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

ii. to engage with relevant communities, stakeholders and practitioners in the research with a view to supporting relevant policies in Europe. Contributions to a dialogue about these results can be made through the project website http://www.except-project.eu/, or by following us on twitter @except_eu.

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Introduction

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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 & Bianchflower 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 disproportionately 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.
References


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\(^1\) 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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\(^1\) 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.