined for age 16 to 19, 20 to 24, 25 to 29 and 30 to 34. Covariates are included in such a way that they have the same proportional effect in each period of the hazard specification.

Previous research has shown that logit coefficients and odds ratios are not appropriate for model comparisons over samples, groups or time points (Mood, 2010). Hence, in case of the binary logistic regression, we estimate average marginal effects (AMEs) as parameters and apply graphical tools of average marginal effect plots (Best and Wolf, 2015). Average marginal effects express the average effect of a change in the independent variable on the probability of the outcome variable, holding all other independent variables constant (Long and Freese, 2014).

## **Independent variables**

Although the SOEP offers retrospective monthly data on economic activity status (Wagner, Frick and Schupp, 2007), too, our key information comes from the yearly interviews. This is because the important information about the type of contract is only available at the time of the yearly interview but not in the monthly economic activity calendar. In terms of economic activity, we distinguish between dependent employment, self-employment, unemployment, being in education or training and labour market inactivity. The variable is defined as a time-varying variable on a yearly base which captures important dynamics in the economic activity status. It is essential to account for the time dependence of the activity status when estimating the effect of the economic activity status on the transition event of leaving parental home.

In view of many young people combining work and education, we defined a status hierarchy with being in education at the highest priority and employment as the second



priority. The status of being in education includes any kind of education activity in primary, secondary or tertiary education or school-based training. In the specific German context, apprentices are counted as part of the training system and not as an employment contract (Müller, Steinmann and Ell, 1998). This status hierarchy was also applied with respect to the problem that the SOEP provides information on economic and education activity in various variables, which are partly not harmonized. In this respect, we gave information on education activities also the highest priority.

Individual unemployment experience is defined in terms of registered unemployment at the date of the yearly interview. Due to specific institutional regulations registered unemployed workers may hold marginal part-time jobs (often in the arrangement of so called “1-Euro jobs”) in Germany.

Regarding the group of employed people, we distinguish the kind of contract – having a work contract of unlimited duration or a work contract of limited duration. The question about the temporary nature of the employment is available at the time of the interview, on a yearly base, for all new employment relationships since 1984 and for all current employment relationships on an annual basis since 1995. Therefore, it was necessary to restrict the analyses to the years 1995–2015 because in the period before 1995 the contract status is unclear in case of changes in contract status on the job. As we define it, fixed-term work does not include apprenticeships, which are always based on fixed-term contracts in Germany. Self-employed workers are defined as a separate category because they do not have a work contract.

Labour market inactivity is a rest category that subsumes a heterogeneous group of persons, e.g. persons who are not active because of illness, persons on maternity leave, persons focusing childcare and family duties, but also persons who do not want to work or gave up any job search activity and not registered at the unemployment office. In view of this great heterogeneity, the estimated effect of this subgroup is not in the focus of our analysis.

In view of the specific German institutional setting, we distinguish the group of young people in military or civilian service from the inactive persons. This group includes mainly young men doing their compulsory service, that was a civic duty until the year 2011 but also young women who did civilian service on a voluntary base.

We are interested in estimating the “causal” effects of experiencing unemployment and job insecurity on the transition probability of leaving parental home. To avoid spurious correlations in these relationships, we control for variables in order to satisfy the backdoor-path criterion of modern causal analyses (Morgan and Winship, 2015). We use a rich set of control variables  $X$  that are expected to influence both the economic activity status and contract status and the decision to leave parental home. These variables are measured, if possible, as time-varying variables in order to avoid endogeneity problems. In order to estimate the gross “causal” effect experiencing unemployment and job insecurity on the transition probability of leaving parental home



we do not control for variables that are “mechanisms”, i.e. variables that are located on a frontdoor-path from the labor market variables to the transition event. This includes variables such as the personal income level, class position, subjective well-being or current subjective assessments of the health status.

Specifically, we control for the education qualification of the respondent because education qualifications affect the labor market position and are expected to have an influence on leaving parental home, e.g. in terms of skill, abilities and attitudes formed in school, independently of the labor market position. Educational qualification of the respondent is measured by combining information about the highest school and vocational degree obtained following an aggregated CASMIN classifications, which is especially relevant for the highly standardized and stratified German educational system, with its high degree of vocational specificity (Müller, Steinmann and Ell, 1998). We distinguish persons with elementary or less (1a+b), elementary and vocational (1c), intermediate secondary without vocational (2b), intermediate secondary with vocational (2a), upper secondary without vocational (2c\_gen), upper secondary with vocational (2c\_voc), lower tertiary (3a) and higher tertiary education (3b).

We also include the occupational position of the father measured when the respondent was 15 to proxy for the long-term parental influence on labour market success. The father’s occupational position should proxy for permanent income and social networks that are important for social reproduction on the labour market next to the mechanism of the intergenerational transmission of education resources. We decided for this retrospective measure as an alternative to the current labour market position of the father that may already be affected by retirement processes when the respondents grow older. As retirement pensions strongly depend on the previous labour market position of the father the information on a retired father is less meaningful than the previous labour market position measured when the respondent was 15. It also acts as measure of the permanent income of the parental household as an alternative to the current household income that is already affected by the labour market behaviour of the offspring of the household and their processes of leaving parental home. Specifically, we differentiate between high white collar, low white collar, self-employed, medium/high blue collar and low blue collar job positions as well as the situation when the father was not employed or already dead.

Additionally, we include the number of siblings as a measure of resource competition within the family of origin. Alternatively, it can also be seen as variable measuring the pressure to leave an overcrowded home as we control for father’s occupation position at the same time. We also control for the dominant place of residence during childhood distinguishing between a socialization in a rural or an urban area is included, which captures cultural, economic and social differences between rural and urban places. We decided for this long-term measure instead of the current place of living because it should summarize the conditions during childhood that are expected to influence both the current labour market position and the process of leaving parental home.



We include a control variable for migration background. This is because their patterns of transition to adulthood are affected by their specific cultural background that may also affect their labour market position. We apply the constructed migration background variable summarizing information from different questions that is provided by the SOEP (Scheller, 2011). Based on information on the nationality of the individual, his/her migration history and the information whether his/her parents were born in Germany three categories are distinguished: (1) direct migration background if the respondent immigrated by him/herself, (2) indirect migration background if the respondent is born in Germany but his parents migrated to Germany, i.e. he/she is a migrants' offspring and (3) respondents having neither a direct nor an indirect migration background.

Furthermore, we include a dummy variable for disability status (i.e., share of legally attested disability of 30% and more) because disability may both hinder the transition from parental home and it may act as a hurdle in the labor market, for example, due to discrimination processes. Disability status can also be seen as an objective and exogenous indicator of health conditions and thus, from a methodological point of view, as an alternative to subjective assessment of the current psychological and physical health that may be affected by the current labor market status.

To account for structural, institutional and cultural changes at the macro-level we include the time period as a proxy variable. We group the years in the following periods: 1995–1999, 2000–2004, 2005–2010, and 2011–2015.

In terms of sensitivity analysis, we control in one model additionally for the marital status. Previous research has highlighted the importance of partnership and marriage for leaving parental home (Jacob and Kleinert, 2008). As previously argued, for a matter of simplification and due to data limitations (in terms of missing information and low number of cases), we do not differentiate between different exit routes from parental home. Thus, we treat marital status as control variable and assume that it affects both the labour market position and leaving parental home. Due to data limitations we had to focus on the formal arrangement of marriage because the partnership status is not asked in the SOEP. However, including this variable can be seen from a critical perspective because both transition events leaving home and getting married might be co-determined processes. Therefore, we treat this variable carefully in terms of a stepwise modelling approach and interpret the findings just as a sensitivity analysis.

All analyses are stratified by East versus West Germany and gender. As explained in our theoretical model we expect heterogeneity in the effects of experiencing unemployment and job insecurity on the transition probability of leaving parental home across region and gender.

Of course this list of control variables and stratification variables is not complete in order to block all backdoor-paths. Important unobserved variables such as attitudes,



motivation and personality are missing. The included social background variables should partially proxy for those unobserved variables.

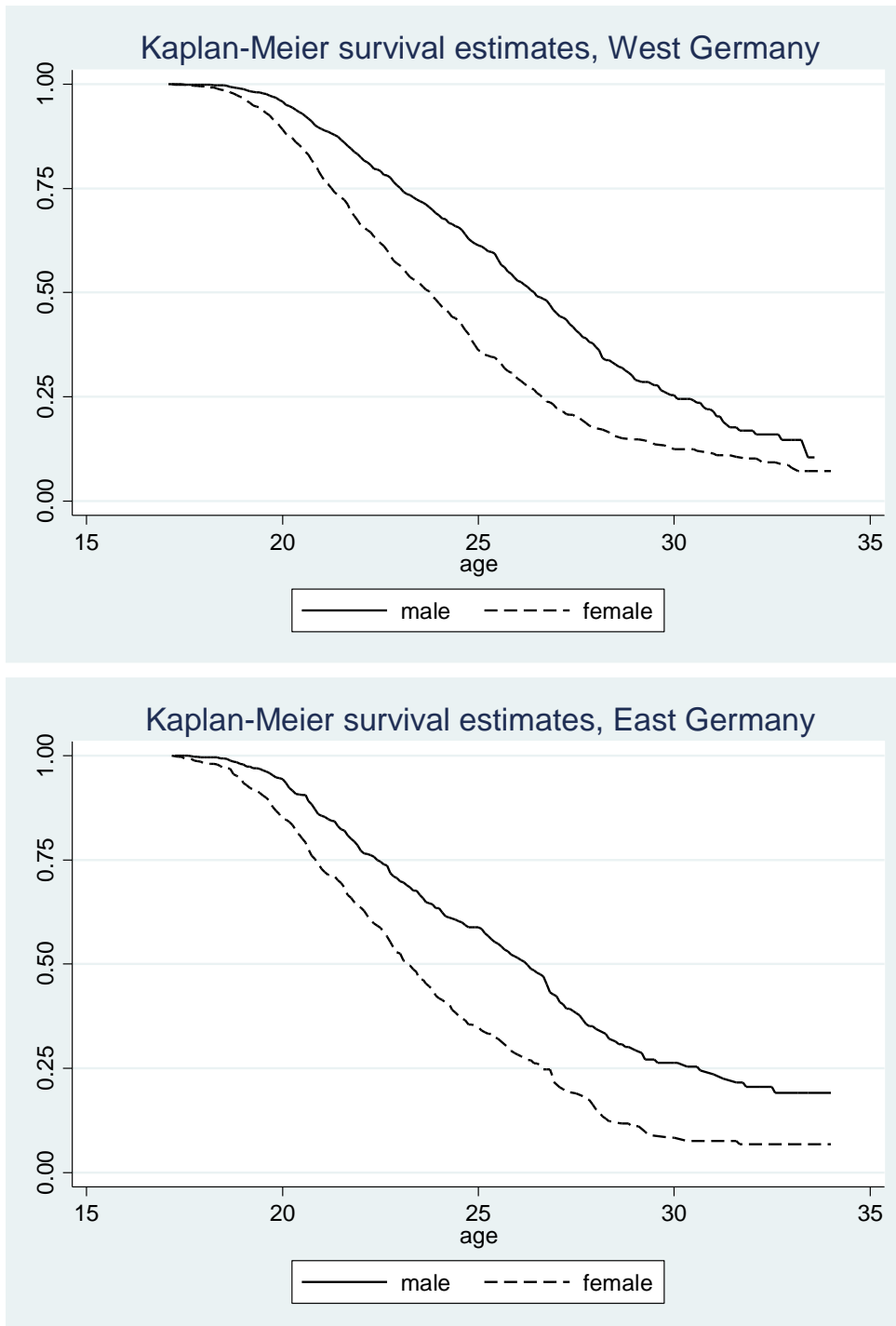
## Results

### Descriptive results

In the first step of our analyses, we apply Kaplan–Meier (KM) survival estimates for the event of leaving parental home for the first time. These estimates provide a detailed picture of the timing of marriage and also address the problem of data censoring, which is relevant for the younger birth cohorts (Blossfeld, Golsch and Rohwer, 2007). The analyses are performed separately for West Germany (see upper part of Figure 1) and East Germany (see lower part of Figure 1). For each region the analyses are performed separately for men and women. The survivor functions can be interpreted as the proportion of men or women who have not left parental home until a specific age. Overall, 2434 events of leaving parental home for the first time are observed given our strict sample restrictions. Specifically, 724 transition events are observed for West German men, 1084 transition events are observed for West German women, 277 transition events are observed for East German men and 349 transition events are observed for East German women.



**Figure 1:** KM estimator for leaving parental home



Source: SOEP 1995–2015 (version v32), own calculations.





Overall, we find clear gender differences both in West and East Germany. Women leave parental home earlier than men. There are also small differences between the two country parts as East Germans make slightly faster transitions out of the parental home compared to West Germans. Figure 1 shows that only very few young people leave parental home as teenagers. Instead, the main age period of making the transition out of the parental home starts in the early 20s and ends around the end 20s. At higher ages the transition probability decreases, which can be seen in form of a weaker slope of the survivor function.

Detailed investigations reveal that, at age 20, just about 4% of West German men but already 11% of West German women have left the parental home. The age at which at least 50 percent of the group have made their transition out of parental home is about 26.3 for West German men compared to 23.6 for West German women. At age 30, just about 12% of West German women are still living with (a) parent(s), whereas this share lies at about 24% for West German men. Thus, a substantial share of West German men is sharing their home with their parents for a long time.

In East Germany, at age 20, just about 6% of East German men but already 15% of East German women have left the parental home. Thus, compared to West Germany the incidence of early living of parental home is slightly higher both for men and for women in East Germany. The slightly higher speed of making the transition out of parental home in East Germany is also visible when measuring the age at which at least 50 percent of the group have made their transition out of parental home. It is about 25.9 for East German men compared to 23.2 for East German women. At age 30, just about 8% of East German women are still living with their parents, whereas this share lies at about 24% for East German men. While almost all East German women have left parental home at age 30, about one quarter of East German men still co-resides with their parents. Thus, a convergence can be observed for East German men and West German men at higher ages. In contrast, East German women are always ahead of their West German counterparts.

The contrast of the four groups – West German men, West German women, East German men, and East German women – clearly shows that gender difference matter much more than the regional differences in Germany.

Such descriptive analysis of estimating survivor functions cannot be done for time-varying covariates such as the labor market status. In order to test our central research hypotheses on the effects of experiencing unemployment and job insecurity on the transition probability of leaving parental home we will perform multivariate event history analyses.





## Multivariate results

In the next step, the multivariate event history analyses are performed in a discrete-time logistic hazard event history analysis. A stepwise modelling is used with a main interest in the effects of experiencing unemployment and job insecurity on the transition probability of leaving parental home. Listwise deletion is applied to account for missing values of covariates. In this respect, the number of observations is kept constant across stepwise models. The full estimation results are reported in Table A1 for West German, in Table A2 for West German women, in Table A3 for East German men and in Table A4 for East German women. In the following tables selected results are presented with respect to the research hypotheses to be tested empirically.

As explained in the methodological section all models adopt a piecewise constant function defined by age groups of four or five-year intervals. The models 1 in Table 1 represent models with such a piecewise constant specification and the activity status as the main variable of interest. Thus, the age-specific transition pattern is estimated net of activity status effects. For West German men, we find that the hazard rate increases with age up to age group 25–29 and slightly declines for the oldest age group. The same pattern can be observed for West German women. However, the effects are more pronounced, i.e. the transition rates increase more strongly for the in age group 20–24 and age group 25–29 compared to the reference group of 16–19yo. Similar patterns of age-specific transition rates can be observed for East German men and women. In general, the results on the piecewise constant function are in line with the descriptive findings.

Model 1 empirically tests our first general hypothesis. For West German men we find that being unemployed reduces the transition rate out of parental home by 2.1 percentage points compared to the reference group of persons with a permanent work contract. The effect is statistically significant at the 1% level. This is line with our theoretical expectation. However, in contrast to hypothesis 1 we do not find any substantial difference between West German men in temporary jobs and West German men in permanent contracts. The estimated coefficient of 0.4 percentage points is rather low and statistically insignificant. Interestingly, the estimated effect sizes remain rather constant even when adding a large set of control variables. Specifically, model 2 adds the highest current education degree, father's occupation, number of siblings, place of socialization, migration background, disability status, and year groups as control variables. Thus, it is just unemployment that hampers West German men's pathways out of the parental home, whereas the type of contract does not matter.

Interestingly, results are different for the other gender and regional groups. For example, for West German women the estimate for the effect of unemployment on the transition probability is 2.1 percentage points. Thus, the sign of the coefficient shows that West German women who are unemployed have a higher probability of leaving their parental home. In model 1 the effect is insignificant but it becomes significant



when the control variables are included in model 2. This finding contradicts our general hypothesis 1 but it is in line with the interaction effect hypothesis 2 that assumes that women suffer less from unemployment and temporary employment compared to men.

Regarding the other activity states, we find rather similar effects for West German women. Being in education substantially reduces the probability of leaving parental home. In contrast to the findings for West German men, however, being inactive or doing a voluntary civilian service does not have a negative effect on the transition probability for West German women. In line with the finding for West German men, the contract status has no effect on the transition out of parental home for West German women. Transition rates of self-employed West German men and women do not differ from their counterparts in dependent employment with a permanent contract.



**Table 1:** Discrete time hazard model of leaving parental home (average marginal effects), models M1 and M2, subgroup-specific model comparison

	West German men		West German women		East German men		East German women	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
	AME (s.e.)	AME (s.e.)	AME (s.e.)	AME (s.e.)	AME (s.e.)	AME (s.e.)	AME (s.e.)	AME (s.e.)
<i>Age (ref. 16-19yo)</i>								
20-24yo	0.056*** (0.004)	0.041*** (0.004)	0.098*** (0.006)	0.061*** (0.006)	0.064*** (0.008)	0.054*** (0.009)	0.072*** (0.011)	0.057*** (0.013)
25-29yo	0.093*** (0.010)	0.062*** (0.009)	0.124*** (0.015)	0.066*** (0.013)	0.092*** (0.018)	0.064*** (0.017)	0.098*** (0.023)	0.063*** (0.022)
30-34yo	0.068*** (0.022)	0.039** (0.016)	0.057** (0.028)	0.026 (0.021)	0.037 (0.023)	0.023 (0.019)	-0.004 (0.025)	-0.020 (0.019)
<i>Activity status (ref. permanent contract)</i>								
temporary contract	0.004 (0.008)	-0.008 (0.008)	0.013 (0.011)	0.004 (0.010)	-0.002 (0.013)	-0.008 (0.014)	0.036 (0.023)	0.028 (0.023)
self-employed	0.004 (0.019)	-0.010 (0.018)	0.019 (0.033)	0.003 (0.027)	0.032 (0.049)	0.001 (0.037)	0.151 (0.109)	0.101 (0.095)
unemployed	-0.021*** (0.008)	-0.018* (0.010)	0.021 (0.016)	0.028* (0.015)	-0.003 (0.012)	-0.004 (0.013)	-0.005 (0.022)	-0.002 (0.023)
in education	-0.034*** (0.005)	-0.045*** (0.007)	-0.048*** (0.007)	-0.036*** (0.008)	-0.018* (0.009)	-0.024** (0.012)	-0.071*** (0.016)	-0.068*** (0.017)
inactive	-0.045*** (0.008)	-0.056*** (0.008)	-0.003 (0.015)	0.006 (0.015)	-0.012 (0.026)	-0.016 (0.028)	0.065 (0.043)	0.053 (0.041)
military/civilian service	-0.036*** (0.008)	-0.050*** (0.008)	-0.016 (0.027)	-0.021 (0.023)	-0.017 (0.015)	-0.025* (0.015)	-0.012 (0.068)	-0.031 (0.056)
<i>Control variables:</i>	no	yes	no	yes	no	yes	no	yes
<i>Highest current education degree, Father's occupation, Number of siblings, Place of socialization, Migration background, Disability, Year</i>								

Source: SOEP 1995–2015 (version v32), own calculations. Significance levels: \* p<0.1, \*\* p<0.05, \*\*\* p<0.01.



For East Germany, we find neither unemployment effects nor temporary employment effects. The estimated coefficients are close to zero and statistically insignificant both for East German men and for East German women. These findings also contradict our general hypothesis 1. There is also no clear evidence for hypothesis 2 because both men and women have small and insignificant effects of unemployment and temporary work. The results can also be interpreted against hypothesis 4 that postulated that the negative unemployment and temporary work effects are stronger for East Germany. Regarding hypothesis 3 there is partly evidence that the gender effect is more pronounced in West Germany than in East Germany. Being unemployed has a negative effect for West German men and a positive effect for West German women. There is no gender difference in East Germany. Thus, the gender gap in the unemployment effect is more pronounced in West Germany than in East Germany. However, this three-way interaction does not exist in the case of temporary employment.

Regarding the other activity states, we find again that being in education reduces the likelihood of leaving parental home in East Germany. The effect is strongest for East German women. There is also some indication that, similar to West German men, East German men in military/civilian service register lower transition probabilities compared to the reference group of persons holding a permanent contract. The negative sign can also be found for East German women in voluntary civilian service but the effect is statistically not significant, which is probably due to the very small number of cases in this category. Being inactive does not have an effect for East German men. Inactive East German women seem to have a higher probability of leaving parental home compared to East German women with permanent contracts but the coefficient fails statistical significance. Being self-employed shows also a quite large positive effect but it is not significant, probably again due to the very small number of cases in this category.

Results on the control variables highest current education degree, father's occupation, number of siblings, place of socialization, migration background, disability status, and year groups can be found in the detailed tables in the appendix. We do not comment on these variables because they just act as control variables. Moreover, their interpretation would be very complex because of their complex interrelationships and because our stepwise modelling approach is adopted to estimate the effects of economic activity status only.

In terms of sensitivity analysis, we control in models 3 for each subgroup-specific model additionally for the marital status. The results in models 4 reported in Tables A1–A4 show a very large effect of the time-varying marital variable. The estimated coefficients are especially large for women in both parts of Germany. However, the main interest is not in the marriage effect because this variable is seen as very problematic as we argued in our methodological section. We just want to determine the sensitivity of the results on the effects of experiencing unemployment and job insecurity



on the transition probability of leaving parental home with regard to the inclusion of. Comparing the estimated coefficients of the central explanatory labour market status variables shows that the negative effect of unemployment for West German men does not change when controlling for marriage. The conclusions about the small and statistically insignificant effect of temporary employment are not affected by the inclusion of the marriage variable, too. Regarding West German women, the positive and statistically significant effect of unemployment on leaving parental home slightly decreases from 2.8 percentage points to 1.3 percentage points and it loses statistical significance. Thus, there is some indication that the negative unemployment effect relates to marriage for West German women. Either in terms of a spurious correlation or due to the co-determination of the two processes of leaving home and marriage. Disentangling this methodological puzzle is, however, beyond the scope of this report. For East German men and women, the conclusions on the small and statistically insignificant effect of temporary employment and unemployment are not affected by the inclusion of the marriage variable.

## Conclusions

The aim of this chapter was to analyse the effects of unemployment and temporary employment on the transition probability out of parental home. Drawing on prospective panel data from the SOEP for the period 1995–2015 we performed event history analysis for West German men, West German women, East German men and East German women separately.

Against our theoretical expectation we find only limited evidence for any effects of unemployment and temporary employment on the transition probability out of parental home. The great majority of the estimated effects are very small and statistically insignificant. There is just evidence that being unemployed reduces the transition probability out of parental home for West German men.

In contrast, for West German women the estimate for the effect of unemployment on the transition probability is even positive. Thus, the sign of the coefficient shows that West German women who are unemployed have a higher probability of leaving their parental home. This finding contradicts our general hypothesis but it is in line with the interaction effect hypothesis that assumes that women suffer less from unemployment and temporary employment compared to men.

For East Germany, we find neither unemployment effects nor temporary employment effects. The estimated coefficients are close to zero and statistically insignificant both for East German men and for East German women. These findings also contradict our general hypothesis that assumed negative effect of unemployment on leaving parental home. There is also no clear evidence for our gender-interaction hypothesis because both men and women have small and insignificant effects of unemployment and



temporary work. The results can also be interpreted against region-interaction hypothesis that postulated that the negative unemployment and temporary work effects are stronger for East Germany. Regarding the three-way interaction hypothesis of labour market status, gender and region there is partly evidence that the gender effect is more pronounced in West Germany than in East Germany. Being unemployed has a negative effect for West German men and a positive effect for West German women. There is no gender difference in East Germany. Thus, the gender gap in the unemployment effect is more pronounced in West Germany than in East Germany. However, this three-way interaction does not exist in the case of temporary employment.

Nevertheless, the main conclusion is that we find only very limited evidence for effects of unemployment and temporary employment on the transition probability out of parental home. Obviously, in the Germany context, unemployment and temporary employment is not a hurdle for establishing an own household. The negative effects of unemployment and temporary employment seems to be buffered by the welfare state and/or a strong re-integration perspective of unemployed young workers and the stepping-stone function of temporary jobs for many young workers in Germany. There is just evidence that being unemployed reduces the transition probability out of parental home for West German men.



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## Appendix

**Table A1:** Discrete time hazard model of leaving parental home (average marginal effects), West German men, M1-M3, full results

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>
	<b>AME</b>	<b>AME</b>	<b>AME</b>
	<b>(s.e.)</b>	<b>(s.e.)</b>	<b>(s.e.)</b>
<i>Age (ref. 16-19yo)</i>			
20-24yo	0.056*** (0.004)	0.041*** (0.004)	0.040*** (0.004)
25-29yo	0.093*** (0.010)	0.062*** (0.009)	0.052*** (0.008)
30-34yo	0.068*** (0.022)	0.039** (0.016)	0.031** (0.014)
<i>Activity status (ref. permanent contract)</i>			
temporary contract	0.004 (0.008)	-0.008 (0.008)	-0.005 (0.008)
self-employed	0.004 (0.019)	-0.010 (0.018)	-0.016 (0.016)
unemployed	-0.021*** (0.008)	-0.018* (0.010)	-0.017* (0.010)
in education	-0.034*** (0.005)	-0.045*** (0.007)	-0.041*** (0.007)
inactive	-0.045*** (0.008)	-0.056*** (0.008)	-0.052*** (0.008)
military/civilian service	-0.036*** (0.008)	-0.050*** (0.008)	-0.047*** (0.008)
<i>Highest current education degree (ref. lower secondary or less)</i>			
lower secondary+voc		0.011** (0.005)	0.010* (0.005)
intermediate secondary		0.011** (0.005)	0.011** (0.005)
intermediate secondary+voc		0.015**	0.015***



	(0.006)	(0.006)
upper secondary	0.045***	0.044***
	(0.007)	(0.007)
upper secondary+voc	0.025***	0.026***
	(0.010)	(0.010)
lower tertiary	0.043***	0.048***
	(0.016)	(0.016)
higher tertiary	0.055***	0.061***
	(0.015)	(0.016)
<i>Father's occupation</i> (ref. high white collar)		
low white collar	-0.006	-0.006
	(0.005)	(0.005)
self-employed	-0.004	-0.005
	(0.006)	(0.006)
medium/high blue collar	0.002	0.001
	(0.005)	(0.005)
low blue collar	0.009	0.009
	(0.006)	(0.006)
not employed or dead	0.011	0.012
	(0.008)	(0.008)
<i>Number of siblings</i>		
	0.003***	0.003**
	(0.001)	(0.001)
<i>Place of socialization</i> (ref. urban socialization)		
rural socialization	-0.010***	-0.010***
	(0.004)	(0.004)
<i>Migration background</i> (ref. no migration background)		
direct migration background	-0.008	-0.015***
	(0.006)	(0.005)
indirect migration background	-0.012***	-0.014***
	(0.004)	(0.004)
<i>Disability</i> (ref. no disability)		
disability	0.009	0.005



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	(0.016)	(0.016)
<i>Year (ref. 1995-1999)</i>		
2000-2004	-0.036***	-0.033***
	(0.011)	(0.010)
2005-2010	-0.032***	-0.030***
	(0.010)	(0.010)
2011-2015	-0.024**	-0.022**
	(0.011)	(0.010)
<i>Marital status (ref. Unmarried)</i>		
married		0.281***
		(0.042)
<hr/>		
N	12826	12826
		12826

Source: SOEP 1995–2015 (version v32), own calculations. Significance levels: \* p<0.1, \*\* p<0.05, \*\*\* p<0.01.



**Table A2:** Discrete time hazard model of leaving parental home (average marginal effects), West German women, M1-M3, full results

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>
	<b>AME</b>	<b>AME</b>	<b>AME</b>
	<b>(s.e.)</b>	<b>(s.e.)</b>	<b>(s.e.)</b>
<i>Age (ref. 16-19yo)</i>			
20-24yo	0.098*** (0.006)	0.061*** (0.006)	0.047*** (0.006)
25-29yo	0.124*** (0.015)	0.066*** (0.013)	0.043*** (0.011)
30-34yo	0.057** (0.028)	0.026 (0.021)	0.004 (0.017)
<i>Activity status (ref. permanent contract)</i>			
temporary contract	0.013 (0.011)	0.004 (0.010)	-0.002 (0.009)
self-employed	0.019 (0.033)	0.003 (0.027)	-0.002 (0.026)
unemployed	0.021 (0.016)	0.028* (0.015)	0.013 (0.015)
in education	-0.048*** (0.007)	-0.036*** (0.008)	-0.037*** (0.008)
inactive	-0.003 (0.015)	0.006 (0.015)	-0.027** (0.012)
military/civilian service	-0.016 (0.027)	-0.021 (0.023)	-0.026 (0.021)
<i>Highest current education degree (ref. lower secondary or less)</i>			
lower secondary+voc		0.056*** (0.012)	0.056*** (0.012)
intermediate secondary		0.034*** (0.006)	0.037*** (0.006)
intermediate secondary+voc		0.057*** (0.009)	0.060*** (0.009)
upper secondary		0.062***	0.072***



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	(0.008)	(0.008)
upper secondary+voc	0.069***	0.074***
	(0.015)	(0.015)
lower tertiary	0.065***	0.071***
	(0.022)	(0.023)
higher tertiary	0.137***	0.152***
	(0.024)	(0.026)
<i>Father's occupation (ref. high white collar)</i>		
low white collar	0.003	0.004
	(0.007)	(0.007)
self-employed	-0.003	-0.006
	(0.007)	(0.007)
medium/high blue collar	0.013*	0.012*
	(0.007)	(0.007)
low blue collar	0.016*	0.016*
	(0.009)	(0.009)
not employed or dead	0.019*	0.012
	(0.010)	(0.009)
<i>Number of siblings</i>		
	0.005***	0.003
	(0.002)	(0.002)
<i>Place of socialization (ref. urban socialization)</i>		
rural socialization	-0.008*	-0.011**
	(0.005)	(0.005)
<i>Migration background (ref. no migration background)</i>		
direct migration background	-0.015*	-0.025***
	(0.008)	(0.007)
indirect migration background	-0.022***	-0.031***
	(0.006)	(0.005)
<i>Disability (ref. no disability)</i>		
disability	-0.016	-0.004
	(0.019)	(0.022)
<i>Year (ref. 1995-1999)</i>		
2000-2004	-0.019*	-0.015



		(0.011)	(0.010)
2005-2010		-0.016	-0.008
		(0.011)	(0.010)
2011-2015		-0.032***	-0.022**
		(0.010)	(0.010)
<i>Marital status (ref. Unmarried)</i>			
married			0.450***
			(0.042)
<hr/>			
N	11639	11639	11639

Source: SOEP 1995–2015 (version v32), own calculations. Significance levels: \*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .



**Table A3:** Discrete time hazard model of leaving parental home (average marginal effects), East German men, M1-M3, full results

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>
	<b>AME</b>	<b>AME</b>	<b>AME</b>
	<b>(s.e.)</b>	<b>(s.e.)</b>	<b>(s.e.)</b>
<i>Age (ref. 16-19yo)</i>			
20-24yo	0.064*** (0.008)	0.054*** (0.009)	0.055*** (0.009)
25-29yo	0.092*** (0.018)	0.064*** (0.017)	0.060*** (0.016)
30-34yo	0.037 (0.023)	0.023 (0.019)	0.006 (0.014)
<i>Activity status (ref. permanent contract)</i>			
temporary contract	-0.002 (0.013)	-0.008 (0.014)	-0.010 (0.013)
self-employed	0.032 (0.049)	0.001 (0.037)	0.005 (0.038)
unemployed	-0.003 (0.012)	-0.004 (0.013)	-0.003 (0.013)
in education	-0.018* (0.009)	-0.024** (0.012)	-0.022* (0.012)
inactive	-0.012 (0.026)	-0.016 (0.028)	-0.013 (0.029)
military/civilian service	-0.017 (0.015)	-0.025* (0.015)	-0.023 (0.015)
<i>Highest current education degree (ref. lower secondary or less)</i>			
lower secondary+voc		0.019 (0.014)	0.020 (0.014)
intermediate secondary		0.004 (0.010)	0.004 (0.010)
intermediate secondary+voc		0.014 (0.012)	0.012 (0.011)
upper secondary		0.021* (0.012)	0.021* (0.011)





	(0.012)	(0.011)
upper secondary+voc	0.022	0.021
	(0.018)	(0.017)
lower tertiary	0.055	0.063
	(0.037)	(0.040)
higher tertiary	0.067**	0.064**
	(0.029)	(0.029)
<i>Father's occupation</i> (ref. high white collar)		
low white collar	0.005	0.008
	(0.013)	(0.012)
self-employed	-0.018	-0.015
	(0.013)	(0.013)
medium/high blue collar	-0.015	-0.012
	(0.010)	(0.010)
low blue collar	-0.002	-0.003
	(0.014)	(0.014)
not employed or dead	-0.005	-0.003
	(0.012)	(0.012)
<i>Number of siblings</i>		
	0.003	0.002
	(0.003)	(0.003)
<i>Place of socialization</i> (ref. urban socialization)		
rural socialization	-0.026***	-0.024***
	(0.006)	(0.006)
<i>Migration background</i> (ref. no migration background)		
direct migration background	n.e.	n.e.
indirect migration background	0.054*	0.053*
	(0.030)	(0.030)
<i>Disability</i> (ref. no disability)		
disability	-0.003	0.000
	(0.023)	(0.024)
<i>Year</i> (ref. 1995-1999)		
2000-2004	-0.015	-0.015



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		(0.013)	(0.013)
2005-2010		-0.007	-0.006
		(0.013)	(0.013)
2011-2015		-0.007	-0.009
		(0.014)	(0.014)
<i>Marital status (ref. Unmarried)</i>			
married			0.355***
			(0.124)
<hr/>			
N	4335	4335	4335

Source: SOEP 1995–2015 (version v32), own calculations. Significance levels: \* p<0.1, \*\* p<0.05, \*\*\* p<0.01.

Remark: “n.e.” = Effect of direct migration background cannot be estimated due to multicollinearity in M2 and M3.



**Table A4:** Discrete time hazard model of leaving parental home (average marginal effects), East German women, M1-M3, full results

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>
	<b>AME</b>	<b>AME</b>	<b>AME</b>
	<b>(s.e.)</b>	<b>(s.e.)</b>	<b>(s.e.)</b>
<i>Age (ref. 16-19yo)</i>			
20-24yo	0.072*** (0.011)	0.057*** (0.013)	0.055*** (0.013)
25-29yo	0.098*** (0.023)	0.063*** (0.022)	0.049** (0.021)
30-34yo	-0.004 (0.025)	-0.020 (0.019)	-0.021 (0.019)
<i>Activity status (ref. permanent contract)</i>			
temporary contract	0.036 (0.023)	0.028 (0.023)	0.026 (0.023)
self-employed	0.151 (0.109)	0.101 (0.095)	0.110 (0.098)
unemployed	-0.005 (0.022)	-0.002 (0.023)	-0.001 (0.023)
in education	-0.071*** (0.016)	-0.068*** (0.017)	-0.069*** (0.017)
inactive	0.065 (0.043)	0.053 (0.041)	0.033 (0.040)
military/civilian service	-0.012 (0.068)	-0.031 (0.056)	-0.032 (0.056)
<i>Highest current education degree (ref. lower secondary or less)</i>			
lower secondary+voc		0.024 (0.020)	0.026 (0.020)
intermediate secondary		0.039*** (0.014)	0.039*** (0.014)
intermediate secondary+voc		0.025 (0.016)	0.024 (0.015)
upper secondary		0.036***	0.035**



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	(0.014)	(0.014)
upper secondary+voc	0.049**	0.043**
	(0.022)	(0.021)
lower tertiary	0.092**	0.091**
	(0.038)	(0.038)
higher tertiary	0.056*	0.052*
	(0.031)	(0.030)
<i>Father's occupation (ref. high white collar)</i>		
low white collar	-0.004	-0.006
	(0.015)	(0.015)
self-employed	0.018	0.018
	(0.017)	(0.017)
medium/high blue collar	0.000	0.001
	(0.013)	(0.012)
low blue collar	-0.003	-0.003
	(0.018)	(0.018)
not employed or dead	-0.000	0.002
	(0.015)	(0.015)
<i>Number of siblings</i>		
	0.006*	0.005
	(0.004)	(0.004)
<i>Place of socialization (ref. urban socialization)</i>		
rural socialization	-0.011	-0.011
	(0.009)	(0.009)
<i>Migration background (ref. no migration background)</i>		
direct migration background	0.010	-0.016
	(0.054)	(0.045)
indirect migration background	-0.025	-0.021
	(0.017)	(0.018)
<i>Disability (ref. no disability)</i>		
disability	-0.018	-0.017
	(0.038)	(0.037)
<i>Year (ref. 1995-1999)</i>		
2000-2004	-0.018	-0.014



		(0.015)	(0.014)
2005-2010		0.003	0.009
		(0.015)	(0.015)
2011-2015		0.005	0.013
		(0.017)	(0.017)
<i>Marital status (ref. Unmarried)</i>			
married			0.482***
			(0.151)
<hr/>			
N	3632	3632	3632

Source: SOEP 1995–2015 (version v32), own calculations.

Significance levels: \*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .