

Finding a home in times of uncertainty

The impact of youth unemployment on the housing autonomy

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Leaving the parental home and achieving housing autonomy has become a more protracted process in recent years. Even in countries such as the UK, where young adults have traditionally exited the parental home early, the prevalence of co-residence with parents of young adults has increased over the past two decades. [1]

This transition cannot be considered independently from the structural context in which it takes place, particularly that of the labour market, which has changed considerably in recent years. First, unemployment rates have increased disproportionately among the young. Over the course of the last recession, unemployment in the UK was over 35% among 16–17-year-olds and was 17% among 18–24-year-olds, compared to just under 6% among other age groups. [2] While youth unemployment has declined modestly in recent years, it remains high and sensitive to business cycle fluctuations. [3] Moreover, when they are employed, young workers are increasingly hired into non-standard forms of employment. Even before the 2008 financial crisis, permanent and full-time employment has been declining while temporary and part-time employment has been growing. [4]

Young people are facing challenges in transitioning to housing autonomy because of changes in labour market conditions in recent years. This article explores the effects of youth unemployment and non-standard employment on the likelihood of leaving the parental home. It finds that unemployment and part-time work, but not the duration of the contract, have a negative effect on the likelihood of obtaining housing autonomy, and that past as well as anticipated unemployment have significant negative effects – the decision about whether to move out depends on the individual's longer-term labour market trajectory. The analysis also reveals gender differences in part-time work, but not in unemployment once it takes into account unobserved time-invariant heterogeneity.

Extract of 'The Impact of Unemployment and Non-Standard Forms of Employment on the Housing Autonomy of Young Adults' by Katerina Gousia, Anna Baranowska-Rataj, Thomas Middleton and Olena Nizalova (Work, Employment and Society, August 2020). Full text available at: shorturl.at/pEHO9.

Although temporary employment is less common in the UK than in some other countries, the prevalence of other types of non-standard work, such as part-time and short-term part-time contracts, is above the OECD (Organisation for Economic Co-operation and Development) average. [5]

Recent studies emphasise that unemployment and non-standard employment are related to a range of outcomes, including financial hardship, lower job satisfaction and poorer mental health. [6]

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However, research on the effects of achieving housing autonomy among young people has been surprisingly limited, even though housing autonomy marks the point at which individuals take control of their own consumption and financial decisions [7], and is often a pre-condition for family formation. [8] Moreover, the effects of housing autonomy can spill over to other family members. [9] Thus, understanding how labour market changes affect the ability of young adults to leave the parental home is highly relevant for understanding the broader impact of economic uncertainty on society.

The few studies that explore this relationship rely on cross-sectional analyses, or treat the transition to independent living as a one-off event by applying event-history models. [10] This article considers the effect of unemployment and non-standard forms of employment on the probability of achieving housing autonomy among young adults using a new longitudinal dataset and extends this literature in a number of ways.

- First, drawing on sociological and economic theories on how employment uncertainty affects transitions among young people, we consider the role of past and anticipated employment conditions to gain insights into the longer-term mechanisms that shape this relationship. The empirical part of the article follows up on these theoretical ideas by applying a dynamic modelling approach to housing autonomy.
- Second, thanks to the longitudinal nature of the data and the detailed information about changes in employment contracts across time that we use, our article explicitly accounts for a range of non-standard employment forms, including full-time permanent, full-time

temporary, part-time permanent and part-time temporary work.

- Third, our analysis employs panel data methods to control for time-invariant individual unobserved factors that may have confounded the relationship in previous cross-sectional studies. Finally, this article provides evidence for the UK, where research around non-standard employment and housing autonomy has been particularly scarce. Since this relationship is likely to vary across institutional contexts [11], studying it in the specific context of the British labour market, which has relatively weak employment protection and lower labour market segmentation [12], is particularly interesting.

Discussion and conclusions

The labour market careers of young people have become volatile and uncertain in recent years. In this study, we investigate the effects of this instability on the decision to leave the parental home in the UK context. Drawing on insights from theories on the role of accumulated and anticipated employment instability, we take a dynamic and longitudinal perspective. This approach highlights not only the contemporaneous effects, but the effects of past and anticipated labour market experiences. It also distinguishes the role of social selection into unemployment and non-standard employment.

The results show that unemployment is strongly associated with reduced chances of achieving housing autonomy. This finding confirms the hypotheses derived from theories on the role of economic resources in housing autonomy [13], and shows that unemployment does indeed limit the chances that young adults will live independently. However, the longitudinal analysis reveals that these effects are much smaller once observed and unobserved heterogeneity are accounted for, suggesting that previous cross-sectional analyses likely over-estimate the negative effects.

Furthermore, we find that the effects of unemployment are comparable among men and women. These results add to the evidence from previous studies, which find no stark gender differences in the effects of unemployment on leaving the parental home [14], except in conservative countries such as Italy. [15] The failure, however, to find gender differences challenges the assumption that paid work shapes the life choices of men, but plays a less important role for women. [16]

Similarly, most of the effects of non-standard employment forms turn out to be driven by social selection rather than social causation. Still, the type

of employment has some gender-specific effects. Being in permanent part-time employment has negative effects on housing autonomy among men, but not among women. This finding can be interpreted in light of previous research on part-time employment in the UK, which indicates that it is often used to reconcile work and family duties. [17] Our own findings on employment transitions are in line with the argument that, among women, part-time employment often directly precedes or follows involvement in care activities. At the same time, care duties usually emerge after changes in family status, such as becoming a partner or a parent, which are often related to leaving the parental home. Indeed, the negative effect of part-time employment among women becomes insignificant when we account for both observable and unobservable characteristics. Although we can only speculate about the sources of such unobserved factors, lifestyle preferences regarding work–family balance are likely to be among them.

However, the effect of permanent part-time employment among men is not entirely explained by individual heterogeneity. This finding is in line with other evidence from the literature that structural job-related factors are more important than individual characteristics in explaining income differentials between full-time and part-time jobs. [18] Our own analysis of employment transitions shows that permanent part-time employment is indeed very persistent over time, and that among young men, transitions to full-time permanent employment are relatively rare. We can thus think that young men are faced with limited full-time employment opportunities, and are, as a result, forced into part-time employment, which in turn, is associated with higher wage penalties. [19]

Temporary part-time employment on the other hand, has no significant impact on housing autonomy among men or women. Although there are no gender differences in that respect, the selection mechanisms appear to be different for men and women. Among men, the likelihood of achieving housing autonomy is fully explained by characteristics such as age, ethnicity, family structure, and place of residence. It is possible that men without family obligations and with diverse ethnic backgrounds are more likely to be in temporary part-time employment – characteristics that also increase the probability of living with their parents, as our regression results show.¹ Indeed, in assigning social housing, the UK welfare system prioritises people with children, who are more likely to be women. Furthermore, combining part-time paid work with education is common in the UK [20], and, as the transitions analysis shows, a significant proportion of this group moves to full-time education. This is also typically associated

with leaving the parental home, a transition that could be picked up in our analysis by age. The same observable characteristics help explain part of the effect among women as well, but unobserved factors that lead to selection into care activities seem to play an even bigger role.

Similarly, we do not find evidence that temporary full-time jobs have significant negative effects. Differences in housing autonomy are explained by selection processes, which, as in the case of temporary part-time employment, differ by gender. After we control for age, family structure and ethnic background, the

"The notion that temporary employment does not always imply a lack of stability is also supported by our transition analysis."

association between full-time temporary employment and housing autonomy among men turns out to be spurious. These characteristics also affect the probability of housing autonomy among women, but to a lesser degree than among men. Instead, selection among women is mostly related to unobserved factors, which are likely to include parental background or lifestyle preferences.

While these findings do not provide support for the most general predictions of theories on the role of employment uncertainty in transitions among youth [21], they are consistent with previous research on the consequences of temporary employment specifically in the UK. These studies show that in the context of the flexible British labour market model, temporary employment does not necessarily lead to entrapment effects in young people's careers. [22] The notion that temporary employment does not always imply a lack of stability is also supported by our transition analysis, which shows that more than half of young adults with temporary jobs become permanent employees within just one year. We can therefore argue that in societies where temporary contracts are a common route to more stable employment, the insecurity associated with the risk of losing the source of income is perceived as similar, regardless of whether the job is temporary or permanent; therefore, the type of contract does not have a strong impact on housing autonomy. It is indeed possible that liberal economies with fewer employment protections, such as the UK, can achieve a better balance of flexibility and security. [23]

Finally, both past and anticipated experiences of unemployment and non-standard employment are found to affect housing autonomy. These findings suggest that the decisions to move out

depend on the whole labour market trajectory, as well as on young people's expectations regarding their employment chances. This evidence adds to theoretical and empirical research on how early career experiences affect life course decisions and the long-term prospects of young people. [24] Our results extend this literature to account for housing autonomy, and provide empirical support to theoretical predictions that anticipated labour market trajectories play a role in this decision. [25]

One limitation of the analysis is that we define housing autonomy solely on the basis of sharing a household with parents or grandparents. This approach is in line with those adopted in previous research [26] and deals with both leaving and returning to the parental home, instead of assuming that the departure is irreversible. We are, however, aware that there are many different types of accommodation with different funding and living arrangements that are likely to influence the nature of transitions, and, consequently, the overall experience of achieving housing autonomy. It is, for example, possible that for certain types of accommodation, which are more difficult to attain, such as homeownership or single living, the effects of labour market conditions are larger than they are for sharing accommodation or renting. Since our analysis does not capture different living arrangements, we may have missed such heterogeneous effects. We consider these questions a potential avenue for exploration in future research.

Still, our findings contribute to a broader ongoing debate about the nature of non-standard forms of

employment, and the degree to which they imply insecurity. The effects of employment instability on individual life chances are not well understood. [27] Some studies have been quite pessimistic about the broader impact of labour market developments on individual life courses. [28] However, a growing body of research has called for a more careful approach to assessing the consequences of non-standard employment forms for a number of reasons. [29] First, employment instability and its consequences may vary across institutional contexts and countries. [30] Second, perceived and experienced insecurity may differ substantially not only across, but within, groups of workers with specific types of employment contracts. [31] Finally, some studies have pointed out that certain non-standard employment forms are not necessarily 'bad jobs' – at least not in the UK. [32] Our results add to this debate by indicating that while the correlations between non-standard forms of employment and housing autonomy are strong, the relationship between full-time temporary employment and the housing autonomy of young people in the UK is either indirect (i.e. operating through past experiences that shape contemporaneous employment chances) or spurious (i.e. driven by observed and unobserved characteristics of young people). However, the impacts of other forms of employment or unemployment are unlikely to be moderated by the institutional and economic contexts of the UK. Our analysis shows that unemployment across both genders and permanent part-time employment among men still have persistent and longer-term effects. These trends call for policy initiatives that facilitate housing autonomy among young adults.

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- [1] Berrington et al., 2009.
[2] Bell and Blanchflower, 2010.
[3] McTier and McGregor, 2018.
[4] Lewis and Heyes, 2017.
[5] OECD, 2019.
[6] Lewchuk et al., 2008; McGann et al., 2016; Park and Kang, 2017; Warren, 2015.
[7] Arnett, 1997.
[8] Holdsworth and Elliott, 2001.
[9] Tosi and Grundy, 2018.
[10] Becker et al., 2010; Berrington et al., 2009; Jacob and Kleinert, 2007; Wolbers, 2007.
[11] Barbieri and Scherer, 2009; Bonney, 2005; Gallie et al., 2017.
[12] Gebel, 2010; Scherer, 2004.
[13] Ermisch, 1999; Jacob and Kleinert, 2007.
[14] Jacob and Kleinert, 2007; Wolbers, 2007.
[15] Aassve et al., 2001.
[16] Ridgeway and Correll, 2004.
[17] Bonney, 2005.
[18] Nightingale, 2019.
[19] Nightingale, 2019; O'Dorchai et al., 2007
[20] Lewis and Heyes, 2017.
[21] Blossfeld and Mills, 2010; Buchholz et al., 2008; Fernandes et al., 2008.
[22] Gebel, 2010; Scherer, 2004.
[23] Muffels and Luijkx, 2008.
[24] Chan and Tweedie, 2015; Gebel, 2010; Jacob and Kleinert, 2007; Kreyenfeld, 2009; Scherer, 2004.
[25] Fernandes et al., 2008.
[26] See, for example, Berrington et al., 2009.
[27] Hollister, 2011.
[28] Kalleberg, 2011; Standing, 2011
[29] Fevre, 2007.
[30] Balz, 2017; Barbieri and Scherer, 2009; Gallie et al., 2017.
[31] Gallie et al., 2017; Reichelt, 2015.
[32] Gebel, 2010; Scherer, 2004.