

Transitions into and out of Household Joblessness, 2004 to 2014

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Household joblessness refers to adults and children living in households where no adult works. As well as a labour market concern, it is strongly associated with long-term welfare dependency and poverty.

This new study measures the movement into and out of household joblessness between calendar quarters during a time of rapid economic change. It also investigates the profile of those in persistent joblessness, and identifies the factors associated with becoming a working household.

These are important issues from a policy perspective, so that the needs of all those in jobless households can be addressed and that the numbers affected continue to fall as employment increases.

The report is an output of the Department of Social Protection / Economic and Social Research Institute research programme.

Main findings

- In 2014, 14 per cent of adults and 16 per cent of children lived in jobless households, down from peaks of 16 per cent and 20 per cent, respectively, in 2011/2012.
- During the recession, joblessness became more common among multi-adult households with children.
- Persistent joblessness was higher for children than adults and was more common for women, older adults, those with lower levels of education, adults with a disability and in one-adult households with children.
- With the onset of the recession, the entry rate to joblessness increased faster than the exit rate.
- Focusing on those in jobless households, the rate of joblessness exits between one calendar quarter and the next was just over 10 per cent during the boom, 7.5 per cent in 2008 and 2009 and 8 to 10 per cent from mid-2013.
- A quarter of adult employment entries resulted in a household moving from joblessness to employment over the period. Similarly, 28 per cent of adult employment exits resulted in household joblessness.
- The chance of someone in a jobless household entering employment was little more than half that of someone in a working household.
- The presence of children is linked with a lower chance of entering employment and a higher chance of exiting employment, mainly due to the pattern for women.
- Married men, younger adults, those with higher levels of education, living in Dublin and who had worked in the last year were more likely to enter employment.
- To ensure household joblessness continues to fall in line with unemployment, labour market policy should be broadened to include people on home duties and with a disability.
- Other policies, such as childcare and welfare incentives, are important in reducing household joblessness where children are present.

Introduction

Household joblessness is a major risk factor for poverty and welfare dependency. There is growing concern with household joblessness internationally, particularly given the observation that rising employment levels do not necessarily lead to a commensurate reduction in household joblessness. In other words, work is not equally spread across households.

The joblessness concept also broadens the focus to include the situation of groups traditionally seen as outside the labour market such as people with a disability and those (usually women) with caring responsibilities.

Research so far has tended to focus on household joblessness as a static phenomenon, with less attention paid to the circumstances in which a household becomes jobless or exits joblessness. The present report represents a first step in examining the movement into or out of household joblessness between adjacent calendar quarters from 2004 to 2014, covering a period of economic boom, recession and early recovery.

The report asks a number of research questions, including:

- How much movement into and out of household joblessness was there and how did this change over time?
- What role was played by household members in accounting for changes in household joblessness?
- Does living in a jobless household or a household with children make it more or less likely that an individual will enter employment?

Definition and data

Household joblessness is understood as people under the age of 60 living in a household where none of the working-age adults is in employment. The definition used in this study is based on the EU Labour Force Survey:

the share of persons under the age of 60 in households where no working-age adult is in employment (according to the International Labour Organisation definition of employment).

The data for the study come from the Irish labour force source, the Quarterly National Household Survey (QNHS), conducted by the Central Statistics Office (CSO). This is a large survey designed to gather information on labour market issues. This survey follows individuals for up to five quarters. The data in the study cover the period from quarter 1 2004 to quarter 3 2014.

For the purpose of our analysis, we take individuals who are available in each pair of quarters as the unit of analysis and treat household characteristics in the first quarter (such as joblessness and household type) as attributes of the individuals.

Box 1: Measurement of Household Joblessness: QNHS and SILC

A recent ESRI technical paper compares the measurement of household joblessness in the QNHS and the Survey on Income and Living Conditions (SILC). The paper suggests that the SILC measure overstates the level of jobless households as compared to the QNHS measure, due to the composition of the SILC sample (see [Watson et. al, 2015](#)).

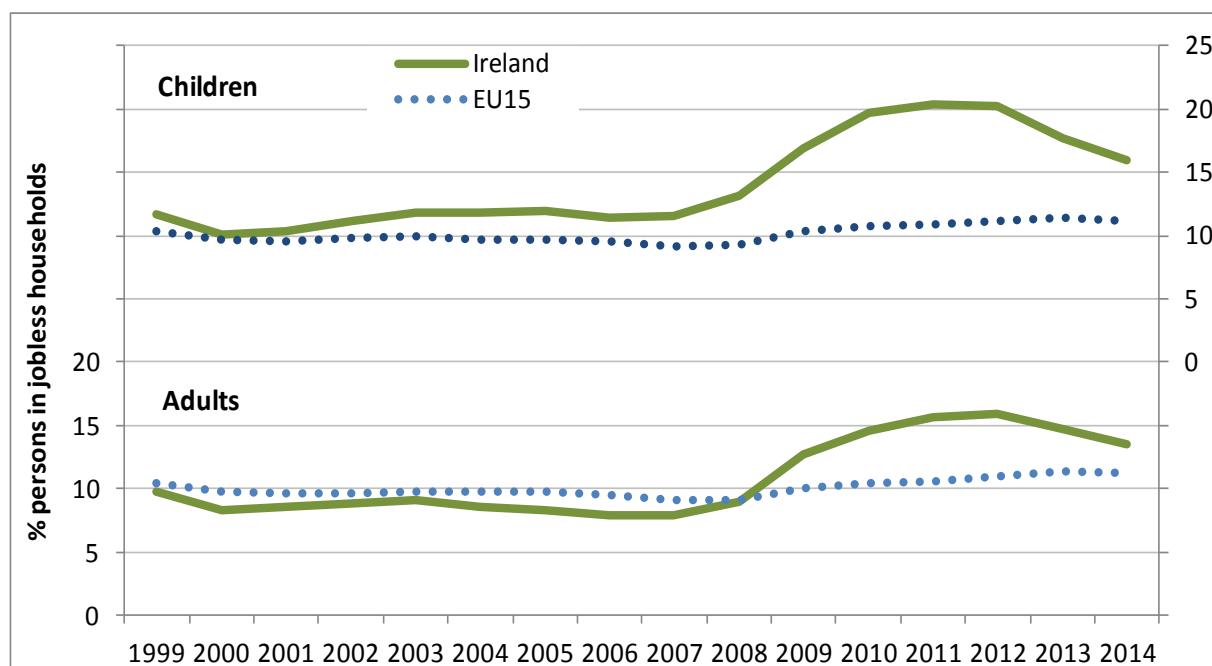
The CSO is examining this divergence and has advised that the QNHS is the definitive source of employment data, including household joblessness.

Section 1: Trends and profile of jobless households

Compared to other European countries, the level of joblessness in Ireland has been high since the start of the recession (after 2008). It peaked in 2011/2012 when it was at 20 per cent of children and 16 per cent of adults. With the onset of the recovery and employment growth, there has been a welcome reduction in the rate in Ireland. In 2014, 16 per cent of children and 14 per cent of adults under the age of 60 lived in jobless households in Ireland, compared to the EU-15 average of about 11 per cent for both adults and children ([Figure 1](#)).

The profile of those in jobless households shifted with the recession towards a larger proportion of multi-adult households with children. Over the period, 42 per cent of people in jobless households lived in a household with several adults and children while about half that figure (21 per cent) lived in households with several adults and no children. Twenty-six per cent lived in lone parent households while 10 per cent lived in a household consisting of an adult living alone.

Figure 1: Adults and children in jobless households (%)



Source: Eurostat table [lfsi_jhh_a], EU-LFS data, extracted from <http://epp.eurostat.ec.europa.eu> on 23 Oct 2014.

Section 2: Change in joblessness transitions from 2004 to 2014

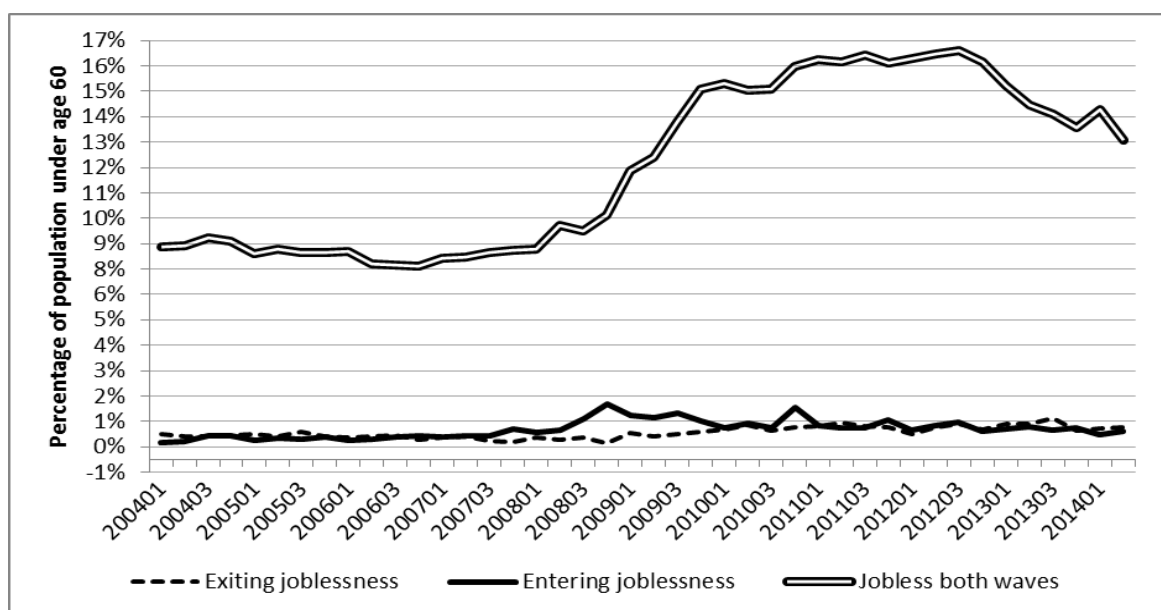
If we express the transitions out of joblessness as a percentage of the total population under the age of 60, the joblessness exit rate was 1.1 per cent on average over the 2004 to 2014 period. The entry rate to household joblessness was 1.2 per cent between one quarter and the next with 11.7 per cent remaining in households that were jobless in both consecutive quarters. The rates of transition are low because we are looking at a relatively short period of time when comparing calendar quarters.

Before the recession, the entry and exit

rates were similar (Figure 2). As the recession began, the entry rate to household joblessness increased faster than the exit rate. Focusing on the rate of entry to joblessness among adults, the rate peaked at 1.8 per cent in late 2008.

Persistent joblessness was higher for children, at 14 per cent, compared to 11 per cent for adults. It was also more common for women, older adults, those with lower levels of education, adults with a disability and in one-adult households, especially those with children.

Figure 2: Quarterly household joblessness transition profile, population age 0 to 59, 2004 to 2014



Source: QNHS data, 2004-2014, weighted; population under age 60 present in two consecutive quarters; analysis by authors.

The rate of transitions out of household joblessness also rose (partly because the base of jobless households was increasing in size), but the increase was not as steep. As a result, from 2007 until the end of 2012, the rate of adults entering household joblessness was greater than the rate of exits so that the stock of persons in jobless households increased.

Expressed as a percentage of those living in jobless households, the rate of joblessness exits was just over 10 per cent, quarter-on-quarter between 2004 and 2006; falling to about 7.5 per cent in 2008 and 2009 and rising to between 8 and 10 per cent from mid-2013. Even during the recession, then, there was significant movement out of household joblessness as one or more adults in the household entered employment.

Section 3: Relationship between individual employment transitions and household joblessness

Not all individual employment transitions will affect whether or not a household is jobless. It will depend on whether or not there is already someone else in employment in the household.

On average across the period from 2004 to 2014, 24 per cent of adult employment entries resulted in a household moving from joblessness to working (Figure 3). In the majority of cases (76 per cent), then, there was already someone at work in the household so the employment entry had no impact on household joblessness.

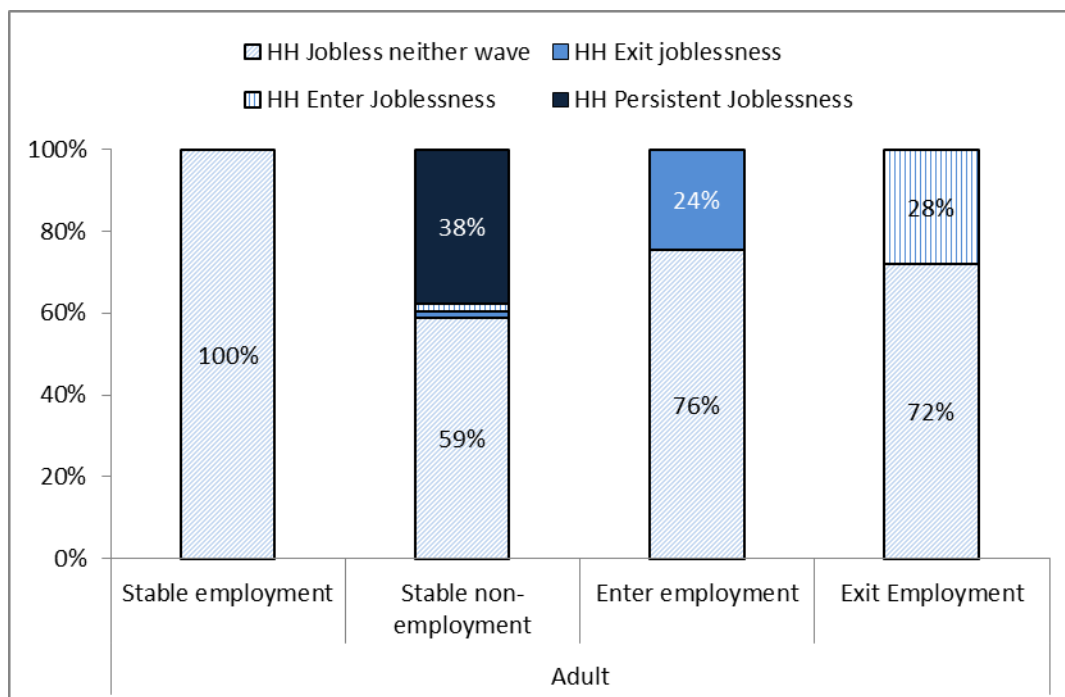
The rate at which individual employment entries resulted in a household exiting joblessness was lower pre-recession (at about 20 per cent), rising to about 26 per cent from 2008 to 2012 and averaging 29 per cent in 2013 to 2014. All other things being equal, if more working-age adults are living in jobless households

we would expect employment entries to be more likely to reduce household joblessness.

In a parallel fashion, an adult leaving employment will not necessarily result in a household becoming jobless: it depends on whether they live with other adults in employment. Just 28 per cent of adult employment exits in the period (2004 to 2014) resulted in a household becoming jobless (Figure 3), ranging from 22 per cent pre-recession to 31 per cent in the recession years (2008 to 2012) and remaining high at 32 per cent in 2013 to 2014.

In general, as the rate of both household joblessness and household dependence on a single-earner has increased, individual employment entries and exits have become more consequential for household joblessness transitions.

Figure 3: Household joblessness change by individual employment dynamics



Source: QNHS longitudinal data, 2004-2014, weighted, analysis by authors. Base=persons aged 18 to 59 who are present in adjacent quarters.

Section 4: Impact of household joblessness on individual employment transitions

Employment entry

We examined whether living in a jobless household or in a household with children had the effect of reducing the probability that an individual would enter employment when we took account of other characteristics. The other characteristics taken into account were gender, age, marital and family status, level of education, nationality, region, length of time since last worked and the period (boom, recession or recovery).

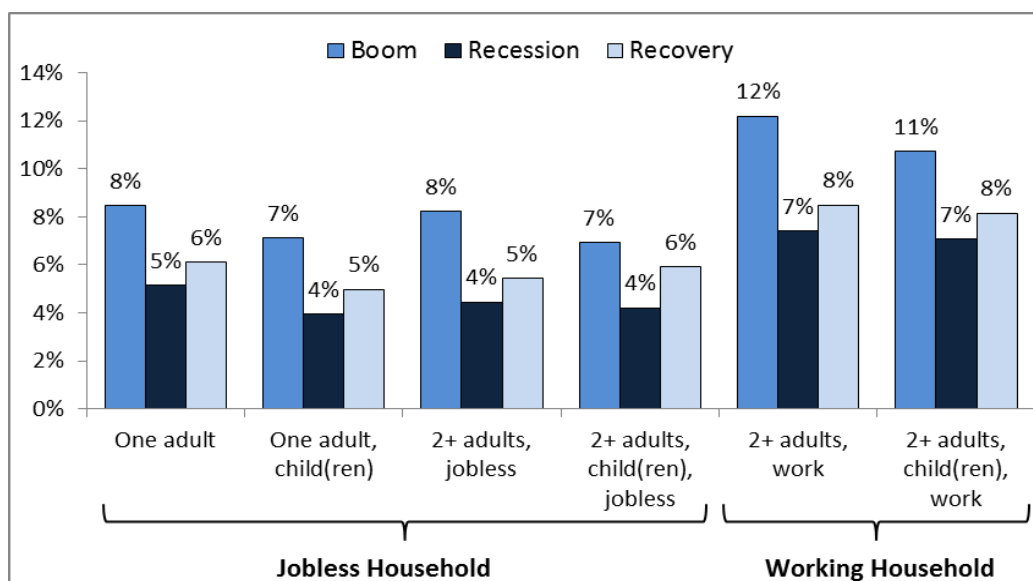
We found that in all three periods and across different household types, the odds of employment entry for someone in a jobless household was only 0.59 times those of someone living in a working household.

The expected rate of employment entry for an unemployed adult in a household with children was about 11 per cent in the boom years if there was another employed adult in the household compared to about 7 per cent if none of the other adults was in employment (Figure 4).

The presence of children in a household was also associated with a reduced probability of entering employment, mainly driven by the pattern for women. For instance, for one of several adults in a jobless household, the adjusted probability (i.e. with other characteristics held constant) of entering employment between one quarter and the next was 8 per cent in the boom years if the household had no children and 7 per cent if the household had children (Figure 4). Although the difference may seem small, it is based on change over a relatively short period (from one quarter to the next) and this kind of difference in flows can cumulate over time into a large difference in the stock of household joblessness.

Other characteristics were also associated with the likelihood of employment entry. Married men, younger adults, those with higher levels of education, living in Dublin and who had worked in the last year were more likely to enter employment.

Figure 4: Adjusted percentage entering employment by household type and working status by period, 2004 to 2014



Source: QNHS longitudinal data, 2004-2014, weighted, analysis by authors. Base=persons aged 18 to 59, present in adjacent quarters and not in employment in the earlier quarter. Calculated from Model 3 in Table 5.6 of report.

Employment exit

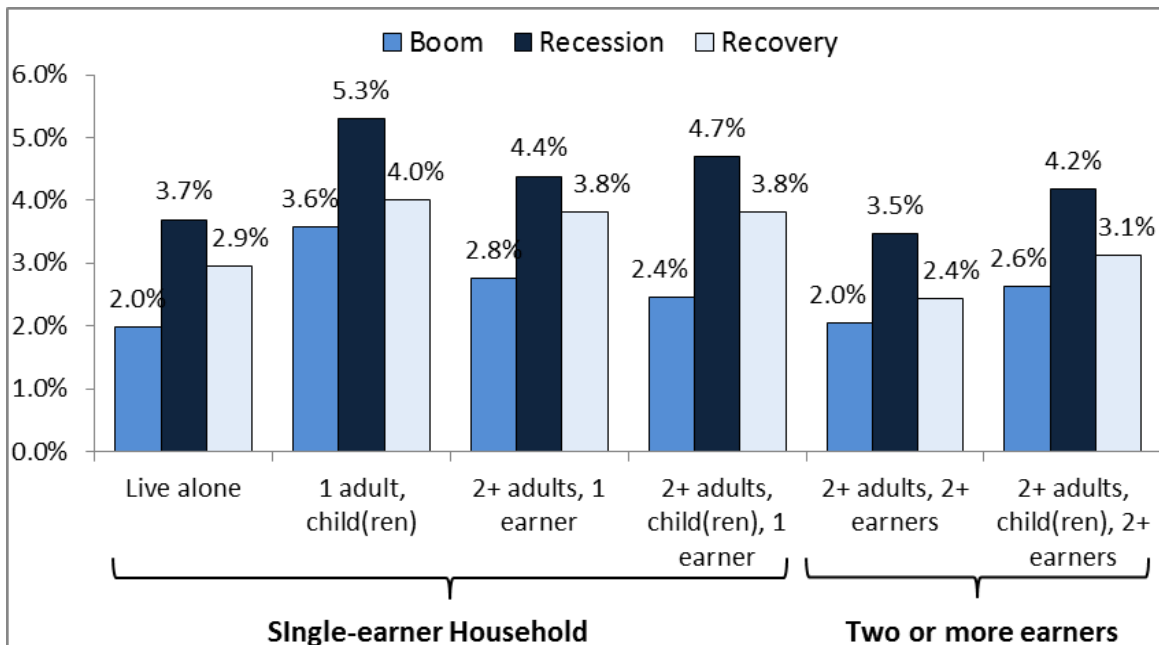
We next examined job exits, asking whether sole-earners (the only adult at work in a household) and employed persons in households with children had a higher probability of exiting employment, when other characteristics were taken into account. The other characteristics were the same as those in the case of employment entries except that instead of the length of time since last worked we took account of the length of time in the job. The question of job exits by sole-earners is important since their employment exit would lead to the household becoming jobless.

We found that, apart from people living alone, sole-earners were more likely than those in multi-earner households to exit employment when we took account of other characteristics. For instance, the

adjusted percentage exiting employment in the recession was 4.4 per cent for a sole-earner in a multi-adult household with no children compared to 3.5 per cent in a similar household with more than one person in employment ([Figure 5](#)).

The presence of children was also associated with an increased probability of employment exit. This was statistically significant for single-adult households and for multi-adult households with several earners but not where the person was the sole-earner in a multi-adult household. The vulnerability of children to living in jobless households then arises both because of a lower probability of employment entry and a higher probability of employment exits among the adults with whom they live.

Figure 5: Adjusted percentage exiting employment by household type and number of earners by period, 2004 to 2014



Source: QNHS longitudinal data, 2004-2014, weighted, analysis by authors. Base=persons aged 18 to 59, present in adjacent quarters and in employment in the earlier quarter. From Model 2 in Table 5.11 of the report. Appendix Table A5.2 in the report shows results of significance tests on pairs of coefficients.

Section 5: Policy implications and further research

There is a strong policy concern with household joblessness at national level, including *Pathways to Work* and the *National Reform Programme* under the Europe 2020 Strategy. The main implications for policy and further research are set out below.

- The results suggest household joblessness is likely to continue to fall as employment grows, but at a slower rate than the fall in unemployment, particularly since household joblessness in itself inhibits employment entry and the employment exit rate is higher in households with a sole-earner.
- The household context of the non-employed adult must be taken into account in strategies to promote employment. Taking account of the household context includes consideration of the impact of one person's employment entry on the benefits received by other household members; on the need for childcare and on secondary benefits.
- The impact of the structure of welfare entitlement rules on work incentives warrants continuing attention. This is likely to be a factor in accounting for the inhibiting effect of household joblessness on employment entry.
- Household joblessness is higher in households with children and, among women, the presence of children reduces the probability of a transition into employment. This points to the importance of policies that reduce the disincentives associated with the loss of social transfer income on employment entry. It also points to the need to improve childcare provision.
- Tackling joblessness will require a broader focus than employment. It should also include those engaged on home duties and people with a disability. The analysis in the report found that an employment entry by a woman who had been engaged in home duties was almost as likely to move the household out of joblessness as employment entries among those describing themselves as unemployed.
- This study raises many questions that could be further explored. These include the extent to which factors such as disability contribute to household joblessness.
- Further analysis could examine whether those entering employment from jobless households are going into 'good jobs' in terms of the occupational level, hours, earnings and whether the job was temporary or permanent. It could also consider whether the job persists beyond the quarter following the transition.

Publication information

The research report *Transitions into and out of Household Joblessness, 2004 to 2014* is published at www.socialinclusion.ie and www.esri.ie. An Irish version of the research briefing is available online. References and a glossary of terms are available in the main report.

The research report is jointly published by the Department of Social Protection and the ESRI as part of the Social Inclusion Report Series. The authors are solely responsible for the views, opinions, findings, conclusions and/or recommendations expressed, which are not attributable to the ESRI who does not itself take institutional policy positions, nor are the views attributable to the Department. The researchers are responsible for the accuracy of the research and all reports are peer-reviewed.

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