Can the composition of the family during adolescence influence their future unemployment situation? Evidence for Spain

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17 May 2018

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Abstract

The aim of this paper is to analyze whether the composition of the household during adolescence may be an important determinant of their future unemployment in Spain. To address this issue, we follow the Quantity-Quality model of Becker-Lewis (Becker and Lewis, 1973), using data from the Survey of Living Conditions (2011). Results show that individuals living with both parents at home during their teenage years are less likely to be unemployed in the future.

1. INTRODUCTION

Major social changes in the institution of the family in Western countries have resulted in a process of separation in the household, with rising divorce rates and growing numbers of single-parent families (Cherlin 2002; Maning et al. 2014).[1] The relationship between household structure and economic well-being is obvious, since poverty rates vary dramatically,depending on family structure. In Spain, 42.2% of single families were at risk of poverty in 2016, while this percentage was just 25.5%in the case of married couples with children (Spanish Statistical Institute).These changes not only can affect couples well-being, but they also may have implications for their children's well-being, who receive fewer parental inputs than their counterparts who live with both parents at home (Amato 2005; McLanahan and Sandefur2009; Mencarini et al. 2017). Recent studies have focused on the importance of fathers, but they are less likely to be involved intheir children's lives when they are divorced or not married (Hofferth 2006; Cabrera and Tamis-LeMonda2014). Moreover, poverty entails challenges and situations that require a greater effort with only one available parent (Oliker 1995; Edin and Lein 1997). Thus, it is not beyond the bounds of possibility that family structure not only affects children's economic well-being during their childhood, but also in their adulthood.

In this paper, we contribute to these lines of research by analyzing whether the presence of both parents in Spanish households when the individuals are teenagers may affect the probability of being unemployed in the future.[2] Although unemployment is a worldwide problem, Spain provides an interesting case study, since it has one of the highest unemployment rates in the EU (Giménez and Molina, 2014). Related to our research are those studies that examine the factors that can have an effect on unemployment, focusing on unemployment benefits (Blanchard and Jimeno1995; Jenkins and García-Serrano 2004), monetary policies (Baccaro and Rei2007), culture (Brügger et al. 2009), and individual characteristics, such as age, gender, and education (Azmat et al. 2006; Kooreman and Ridder 1983; Riddell and Song 2011). However, to our knowledge, there is no substantial literature focused on studying the consequences of family structure in labor markets. In our empirical strategy, we follow the conceptual Quantity-Quality model of Becker-Lewis (Becker and Lewis, 1973), using data from the Survey of Living Conditions (2011) provided by the Spanish Statistical Institute, which is the latest year providing information about household composition when individuals were 14 years old. We find a negative and statistically significant relationship between living with both parents at home when individuals were teenagers and the probability of being unemployed. This

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[1]The institution of the family from different economic perspectives has been detailed analyzed, among others, in Molina (2011, 2013, 2014, 2015).

[2]Some recent examples of the inter-generational transmission of socio-economic behaviors has been analyzed, for example, in Molina et al. (2011) for the case of well-being, in Giménez and Molina (2013) for education, in Giménez et al. (2017) for housework time, and in Molina (2014) for the case of altruism.

suggests that family structure can affect subsequent results in the labor market. We also extend our work to the study of the relationship between family structure and the quality of employment, finding that those individuals with both parents at home are less likely to be employed in a temporary capacity.

2. DATA AND EMPIRICAL STRATEGY

We use data from the Survey of Living Conditions (2011) provided by the Spanish Statistical Institute, in order to analyze whether the household structure when individuals were teenagers can influence their current situation as adults in the labor market. To test this issue, we consider the Quantity-Quality methodology of Becker-Lewis (Becker and Lewis, 1973) and estimate the following Probit model:

$$\text{Probit}(p_{ik}) = \beta_0 + \beta_1 BPH_i + X_{ik}\beta_2 + \delta_k + \varepsilon_{ik} \qquad (1)$$

Where p_{ik} is the probability of individual i being unemployed. Our variable of interest, BPH_i, is a dummy variable that takes value 1 when both parents were living in the household when individual i was a teenager, and 0 otherwise. The vector X_{ik} includes individual characteristics, such as gender, age, and level of education. Controls for unobserved characteristics of the areas where our individuals live are added by using region fixed effects, denoted by δ_k.

Table 1 presents the summary statistics for the main variables by region. The first column shows large variations in the proportion of unemployed individuals across the Spanish regions, ranging from 10% in Navarra, Illes Balears and País Vasco, to 26% in Canarias. More significant differences can be observed in the proportion of temporary employees by regions in the second column: an average of 24% of individuals report being a temporary employee, with this varying from 16% in País Vasco, to a high of 36% in Andalucía. The third column includes the proportion of individuals who were raised with both parents at home. However, by simply comparing this column with the previous two, we cannot deduce a clear relationship between both variables. The raw data also reveals slight dissimilarities across regions in gender composition, the level of education, and the age of the individuals: 49% of adults are males, 17 % have completed primary school, 49% have completed secondary school, 32% have a university degree, and the median age of individuals in our sample is around 43 years old.

3. RESULTS
3.1 Main results

Table 2 presents the estimates for our specification. As can be seen in column 1, living with both parents at home when individuals were teenagers is related to a lower probability of being unemployed in the future, even after controlling for unobservable characteristics by region. We

find that the presence of both parents in the household decreases the probability of being unemployed in the future by almost 4.5%. We provide additional evidence by including controls for observable characteristics in column 2, which may affect the participation in labor markets. Our results are maintained after adding GDP per capita and the unemployment rate, by region.[3] Furthermore, any differences can be discerned when we divide the sample by gender. Our results point to the household composition when individuals were young being an important factor for women and men, separately, suggesting that gender issues are not driving our results (see columns 3 and 4).

3.2 The study of the quality of employment

So far, we have focused on studying the consequences of family structure in terms of levels of employment. Nevertheless, since the Spanish government liberalized temporary contracts by extending their use to hiring employees performing regular activities and entailing much lower dismissal costs than regular permanent contracts, the quality of employment is also very much a concern. To tackle this issue, we re-estimate the equation (1), by redefining the dependent variable as the probability of being a temporary employee. We find that living with both parents at home when individuals were young has a negative and statistically significant effect on the probability of being a temporary employee in the future. In particular, there is a decrease of 4.1% in that probability (see column 5). As before, our results do not change after controlling for observable factors by region (see column 6). However, in this case we find gender differences. While men do not appear to be affected by household composition, our results are maintained when we just include women in our sample and the magnitude of the effect is quite greater than the obtained before (see columns 7 and 8). In any case, all the results described in this section suggest that quality employment can also be affected by household composition.

4. CONCLUSIONS

The aim of this paper is to show how recent changes in the institution of the family can affect unemployment through household composition. It is increasingly common to find single-parent or divorced families, and prior researchers have found negative consequences for children's well-being of not living with both parents at home. In our study, we focus on children's future well-being. We find that individuals' success in labor markets may be determined by their family structure when they were teenagers. Specifically, our results show that those individuals living with their parents during childhood are less likely to become unemployed in the future. Our results also point to family structure as an important factor in the quality of employment for women.

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[3]Data for unemployment rate and GDP pc by region comes from the Spanish Statistical Institute for the year 2011.

Examining the determinants of unemployment is important because governments frequently devise and apply policies to reduce it. Thus, our results may be interpreted as evidence of one of the mechanisms through which unemployment can be reduced. Additionally, since single-parent families are presumed to be at greater risk of poverty, we can also interpret our results as evidence of the Intergenerational Transmission of Poverty in Spain. In this setting, policy-makers should consider these results, in order to promote households formed by both parents, as well as couples'involvement in their children's lives. Moreover, protection against poverty could be facilitated by simply analyzing family characteristics in terms of household composition. In short, despite the limitations of the data, this study can be considered as first evidence of the effect of family structure on the Spanish labor market.

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Table 1: Summary statistics

Region	Proportion of unemployers	Temporary employers	BPH	Age	Man	Primary school	Secondary school	University degree	Observations
Andalucía	0.25	0.36	0.89	43.41	0.49	0.22	0.47	0.28	2,041
Aragón	0.11	0.21	0.92	43.95	0.5	0.13	0.52	0.34	785
Asturias	0.14	0.21	0.89	44.24	0.47	0.12	0.56	0.31	696
Illes Balears	0.10	0.21	0.88	43.28	0.47	0.21	0.52	0.25	505
Canarias	0.26	0.33	0.87	43.38	0.47	0.19	0.48	0.27	843
Cantabria	0.11	0.24	0.88	44.47	0.45	0.10	0.58	0.32	526
Castilla y León	0.12	0.22	0.89	44.65	0.51	0.16	0.51	0.32	1,015
Castilla - La Mancha	0.14	0.26	0.91	43.36	0.51	0.18	0.55	0.26	948
Cataluña	0.13	0.17	0.92	43.42	0.50	0.20	0.44	0.32	1,748
Comunitat Valenciana	0.17	0.23	0.92	42.93	0.47	0.13	0.57	0.30	1,360
Extremadura	0.20	0.34	0.94	44.61	0.50	0.22	0.48	0.26	640
Galicia	0.15	0.24	0.86	43.97	0.48	0.21	0.46	0.31	1,067
Madrid	0.14	0.19	0.89	43.48	0.47	0.09	0.47	0.43	1,607
Murcia	0.20	0.31	0.94	42.67	0.49	0.23	0.54	0.20	641
Navarra	0.10	0.19	0.92	43.71	0.48	0.16	0.41	0.43	513
País Vasco	0.10	0.16	0.89	44.35	0.48	0.11	0.41	0.49	891
La Rioja	0.12	0.18	0.88	43.61	0.49	0.15	0.53	0.31	569
Ceuta	0.18	0.33	0.89	41.44	0.46	0.24	0.53	0.17	206
Melilla	0.14	0.28	0.91	42.19	0.46	0.20	0.43	0.23	159
Mean	0.16	0.24	0.90	43.62	0.49	0.17	0.49	0.32	
Std. Dev.	0.36	0.43	0.30	9.55	0.50	0.37	0.50	0.47	

Notes: The sample contains 16,760 observations of individuals aged 26 to 60.

Table 2: Estimations of the Probit Model

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Dependent variable	Probability of being unemployed	Probability of being unemployed	Probability of being unemployed	Probability of being unemployed	Probability of being a temporary employee	Probability of being a temporary employee	Probability of being a temporary employee	Probability of being a temporary employee
BPH	-0.177***	-0.184***	-0.169**	-0.186**	-0.137***	-0.148***	-0.093	-0.176***
	(0.054)	(0.054)	(0.075)	(0.076)	(0.047)	(0.047)	(0.072)	(0.062)
Age	-0.051***	-0.051***	-0.067***	-0.036	-0.053***	-0.052***	-0.066***	-0.039**
	(0.015)	(0.015)	(0.021)	(0.022)	(0.014)	(0.014)	(0.020)	(0.019)
$Age^2/100$	0.041**	0.041**	0.062**	0.022	0.026	0.026	0.035	0.016
	(0.018)	(0.018)	(0.025)	(0.026)	(0.016)	(0.016)	(0.024)	(0.022)
Man	0.104***	0.101***			-0.207***	-0.207***		
	(0.032)	(0.032)			(0.029)	(0.029)		
Primary school	0.138	0.152	0.045	0.266	0.009	0.026	-0.080	0.116
	(0.104)	(0.103)	(0.140)	(0.162)	(0.101)	(0.101)	(0.144)	(0.144)
Secondary school	-0.118	-0.092	-0.304**	0.120	-0.223**	-0.194**	-0.391***	-0.036
	(0.101)	(0.100)	(0.136)	(0.158)	(0.098)	(0.097)	(0.138)	(0.139)
University degree	-0.442***	-0.404***	-0.663***	-0.184	-0.545***	-0.508***	-0.753***	-0.323**
	(0.105)	(0.103)	(0.142)	(0.163)	(0.099)	(0.098)	(0.142)	(0.140)
Unemployment rate		0.038***				0.020***		
		(0.005)				(0.004)		
GDP pc		0.006				-0.017***		
		(0.005)				(0.005)		
				Marginal effects				
BPH	-0.043***	-0.045***	-0.043**	-0.042***	-0.041***	-0.044***	-0.026	-0.056***
	0.013	0.013	0.019	0.017	0.014	0.014	0.020	0.020
Region fixed effects	Yes	No	Yes	Yes	Yes	No	Yes	Yes
Observations	16,760	16,760	8,130	8,630	16,760	16,760	8,130	8,630

Note: The sample, obtained from Spanish Living Conditions Survey 2011, consists of immigrants aged 26 to 60. Estimates are weighted. Robust standard errors, clustered by country of origin, are in parentheses. *** Significant at the 1% level, ** Significant at the 5% level, * Significant at the 10% level.