

# Leaving home:

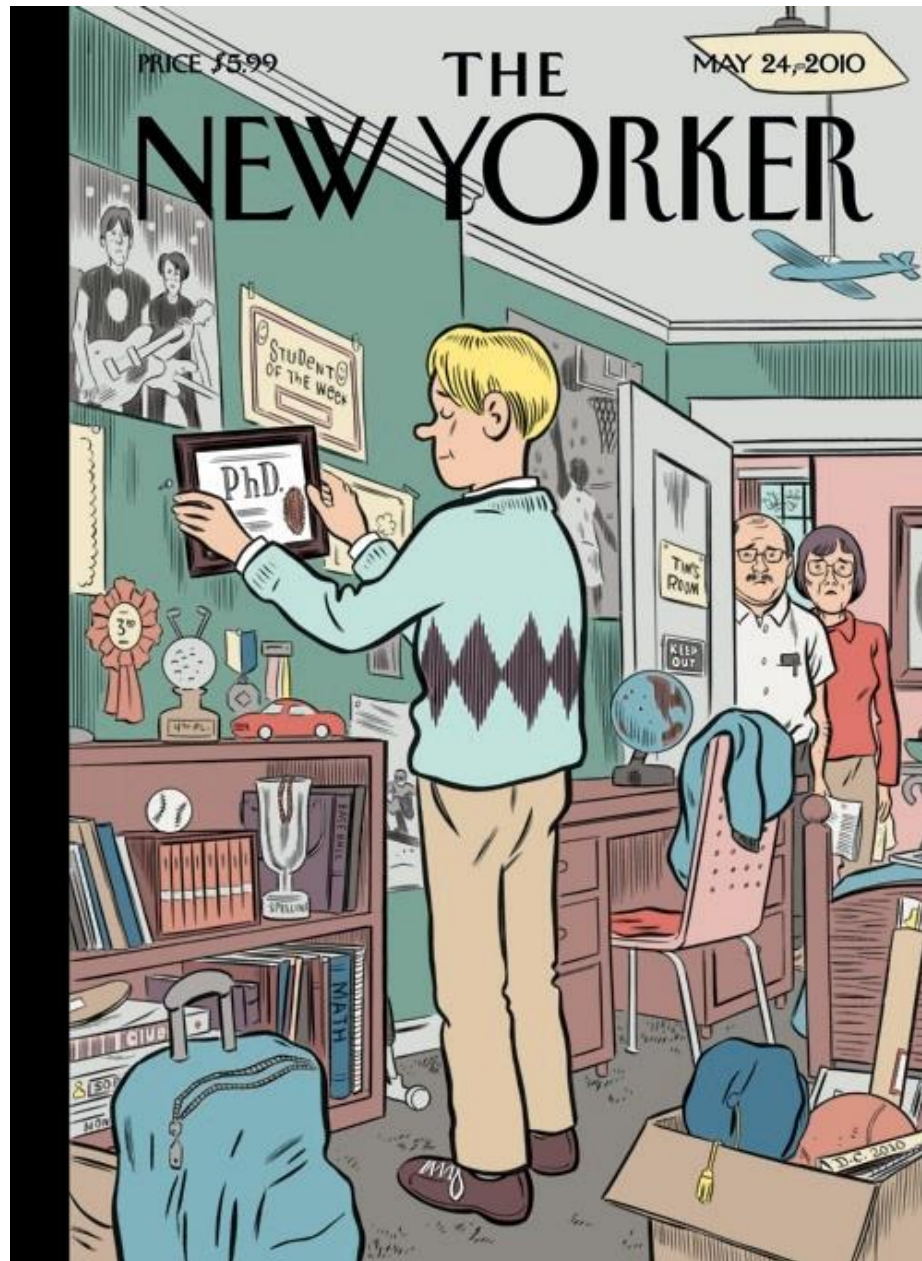
## independence, togetherness and income in Europe

Maria Iacovou



# The transition to adulthood

- Series of transitions:
  - Finishing school
  - Getting a job
  - Leaving home
  - Partnering
  - Having children
- Sequencing, and transitions themselves, not universal.
- Argument for expanding definition of youth upwards



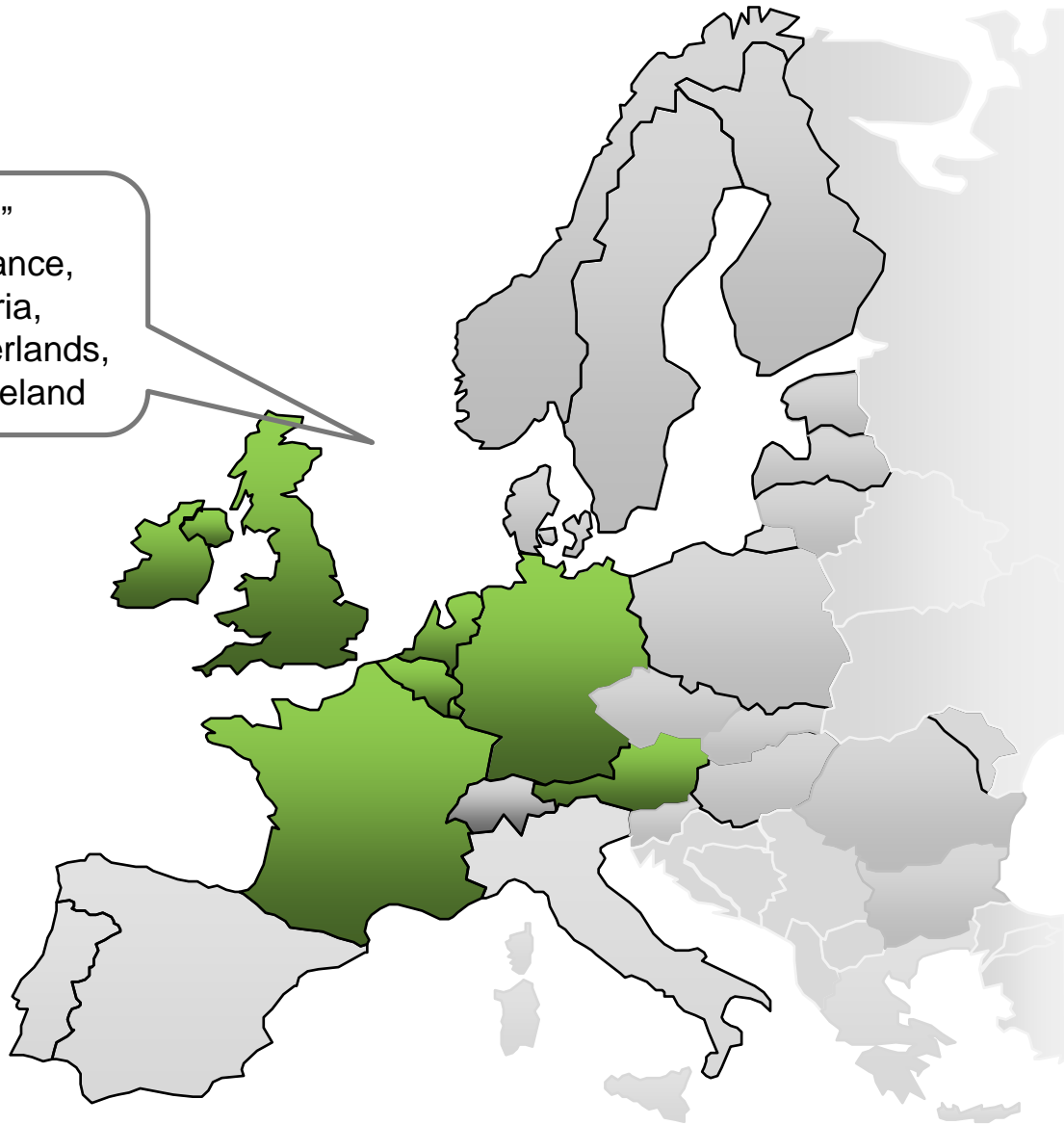
# Motivation

- Trend towards later home-leaving in OECD countries
- Conceptualised as being **caused** by adverse events
  - *Unemployment, insecure employment, low incomes, etc*
- And as having adverse **consequences**
  - *Lack of independence for offspring (and parents)*
  - *Financial consequences for parents*
- [Neither of these is necessarily true]

# Data

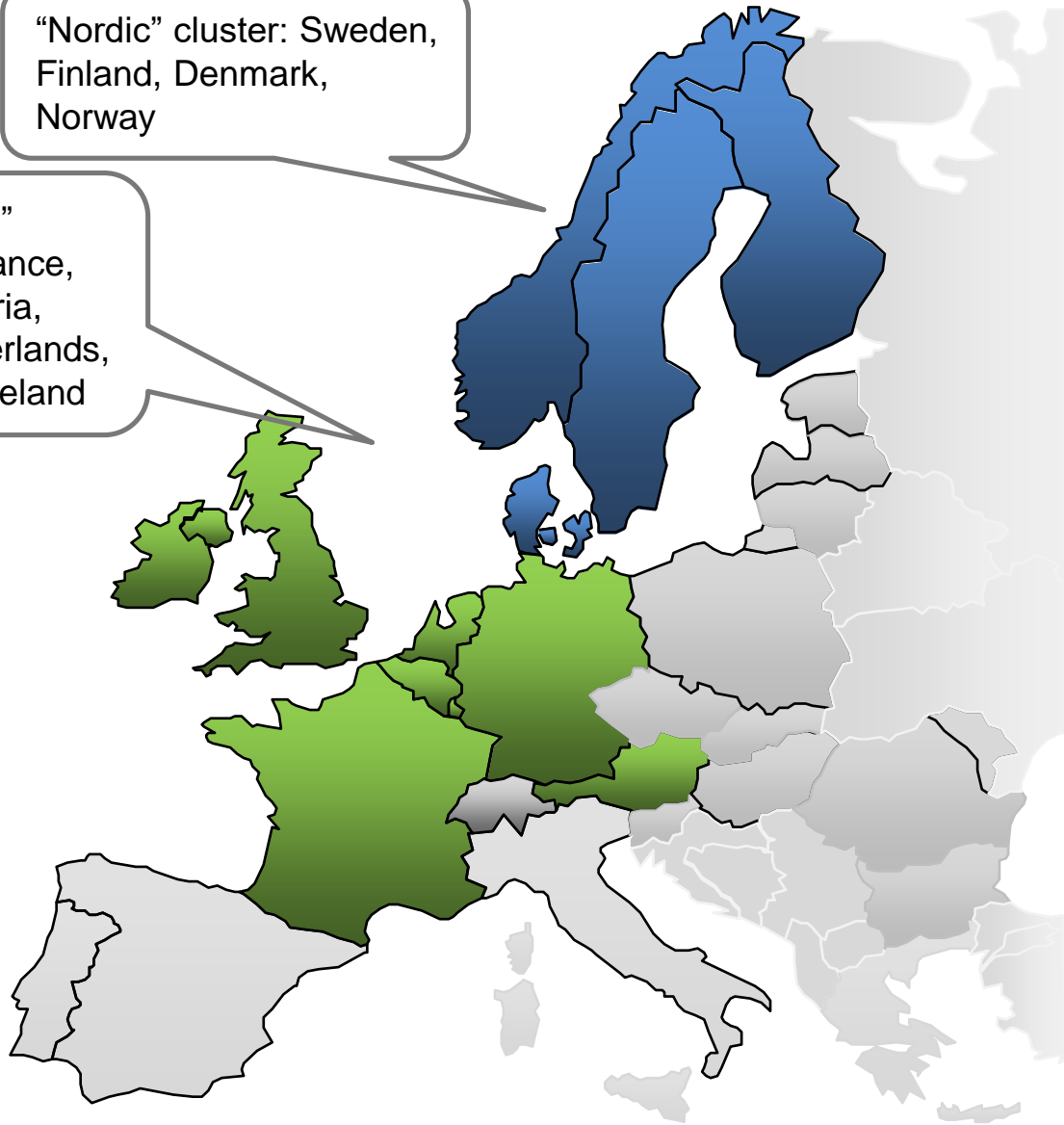
- All analysis (some from previous publications, some new) from large-scale cross-national data sets
- European Community Household Panel (ECHP)
  - 1996 – 2002: EU-15
- European Union Statistics on Income and Living Conditions (EU-SILC)
  - 2004 onwards: EU-27

“North/Western”  
cluster: UK, France,  
Germany, Austria,  
Belgium, Netherlands,  
Luxembourg, Ireland



“Nordic” cluster: Sweden, Finland, Denmark, Norway

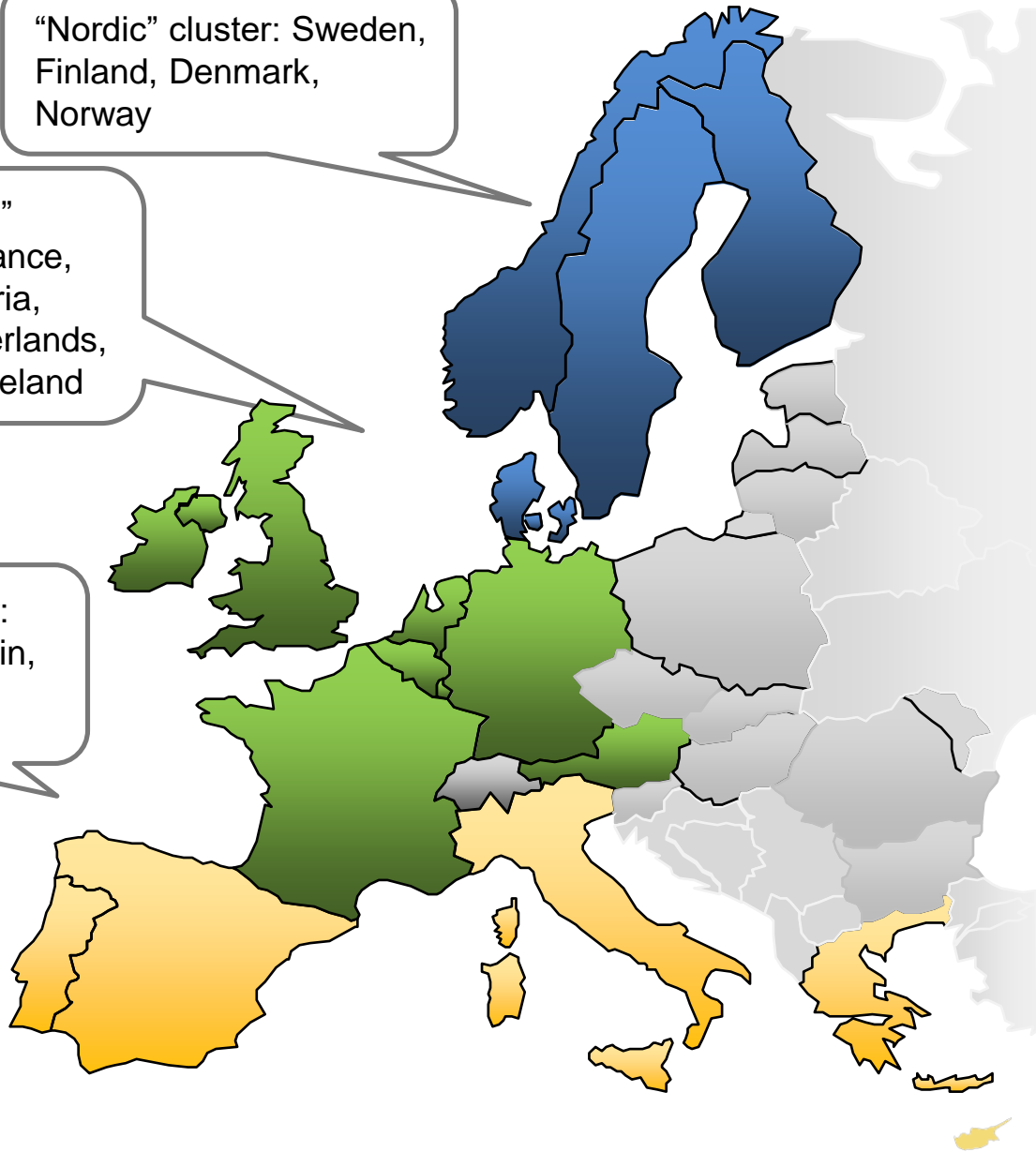
“North/Western” cluster: UK, France, Germany, Austria, Belgium, Netherlands, Luxembourg, Ireland



“Nordic” cluster: Sweden, Finland, Denmark, Norway

“North/Western” cluster: UK, France, Germany, Austria, Belgium, Netherlands, Luxembourg, Ireland

“Southern” cluster: Greece, Italy, Spain, Portugal, Cyprus, (Malta)



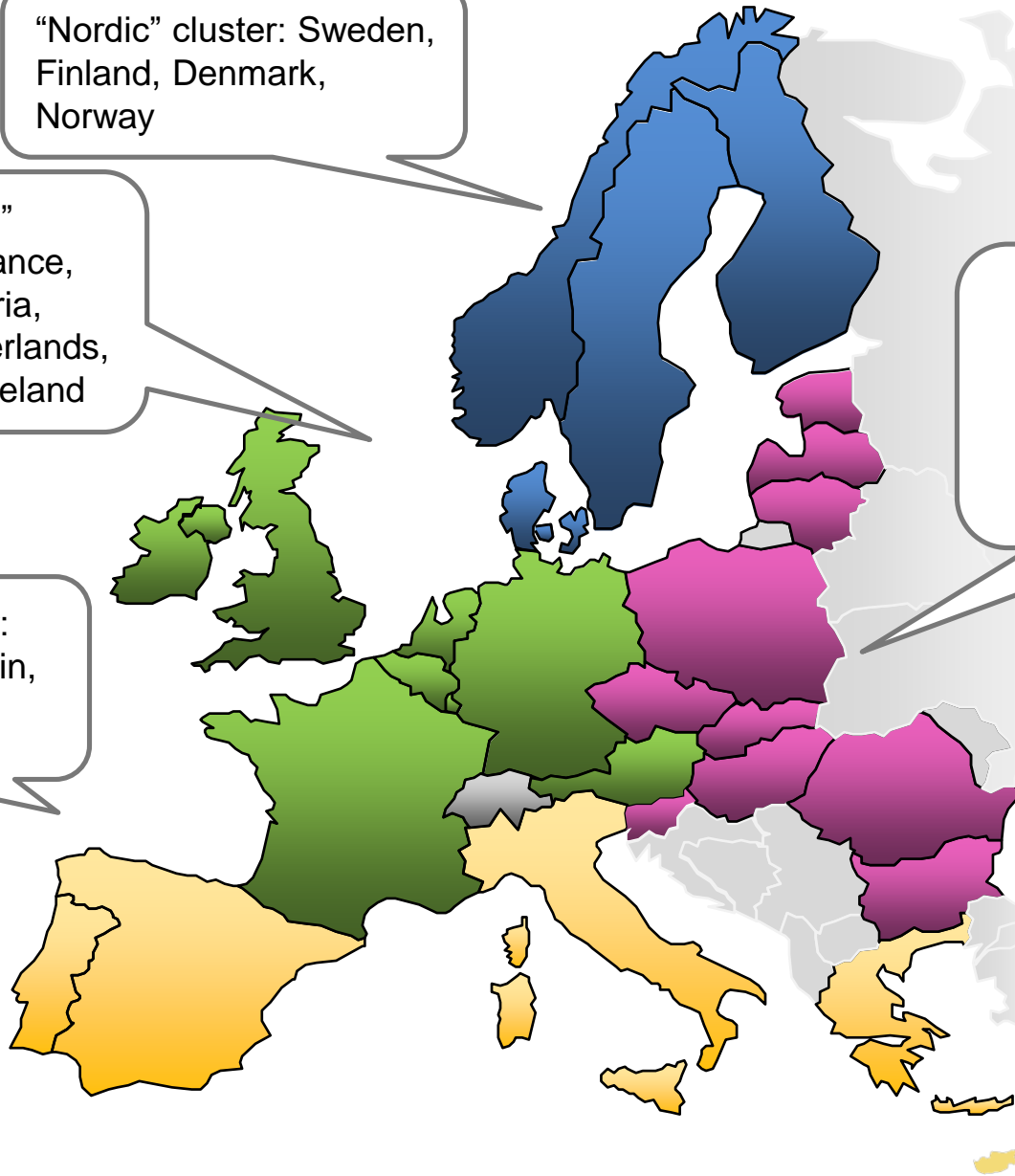


“Nordic” cluster: Sweden, Finland, Denmark, Norway

“North/Western” cluster: UK, France, Germany, Austria, Belgium, Netherlands, Luxembourg, Ireland

“Eastern” cluster: Estonia, Latvia, Lithuania, Poland, Czech R, Slovakia, Slovenia, Hungary, Romania, Bulgaria

“Southern” cluster: Greece, Italy, Spain, Portugal, Cyprus, (Malta)



“Nordic” cluster: Sweden, Finland, Denmark, Norway, Netherlands

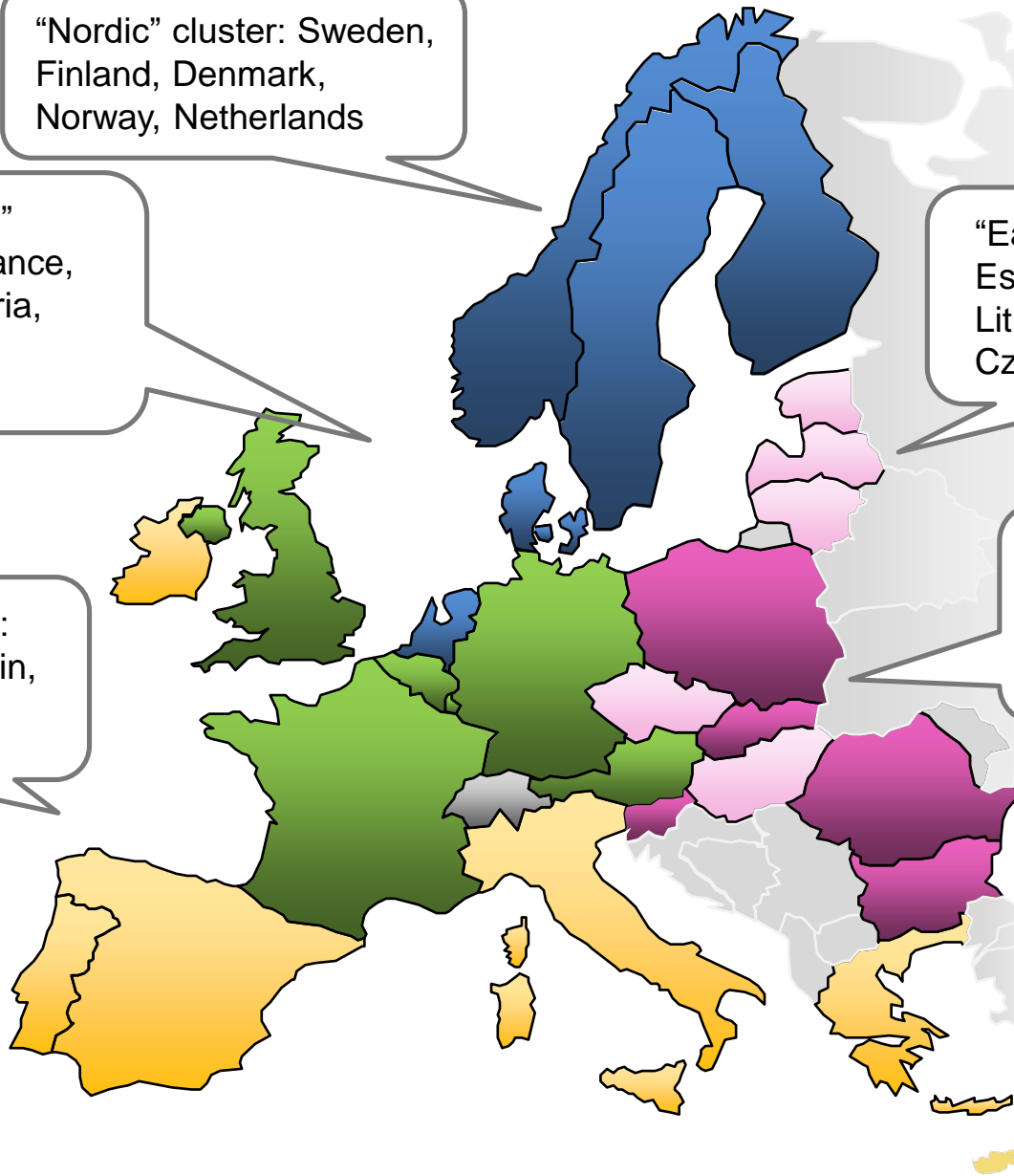
“North/Western” cluster: UK, France, Germany, Austria, Belgium, Luxembourg

“Eastern” cluster 1: Estonia, Latvia, Lithuania, Czech R, Hungary

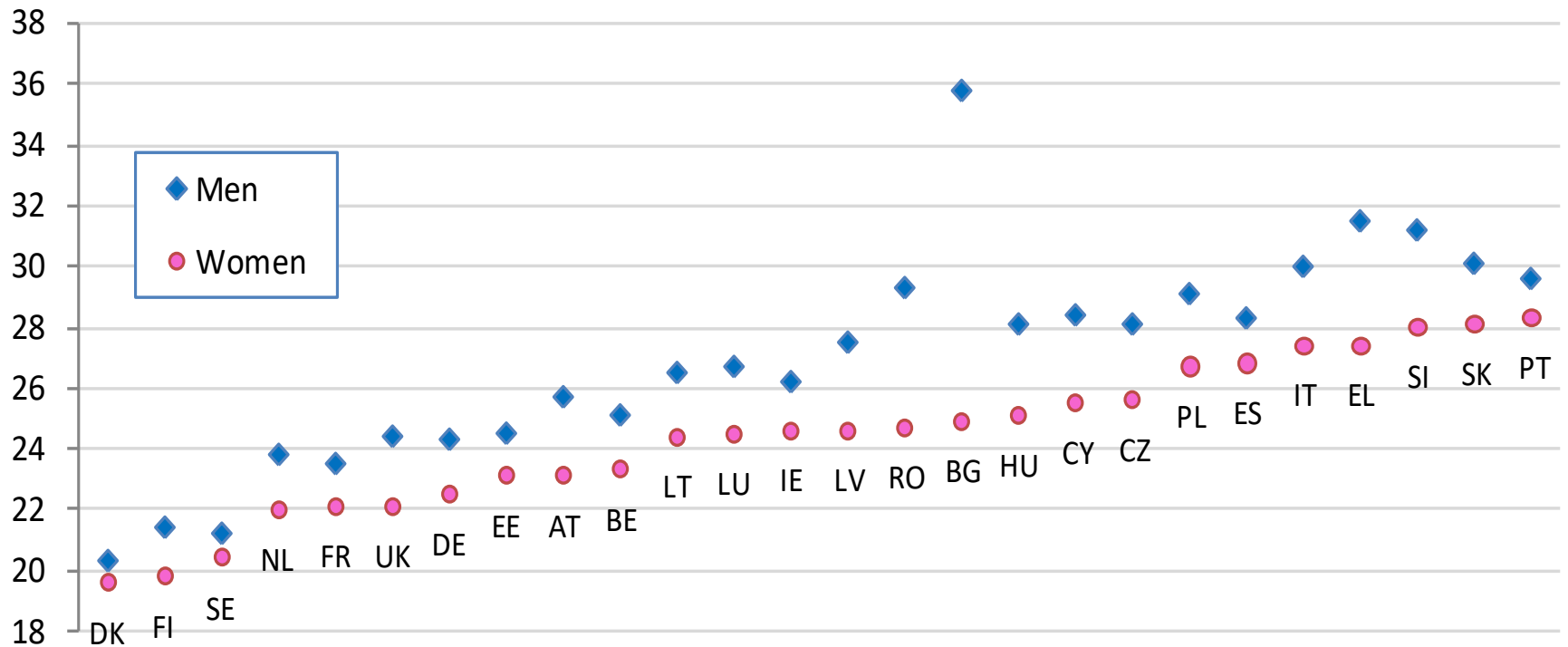
“Southern” cluster: Greece, Italy, Spain, Portugal, Cyprus, (Malta), Ireland

“Eastern” cluster 2: Poland, Slovakia, Slovenia, Romania, Bulgaria

Incomes lower than (eg) Turkey, Mexico, Chile, Malaysia

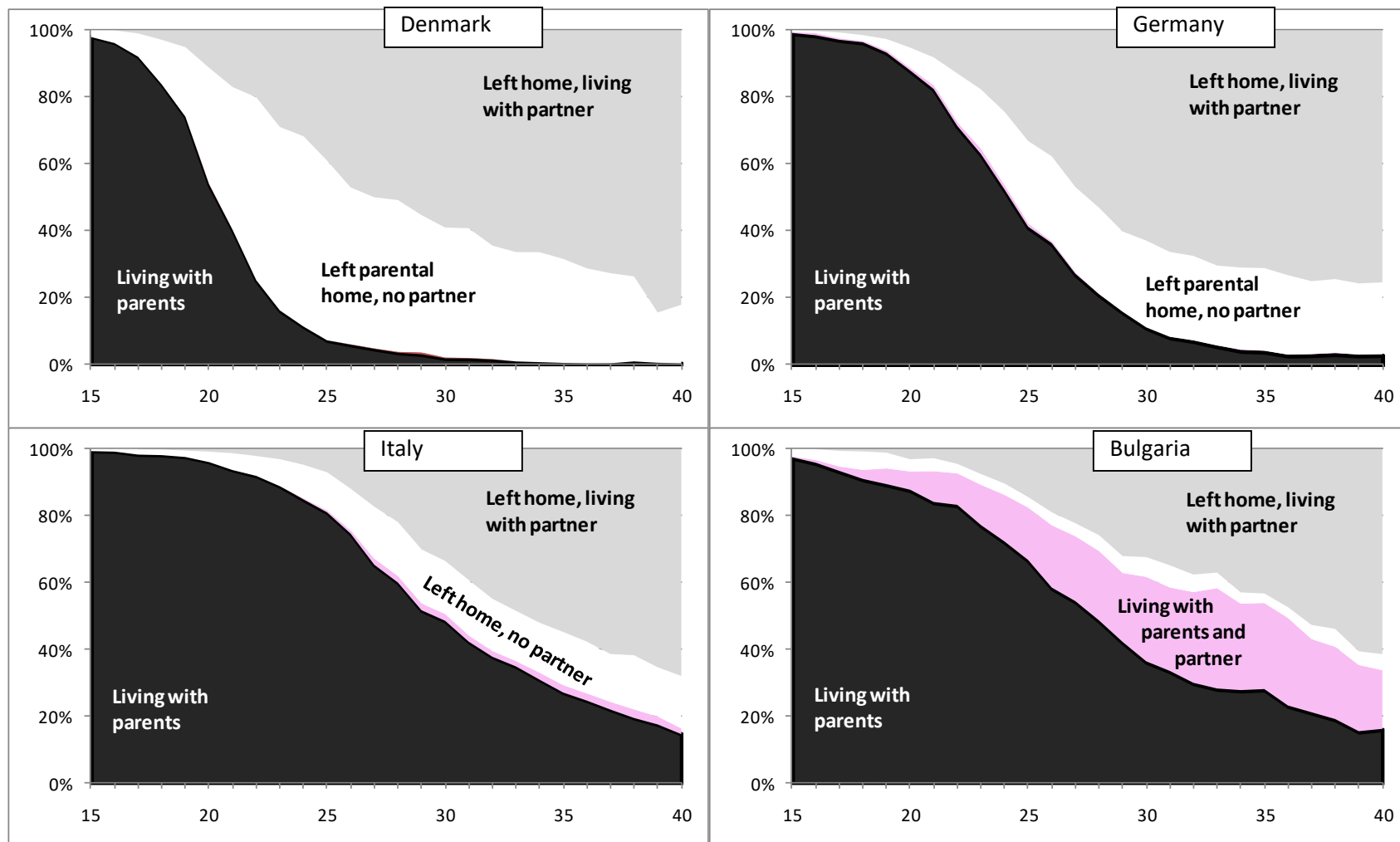


# Variations in the age at leaving home

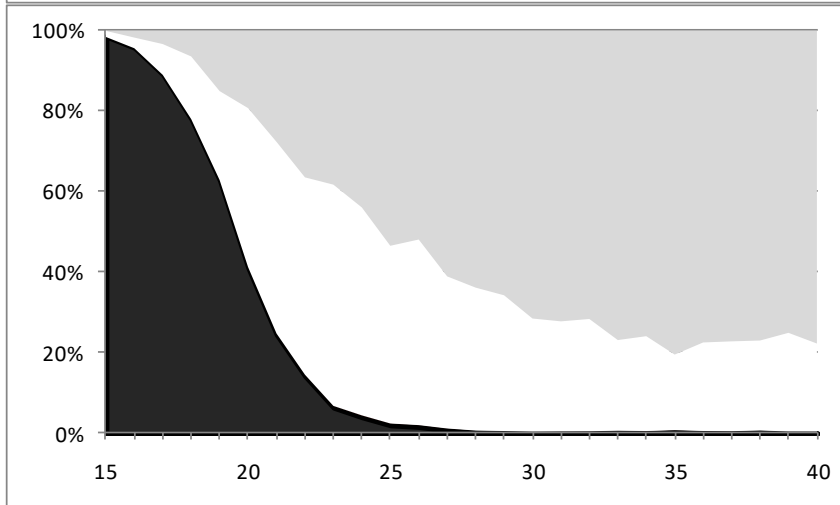
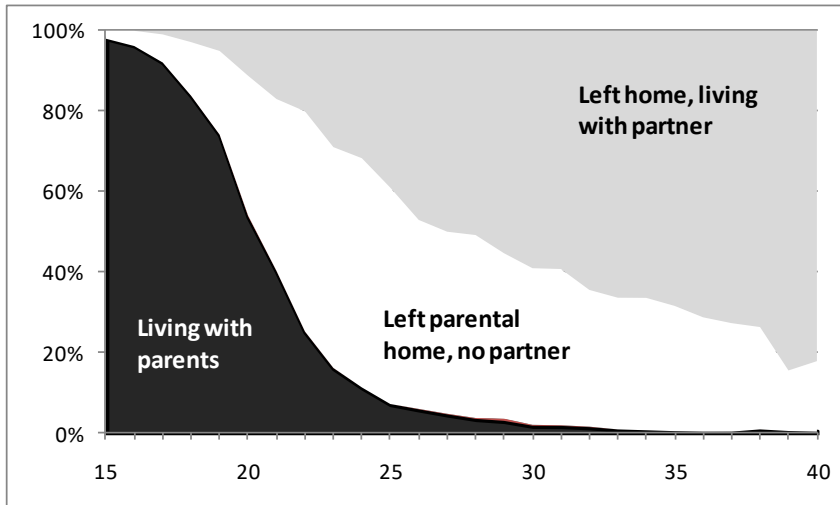


Source: Adapted from Iacovou and Skew (2010)

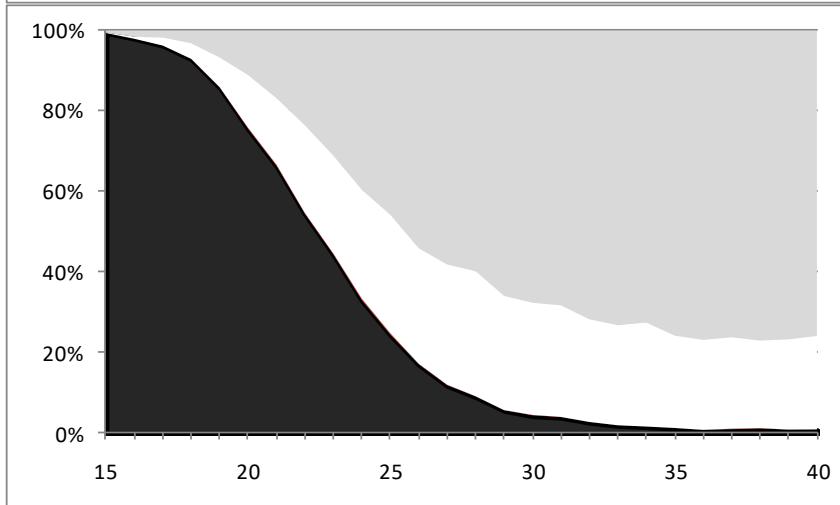
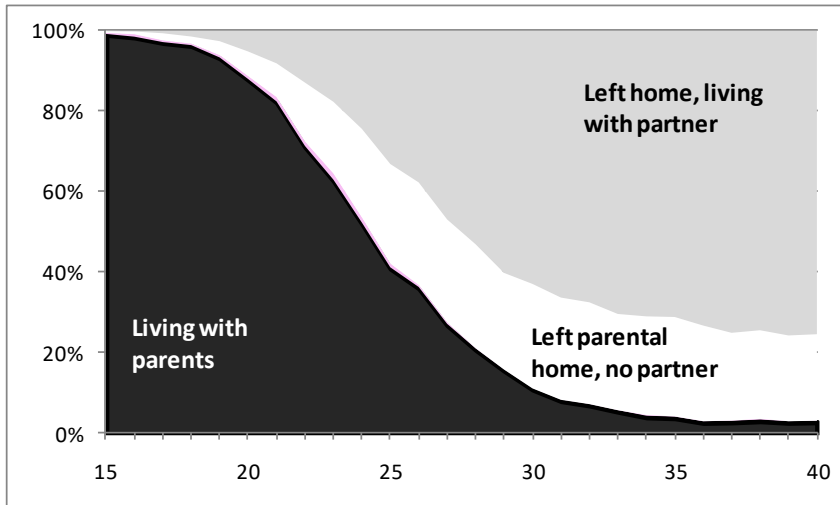
# Leaving home by age: four countries (men)



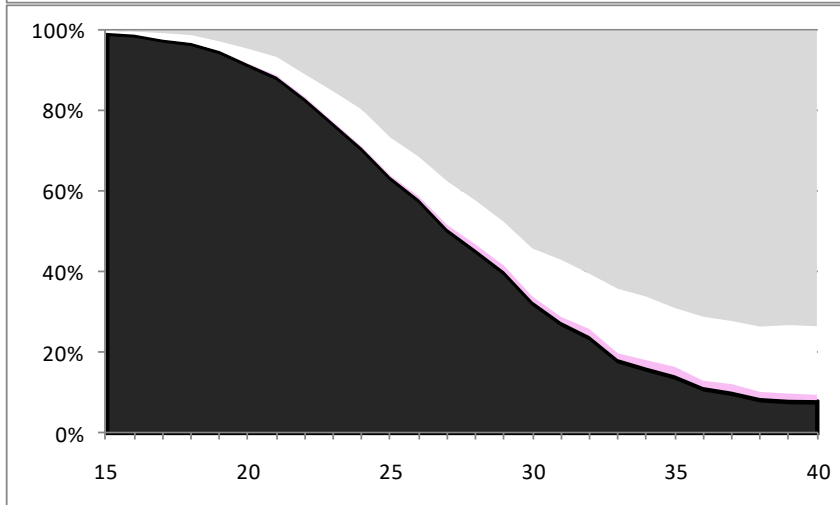
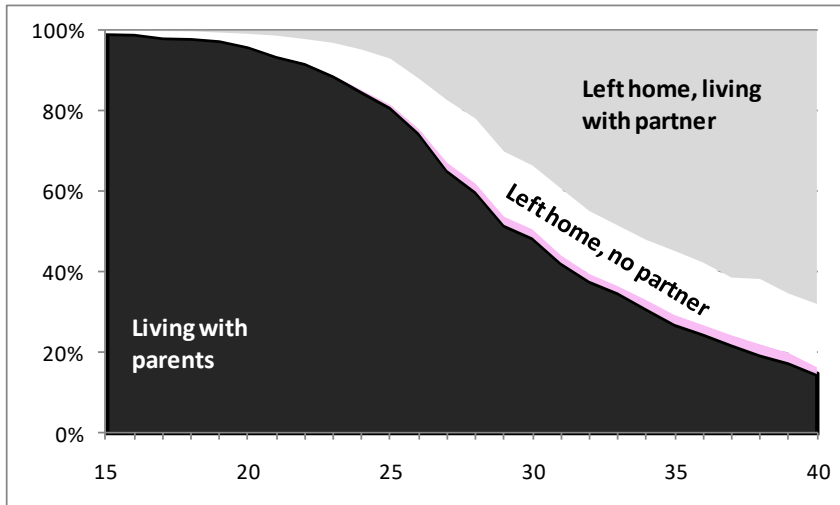
# Denmark: men (top) and women (bottom)



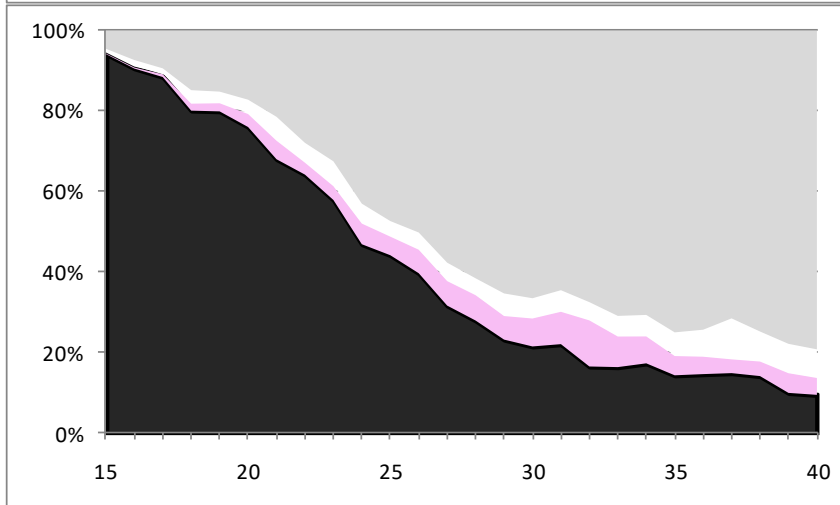
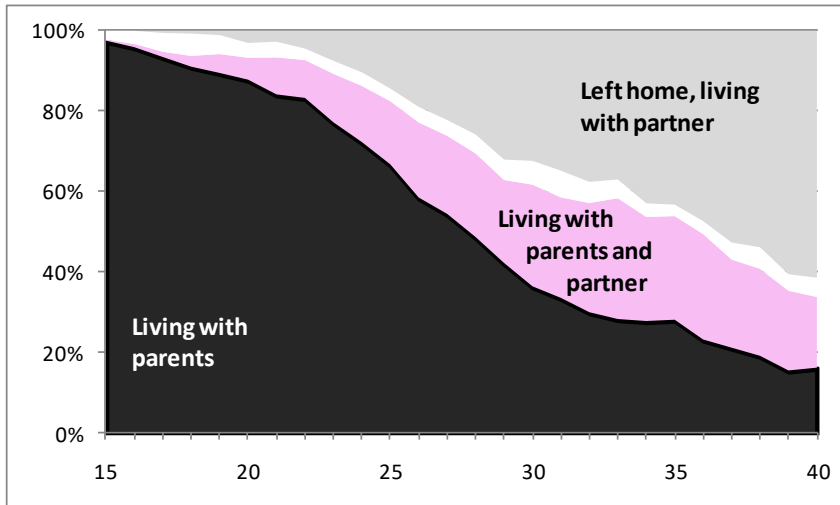
# Germany: men (top) and women (bottom)



# Italy: men (top) and women (bottom)



# Bulgaria: men (top) and women (bottom)





# Why does home-leaving vary so much?

- Economic factors – income sufficiency, job security
- Institutional factors – eg, welfare state
- Housing markets – supply, price, mortgage markets
- Social norms
- Family ties

# “Independence” and “togetherness”

- Independence = ability to make your own decisions, support yourself financially, spend time alone...
- Togetherness = sense of kinship / belonging
- Assume everyone values both to some extent
- Not mutually exclusive, but trade-offs for young adults
- Reher (1998): “Northern” European model characterised by weak family ties; “Southern” model of “strong” family ties

# “Independence” and “togetherness”

- CAN'T assume that societies where young adults live with their parents are those with “strong” family ties or a preference for “togetherness”
- Look at the relationship between income and home-leaving



Infer preference for independence



Infer preference for togetherness

# Analytical framework

- Distinguish between parents and children's incomes
- Logit regressions separately for each group of countries
- Sample of young adults aged 18-35 still living at home, analyse the determinants of moving out the following year
- Also control for:
  - Young person's age (and age squared)
  - Economic activity (employed/unemployed/home and family/education)
  - Characteristics of family of origin (two-parent/stepfamily/lone parent)
  - Rooms per person (crowding)
  - Parents' education & age at marriage
  - Maternal employment

# Results

Own income positively related to leaving home. Infer preference among young adults for independence – strongest in Nordic countries

	Nordic		Northern		Southern	
	Men	Women	Men	Women	Men	Women
Own income	0.011***	0.012***	0.004**	0.006***	0.005***	0.006***
Parental income	0.004*	0.005*	0.005***	0.004***	-0.005***	-0.001

Source: adapted from Iacovou (2011)

Parental income ALSO positively related to leaving home in Nordic & Northern countries.

But parental income is negatively related to leaving home in Southern countries.

# Distinguishing between destinations

	Nordic		Northern		Southern	
	Men	Women	Men	Women	Men	Women
<b>Leave as a single</b>						
Own income	0.018***	0.019***	-0.001	0.004	0.004*	0.006*
Parental income	0.005	0.005	0.005*	0.012***	0.001	0.004
<b>Leave for partnership</b>						
Own income	0.014**	0.012**	0.008***	0.008**	0.005***	0.005***
Parental income	0.002	0.005	0.005**	-0.001	-0.006***	-0.003*
<b>Leave for education</b>						
Own income	-0.001	0.004	0.002	0.005	-0.007	0.009**
Parental income	0.010*	0.010**	0.007*	0.012***	-0.002	0.008**

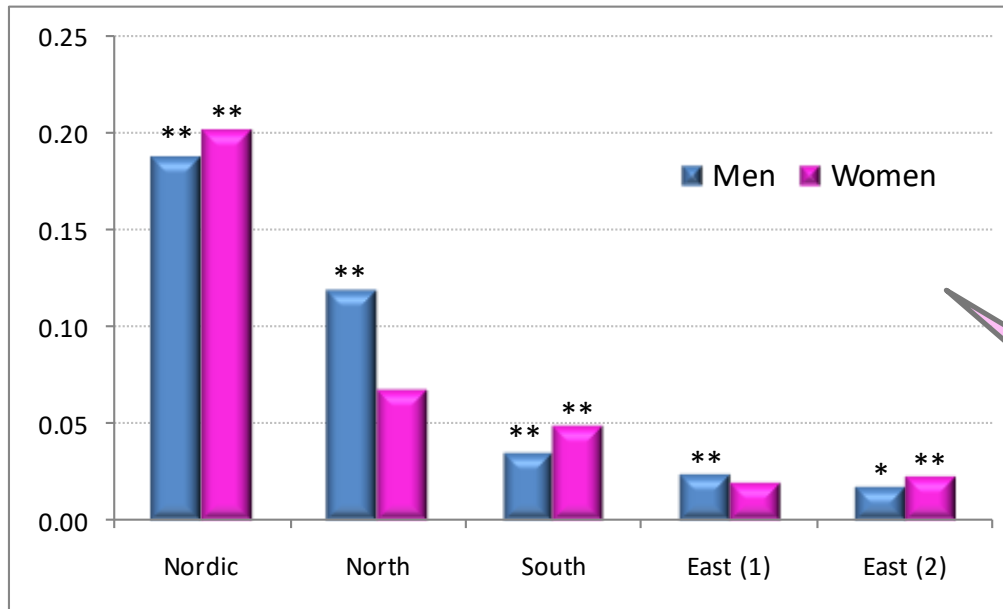
Source: adapted from Iacovou (2011)

Negative effect of parental income now apparent for both sexes in Southern countries

# Does the effect of income vary with age?

- Answer: yes!
- The effect of own income does not vary significantly with age
- The effect of parental income does vary
- Theory: parents use their incomes to delay home-leaving when offspring are “too young”, and use their incomes to encourage home-leaving when offspring are “old enough” (or “too old”).
- How old is “old enough”?
  - About age 20 in Nordic countries
  - About age 22 in Northern countries
  - About age 27 for women in Southern countries
  - About age 35 for men in Southern countries

# And Eastern Europe? Own income...

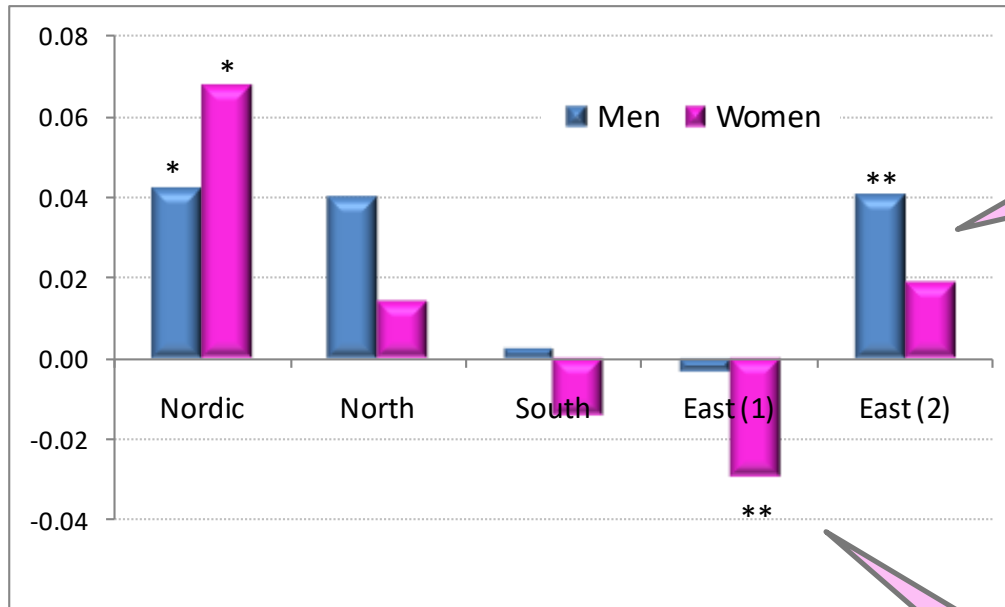


*Adapted from Skew and Iacovou (2011)*

Effect positive everywhere, but much larger in Nordic countries



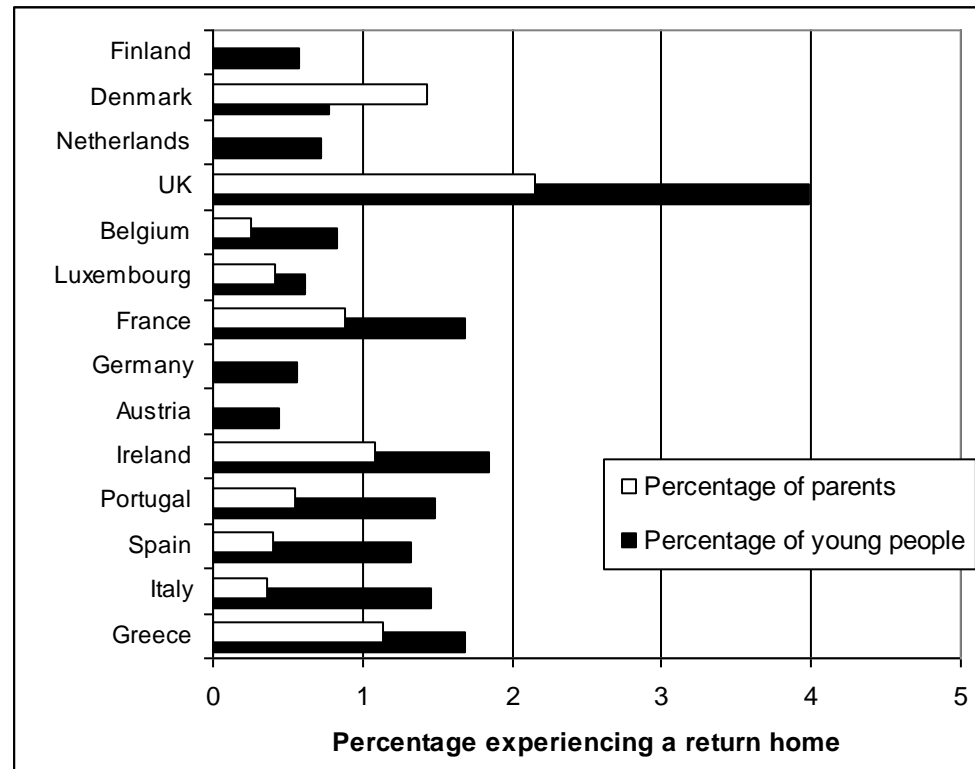
# And Eastern Europe? Parental income...



Effect positive in Eastern [2] group (Romania, Bulgaria, Slovakia, Slovenia, Poland)

Effect negative in Eastern [1] group (Baltic states plus Hungary and Czech Republic)

# Returns home



Source: Iacovou and Parisi (2009), using data from the European Community Household Panel

# Conclusions

- Wide variations in age at leaving home
- Many factors involved in variations – within and between countries
- Norms play a role
- Preferences for togetherness versus independence play a role
- Economic constraints evident, particularly across some countries of Eastern Europe



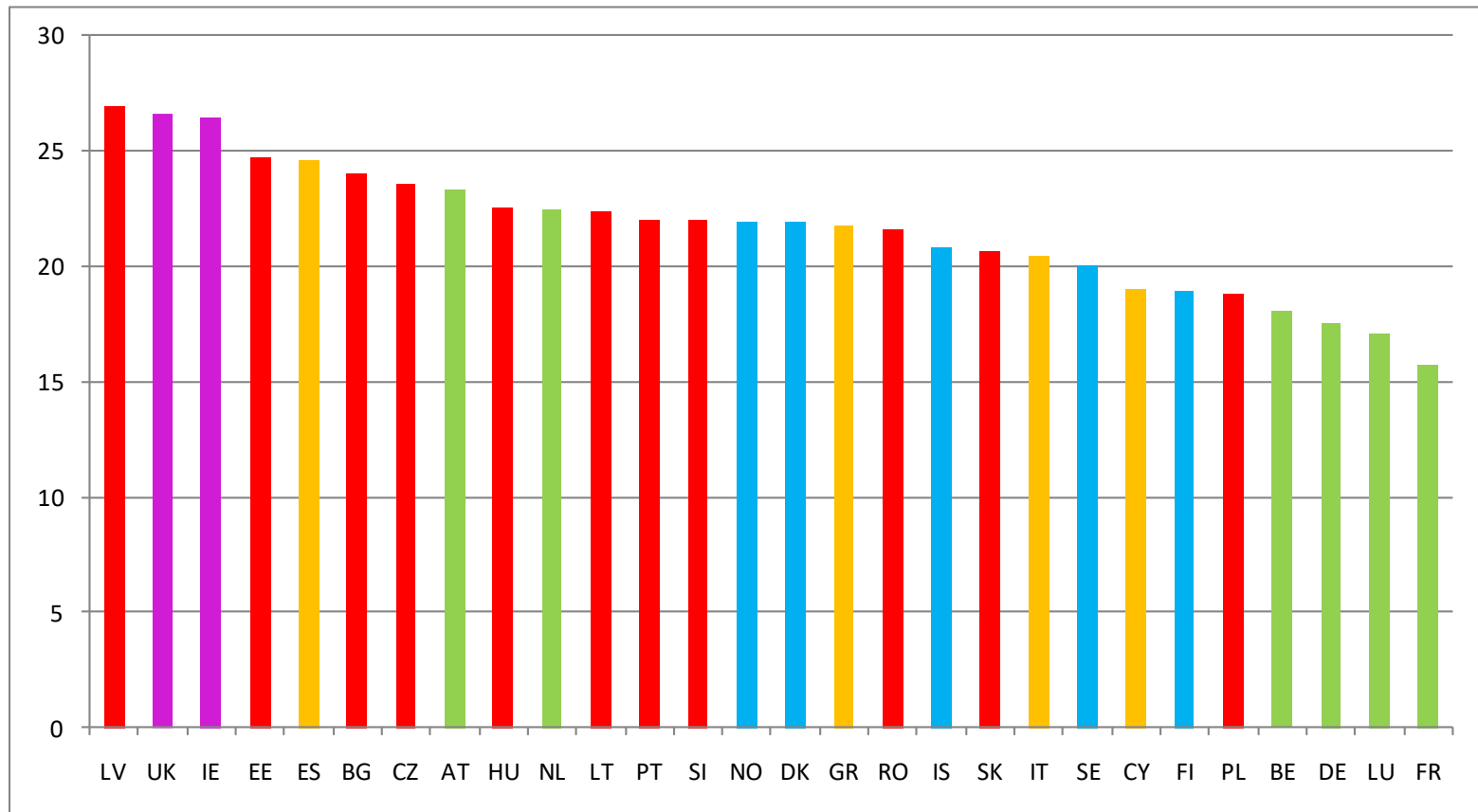
# Who supports whom?

Poverty, financial strain and intergenerational co-residence

Maria Iacovou and Maria Davia

# Young people's incomes as a % of their household's incomes

(sample: young people aged 19-34 living with their parents)



# Reasons for variation

## ● Household size

- One parent/two parents/other adults/children

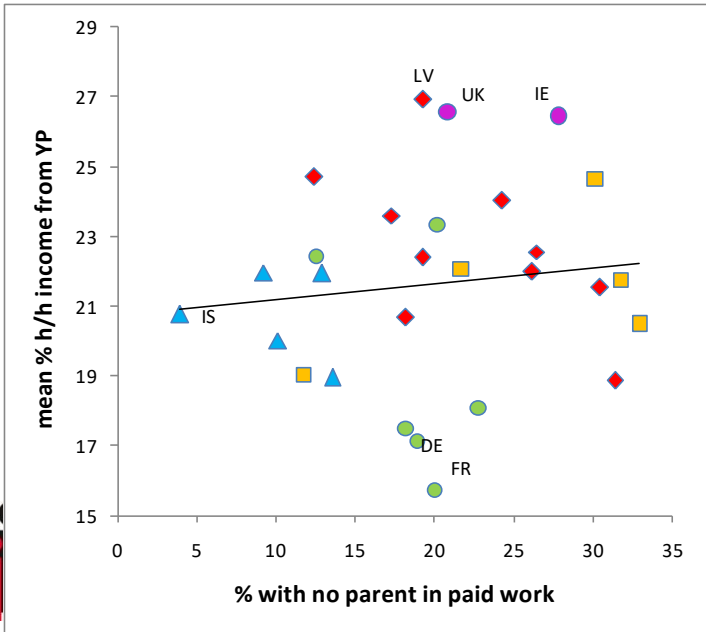
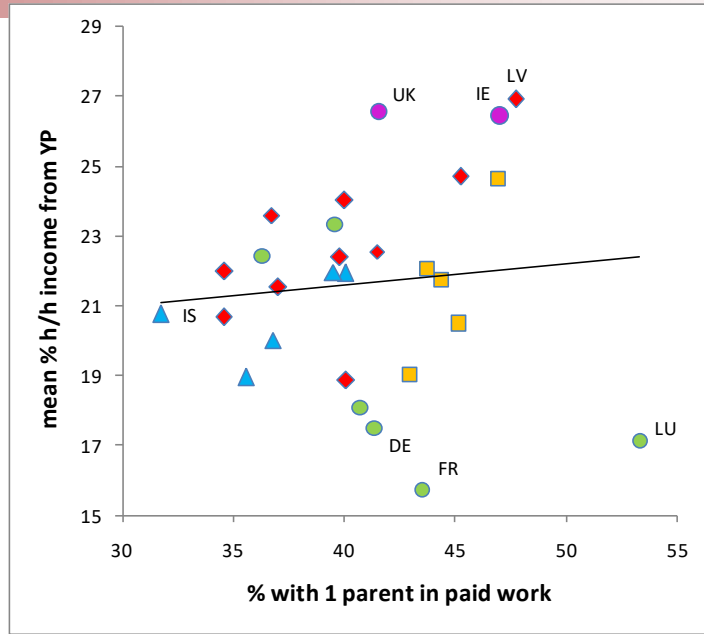
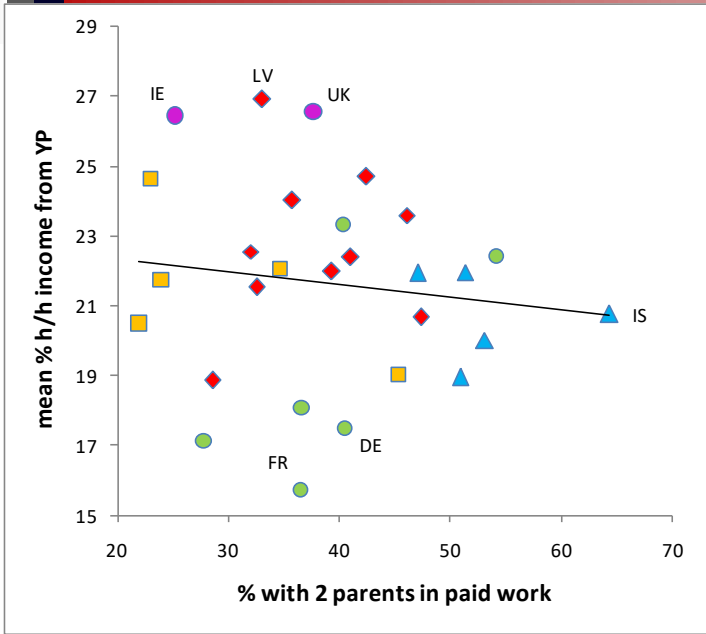
## ● Employment

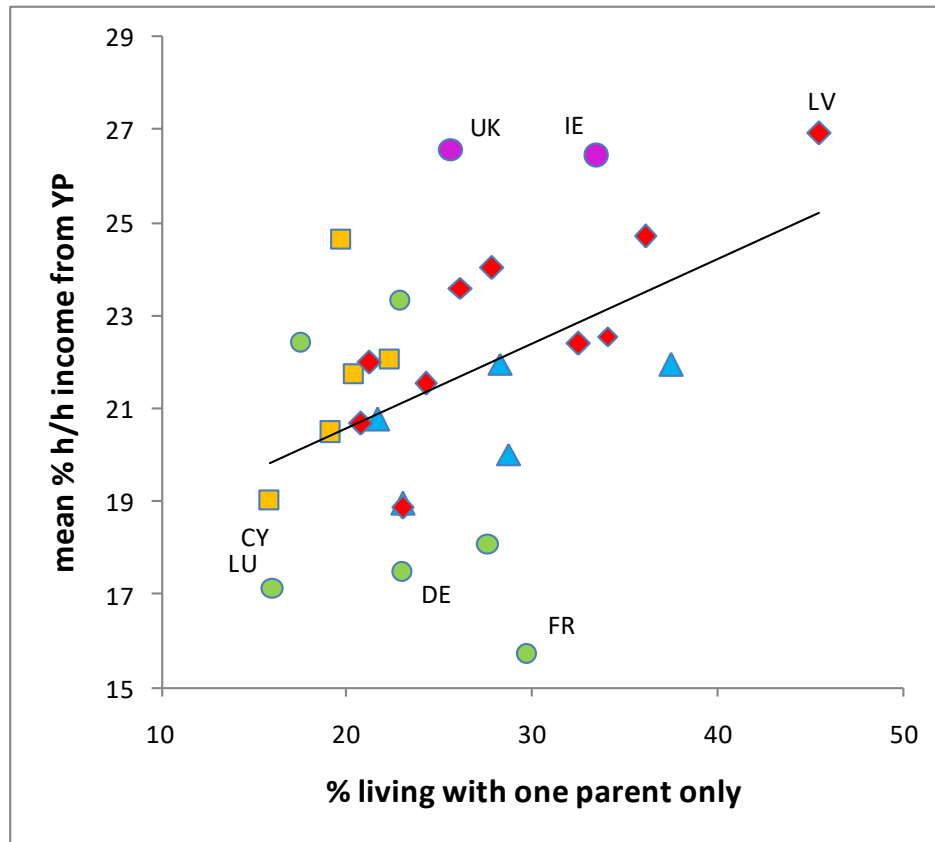
- Youth employment rates
- Parents' employment rates
- Employment of other adults in household

## ● Wages

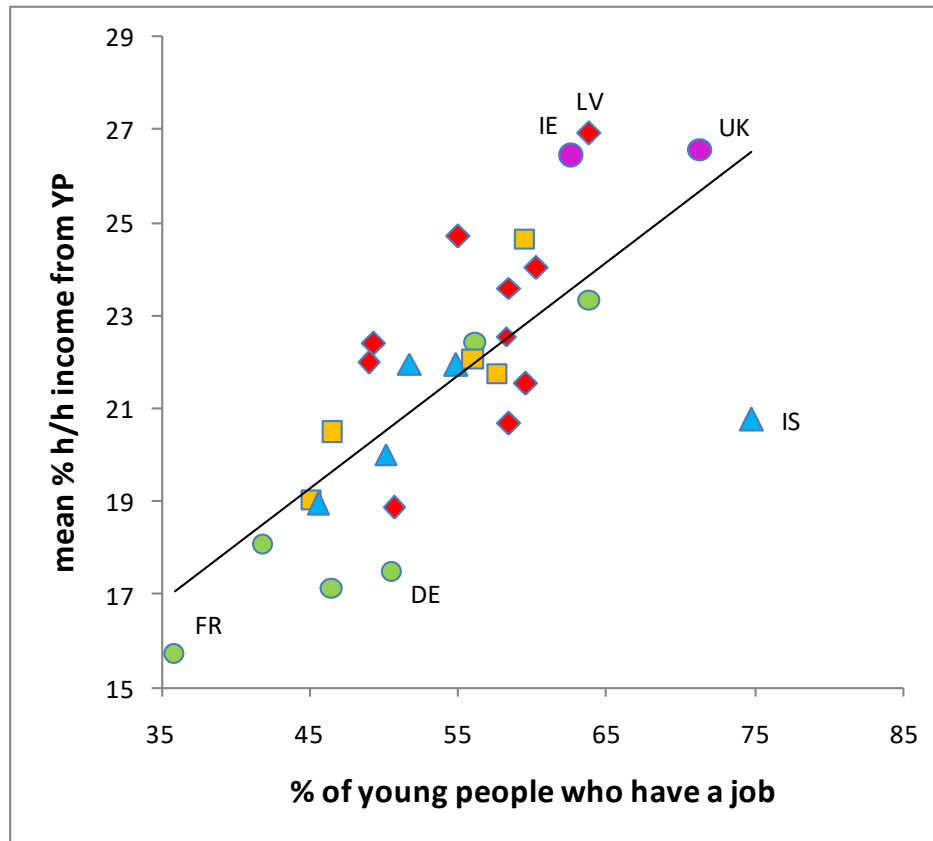
- Wages of young adult in relation to parents' wages

## ● Benefits

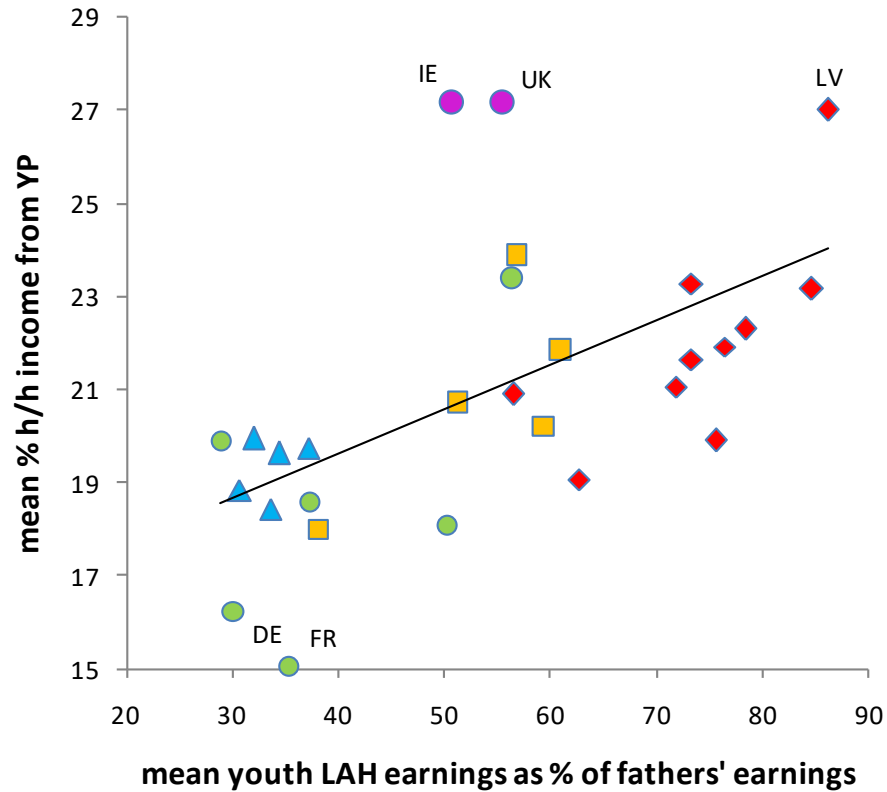




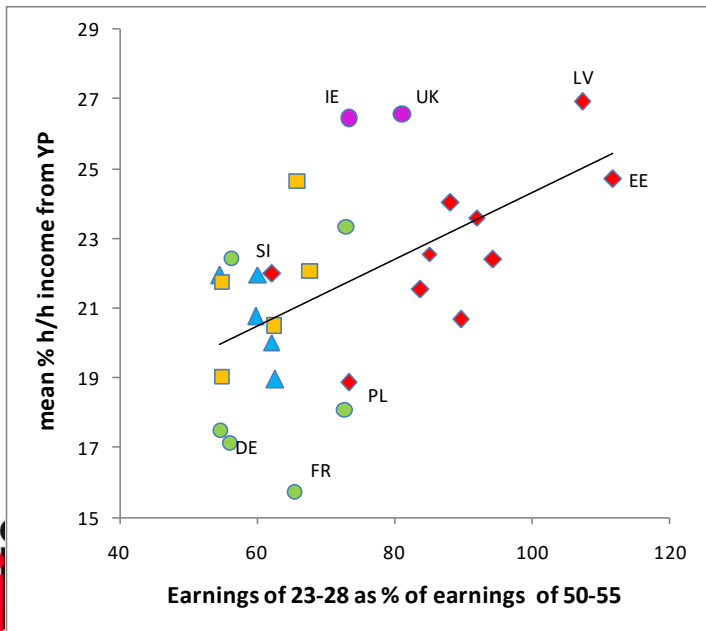
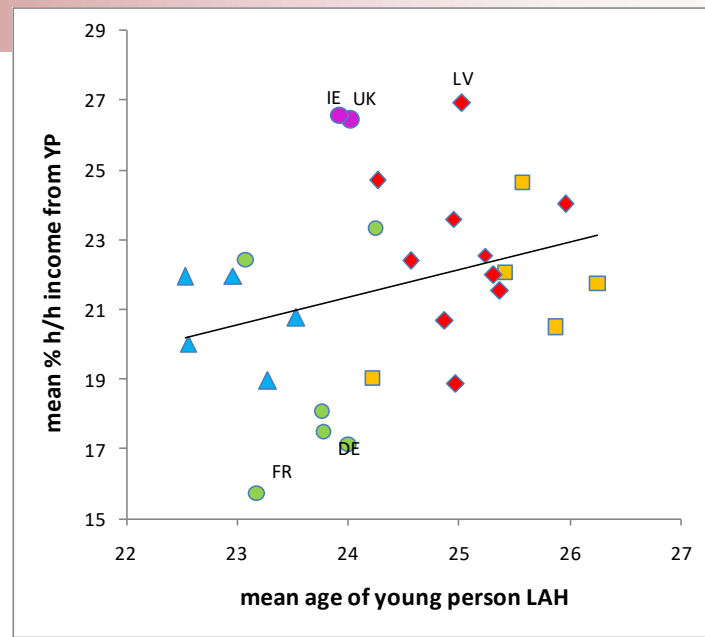
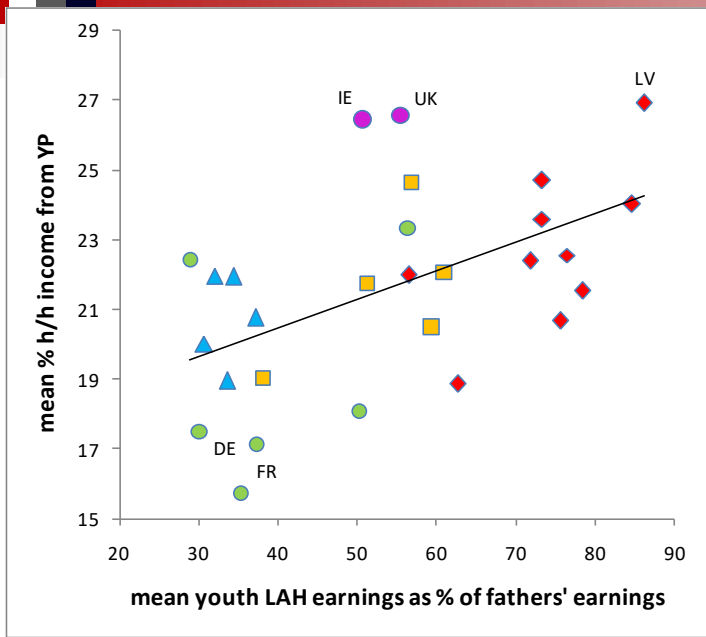




Do the level of earnings, as well as having a job, matter?

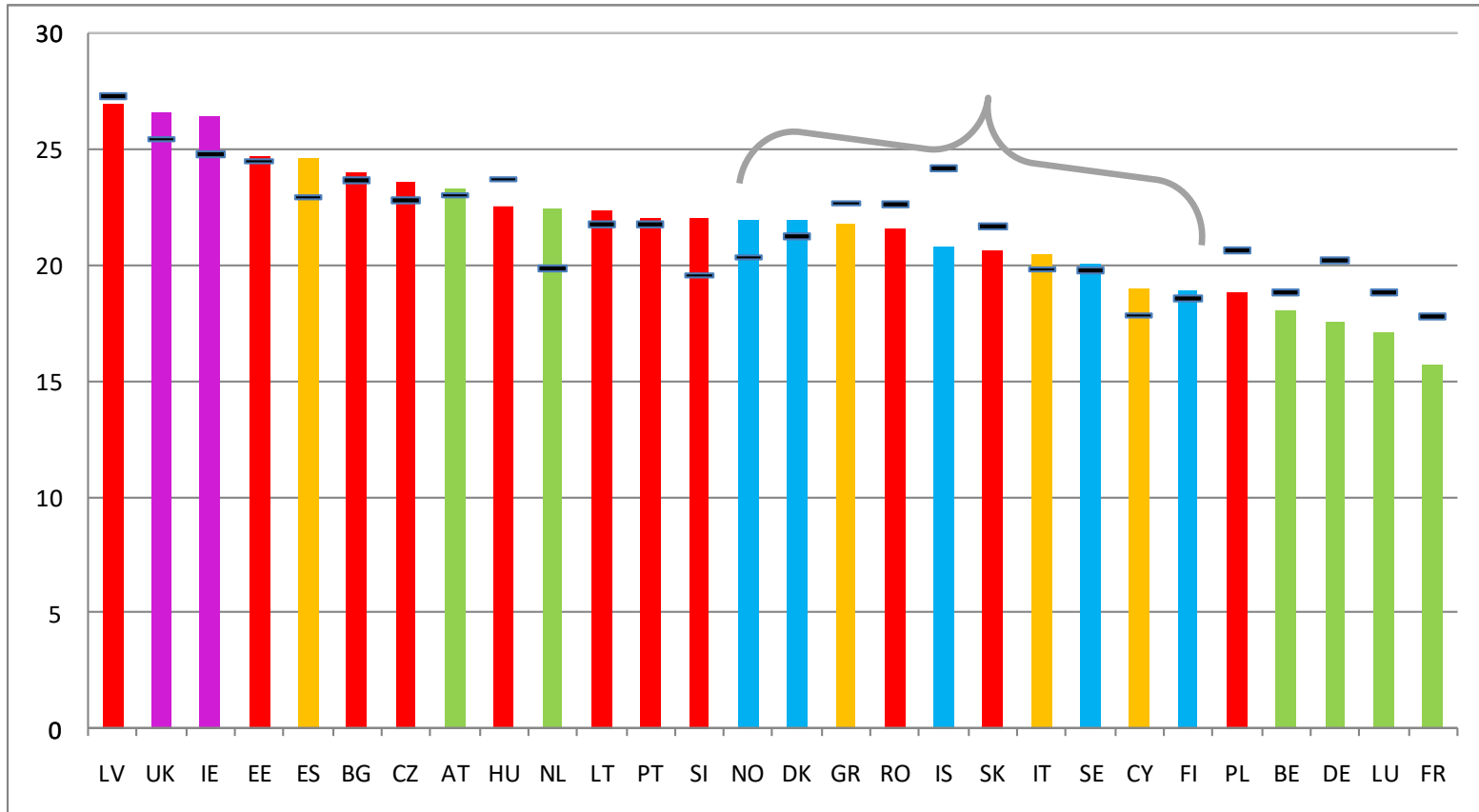


do we observe this pattern just because of age differences between the young people still living at home?



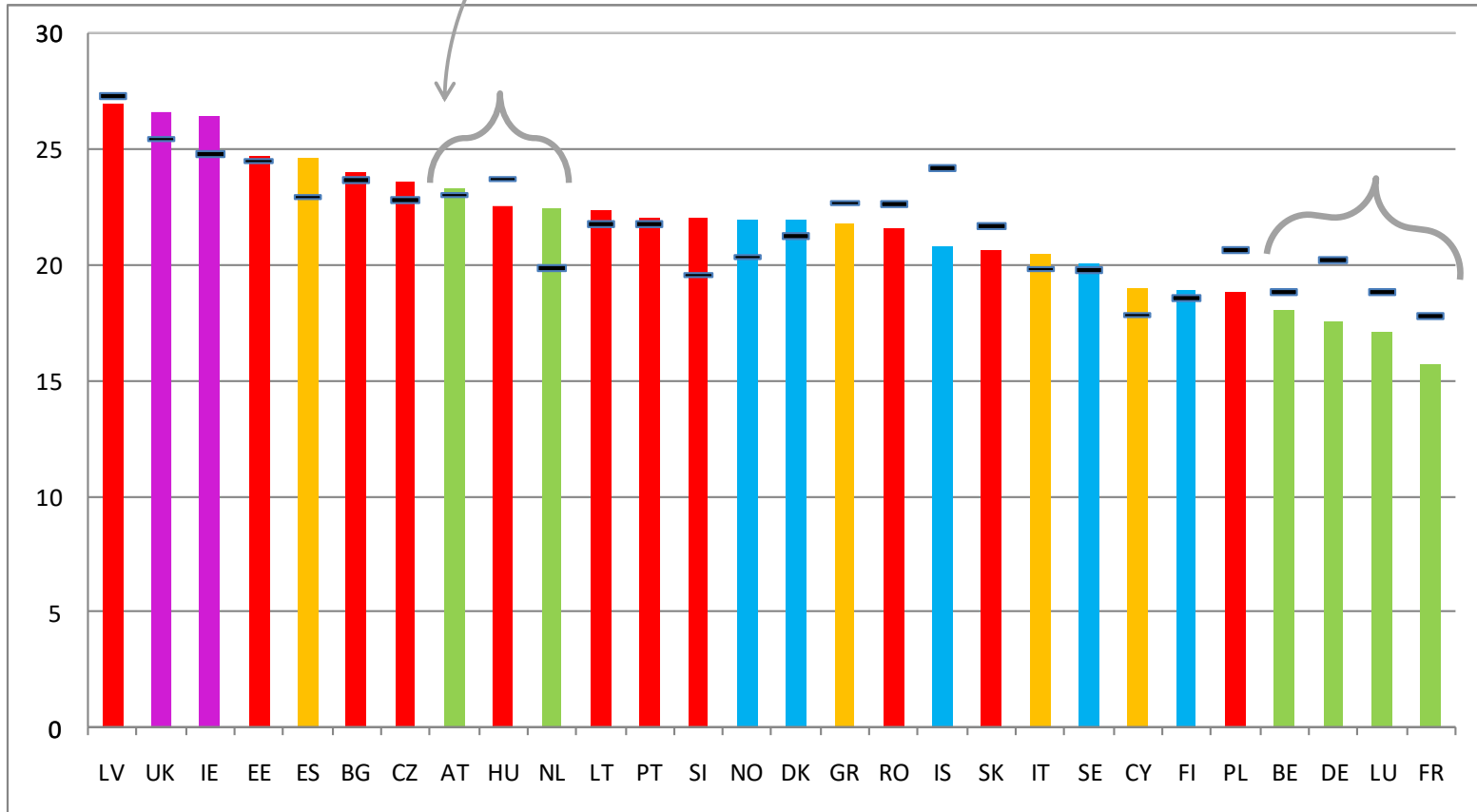
Both the age distribution AND age-earnings profiles contribute to differences in earnings

Scandinavian countries: many 2-earner parents; low-ish youth employment rate, low youth earnings



Including predicted levels.....

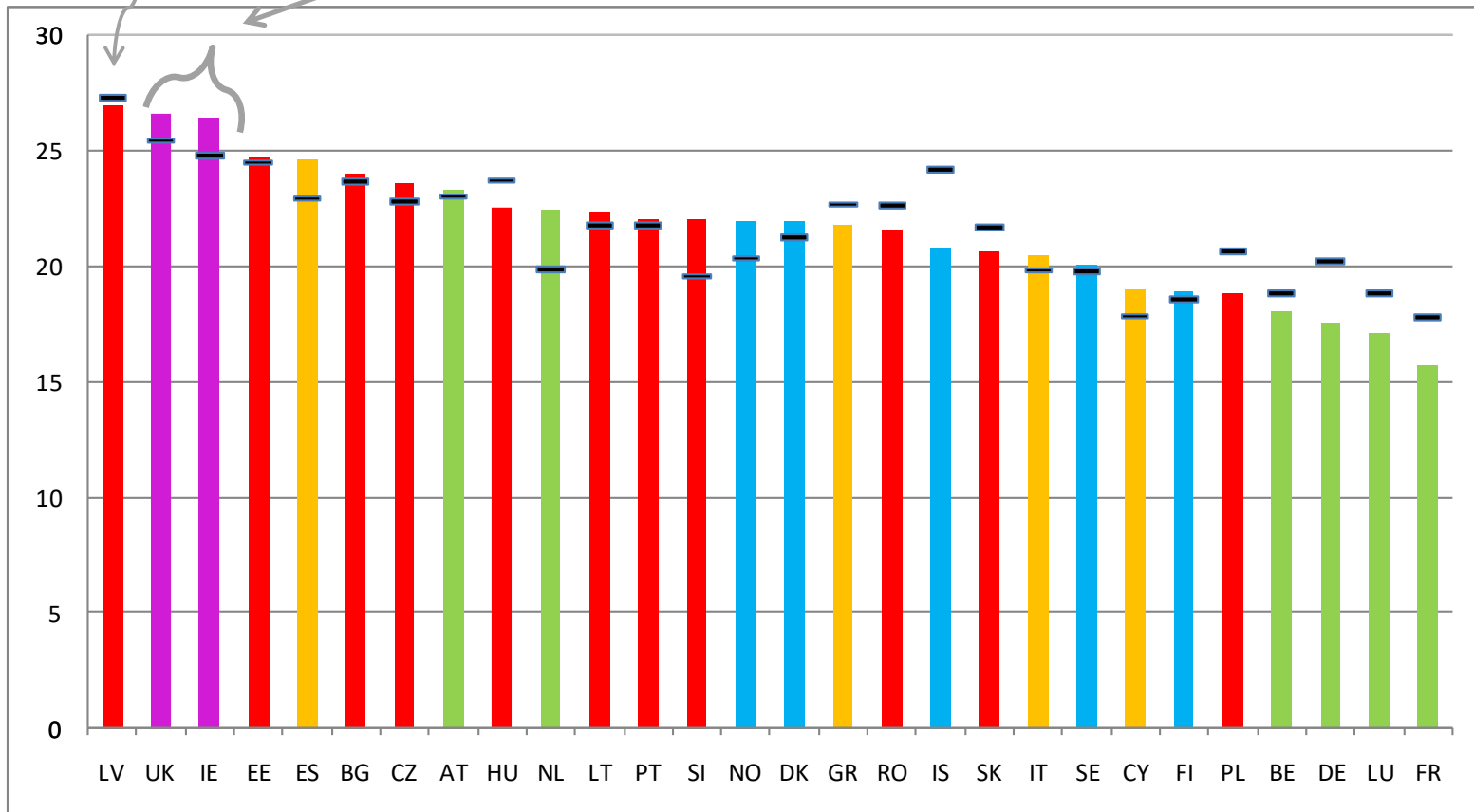
North/Western countries: fairly low % with jobs (except AT and NL!), low youth earnings (again, except AT and NL)



Including predicted levels.....

High employment and relative earnings; high % lone parents

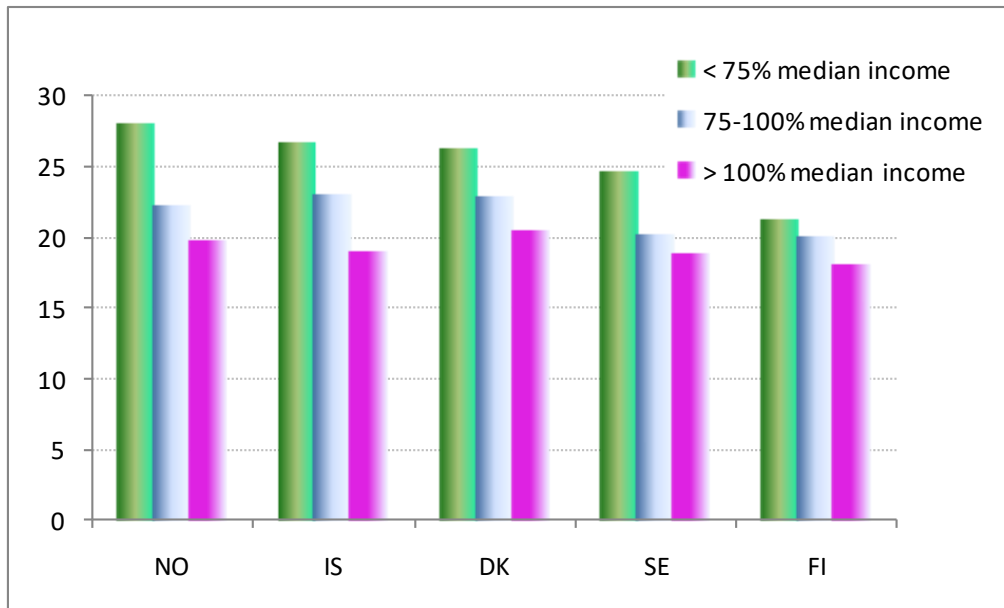
Low % of 2-worker parents, high % with jobs, fairly high % with only 1 parent.

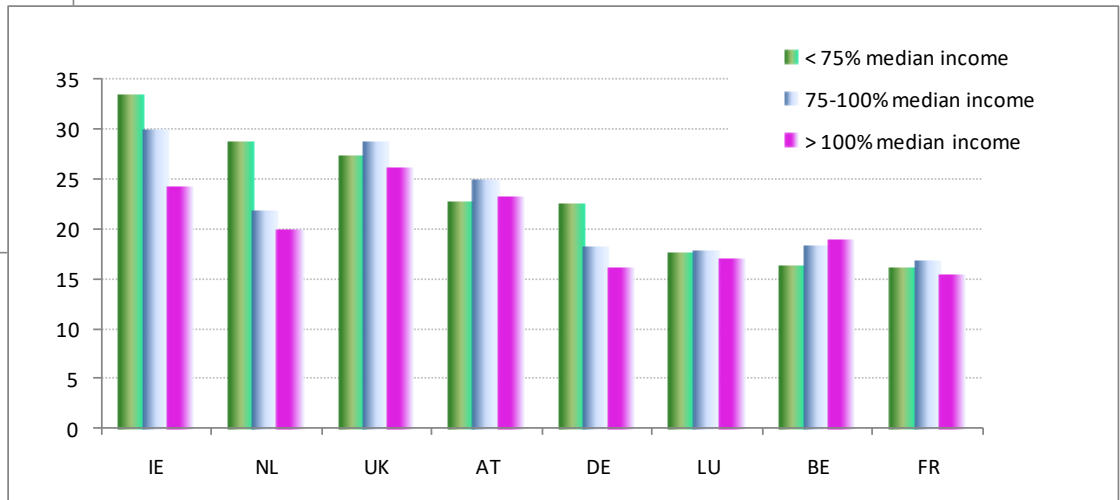
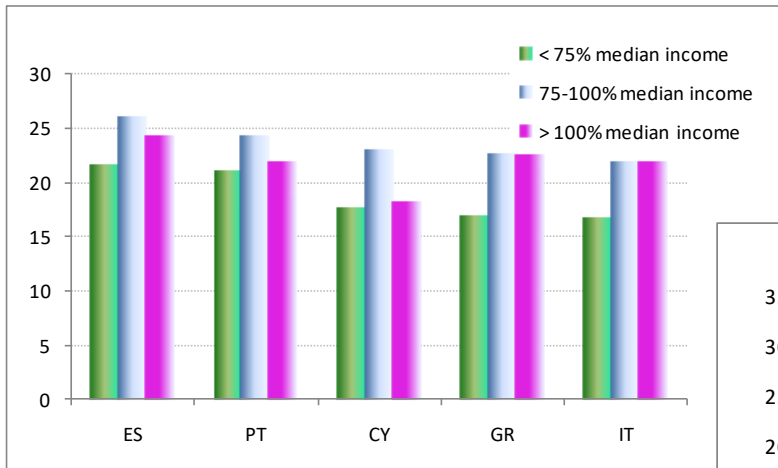
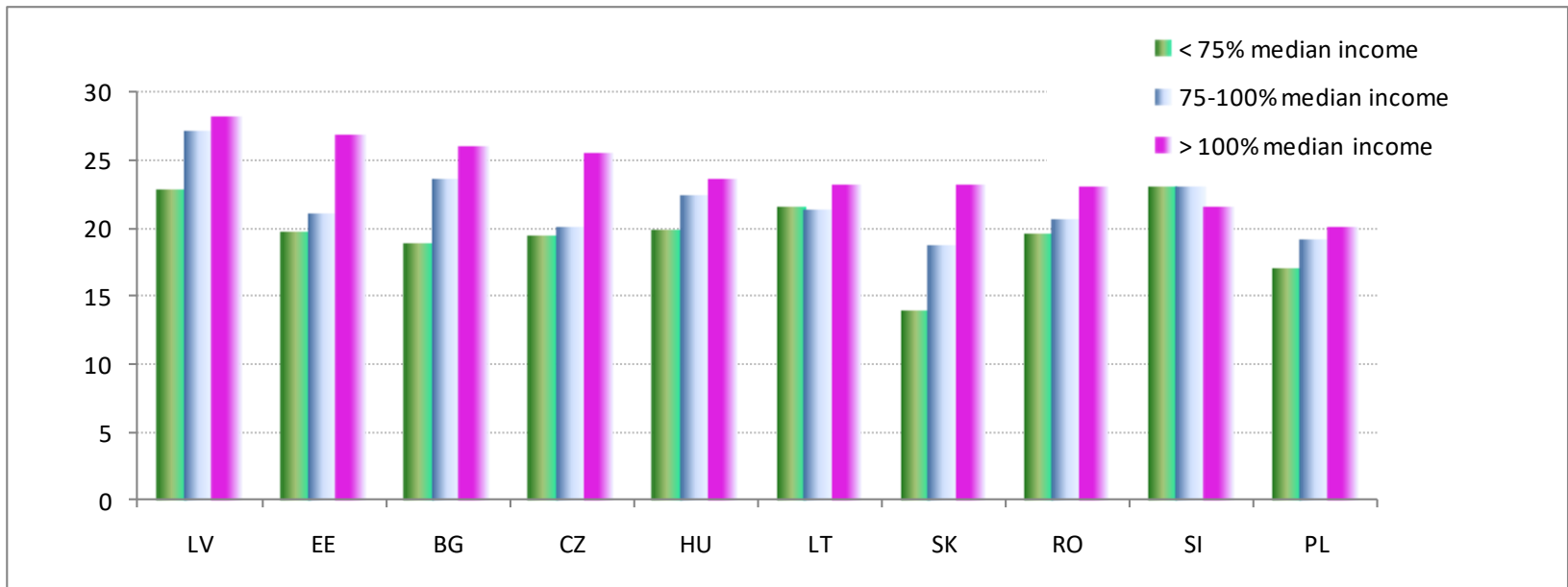


Including predicted levels.....

# These figures cover entire income range

- Are there differences between rich and poor households?
- Expect young people in wealthier households to “contribute” a lower % of the household’s income









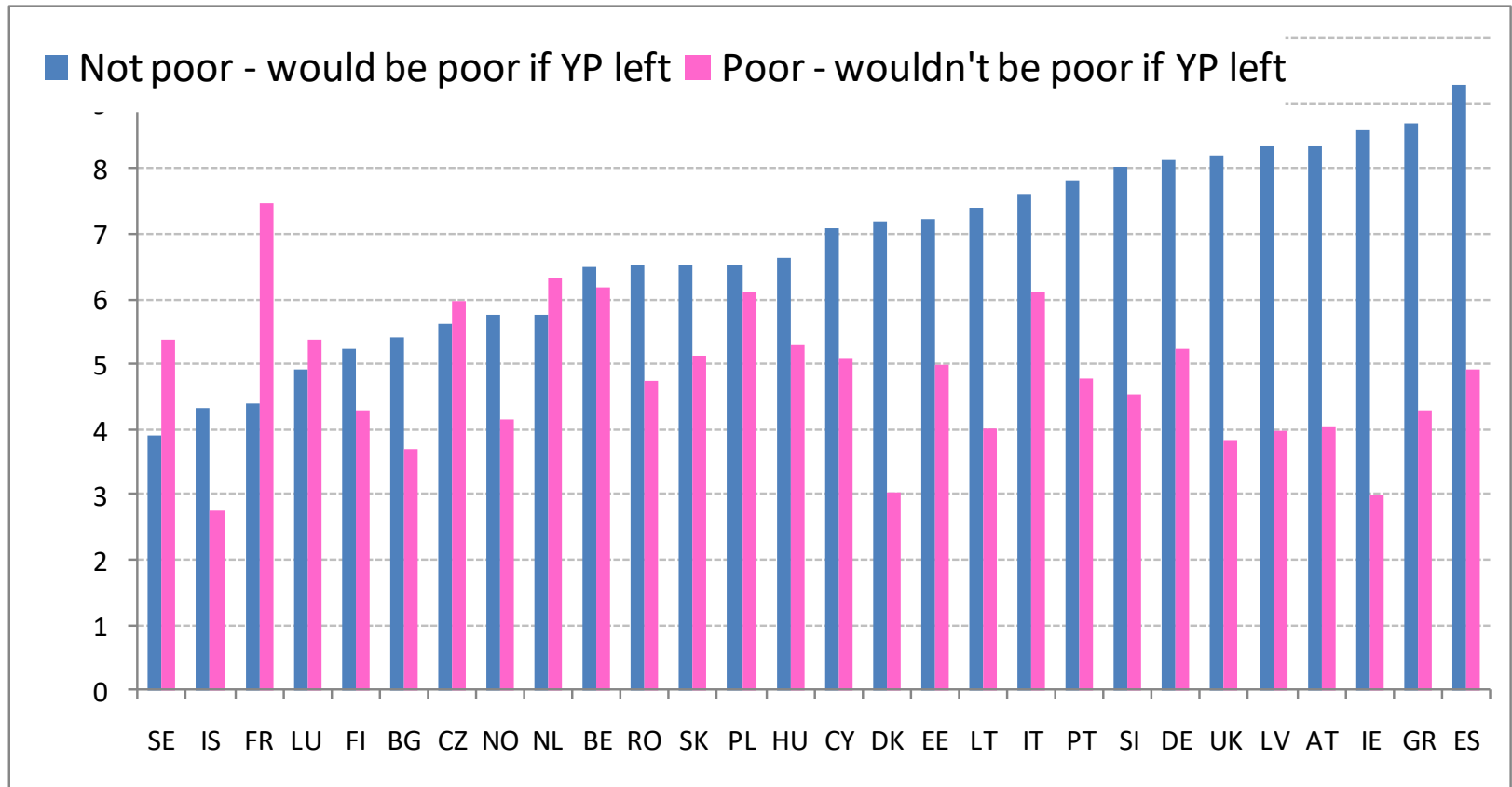
# Omitted material...

- Multivariate analysis of characteristics associated with high % of incomes

# YPs' role in determining poverty status

- Calculate household income and poverty status
- Counterfactual: “remove” young person and all the income associated with their presence in the household
- Calculate counterfactual poverty status of household
- Allocate hypothetical benefits to young person and calculate their counterfactual poverty status
- Eight possible sets of outcomes

# % of households below 75% median



# The issue of sharing

- Adult children don't always share their funds with the rest of their households
- But we can assess the extent to which children contribute to household coffers, as follows:
- HS120: describe your ability to make ends meet
  - 6-point scale, from “great difficulty” to “very easily”.
- Generate a variable indicating year-on-year change
- Take a sample of households with young adults co-resident with parents in year  $t$
- Generate variable indicating if young people leave home
- Multinomial regressions of change in making ends meet
  - Define 3 outcomes: worse – same – better

# What do we expect?

	YP with job leaves	YP without job leaves
Get worse	<p style="text-align: center;">+</p> <p style="text-align: center;">household loses YP's income which they previously shared</p> <p style="text-align: center;">OR</p> <p style="text-align: center;">N/S if YP was not sharing their income</p>	<p style="text-align: center;">+</p> <p style="text-align: center;">if those remaining in the household have to continue subsidising the YP</p>
Stay the same	-	-
Improve	<p style="text-align: center;">+</p> <p style="text-align: center;">if the household were already subsidising the YP</p>	<p style="text-align: center;">+</p> <p style="text-align: center;">if those remaining in the household no longer have to subsidise the YP</p> <p style="text-align: center;">OR</p> <p style="text-align: center;">N/S if those remaining in h/h still have to subsidise the YP</p>

# Marginal effects: all countries pooled

(sample of households with YP aged 25-25)

	YP with job leaves	YP without job leaves
Get worse	5.8% ***	-2.4% ***
Stay the same	-	-
Improve	0.1% n/s	4.9% ***

# By country groups:

		YP with job leaves	YP without job leaves
Nordic	Get worse	8.5 *	3.6
	Improve	2.9	7.6 *
North/West	Get worse	3.5	-7.0 ***
	Improve	-0.7	4.8 *
Southern	Get worse	7.2 ***	0.5
	Improve	-0.2	6.1 ***
Eastern	Get worse	4.0 ***	-4.0 ***
	Improve	1.0	3.8 ***

# Next steps

## ● Already:

- Looked at age of young person: no systematic differences between 25-29s and 30-35s
- No difference between men and women, once you control for income

## ● Control for contemporaneous changes in

- Income of other family members
- Household composition
- YP getting or losing a job but remaining in household

## ● Assess the % of YPs' income which is “shared”

- Look (cross-sectionally) at the relationship between YPs' incomes and parents' subjective assessments.



# Conclusions

- Economic support between young people and their families is not all one way
- Young people's incomes do contribute, in some meaningful way, to their families' sense of financial security
- The degree of this contribution is strongly related to young people's incomes and labour market status