

## Research Insights

# Does having jobless parents damage a child's future?

Growing up in a household where parents are jobless exposes many Australian children to a lifelong cycle of disadvantage. This study provides insight into the factors driving the transmission of joblessness from one generation to the next and identifies where interventions to help break the cycle would be most effective.

# From jobless parent to child: Intergenerational effects of dual-parent joblessness in Australia

Growing up in a household where neither primary carer is in paid employment (dual-parent joblessness) exposes many children to a lifelong cycle of deprivation that persists across generations. In June 2017 an estimated 11.6 per cent of Australian families with children under the age of 15 had at least one jobless parent (ABS 2017). This sizeable proportion is a source of concern given the strong correlation between parents' employment status and their children's labour market outcomes (Francesconi and Heckman 2016; Torche 2015).

While combating joblessness is at the centre of today's policy agenda, there is concern about the longer-term negative impact of parental joblessness on children. Designing policies to break the cycle of disadvantage across generations requires evidence about the extent and persistence of the intergenerational effects of parental joblessness, as well as a better understanding of the channels through which disadvantage is transmitted from parent to child. To date, evidence in this area has been limited, both in Australia and elsewhere.

A four-year study into the intergenerational transmission of joblessness in Australia — funded by the Australian Research Council (ARC) and led by academics from the School of Social and Political Sciences and the Melbourne Institute, at The University of Melbourne — addresses this issue. The study investigated the contribution of joint parental joblessness in explaining children's employment outcomes, and so goes beyond traditional intergenerational models that focus mainly on father-son relationships. Instead of using cross-sectional measures of the parents' employment status the study employs a measure of the proportion of time that children spent co-residing with jobless parents prior to their first labour market spell. The focus of the measure on the household (as opposed to one parent), provides a more accurate assessment of joint parental joblessness effects.

Results from the study provide insight into where interventions to break the cycle of deprivation for children of jobless parents would be most effective in providing them with better employment prospects and financial independence in the future.

## Key Insights

### 1 Dual-parent joblessness begets children's future joblessness

Using a sophisticated model which considers shared characteristics among siblings in a family to explain the connection between parent-child joblessness, the study reveals that children exposed to dual-parent joblessness have a 12 per cent higher probability of being jobless as adults. The transmission of joblessness is significantly greater when both parents experience joblessness at the same time than when only one parent is jobless.

This stubborn, direct relationship between jobless parents and children persisted after taking account of young adults' initial joblessness. It also persisted after controlling for differences in parental stress as an alternative factor driving this parent-child jobless transition. This pattern of results suggests that 'socialisation' could be a potential factor behind the intergenerational relationship, that is, that children become habituated to the idea and reality of joblessness. This could be manifested in pessimistic views about the importance and prospects of work that, in turn, reduce engagement in the labour market.

The connection between childhood exposure to parental joblessness and detachment from labour market activities warrants a policy response to mitigate the intergenerational persistence of joblessness.

### 2 Children's exposure to parental joblessness leads to significantly lower wages when they are adults

The study investigates the relationship between exposure to parental joblessness during adolescence and teen years and children's wages in adulthood. Using multi-level regression models, the study found that a 10 per cent increase in the proportion of time spent with jobless parents is associated with 1 per cent lower wages in later life. The estimated associations are partly explained by differences in the household income available for children's education. These findings suggest that the impact of parental joblessness can be long-lasting, with adverse effects felt by children in the form of significantly lower hourly wages in adulthood.

### 3 University can redress the negative effects of parental joblessness on children

The intensity of parental joblessness is associated with children having significantly slower transitions from school to employment, on average. Delays in finding employment are substantially less significant for university graduates in Australia, suggesting that less-educated young people with jobless parents are particularly disadvantaged as they transition from education into the labour market. The study found that university completion mitigates the negative effect of parental joblessness on children's future employment (Figure 1). This finding suggests that tertiary education may be particularly valuable for students from disadvantaged backgrounds in making the transition into the labour market.

### 4 Parental engagement in domestic activities can help protect children from experiencing joblessness

Parents frequently adjust their domestic behaviour when both parents are jobless. The study found that jobless fathers increase the time they spend on household duties, including tasks that are traditionally associated with female gender roles such as housework and childcare. Despite this, mothers in dual-parent jobless households still spend more time than fathers doing tasks traditionally associated

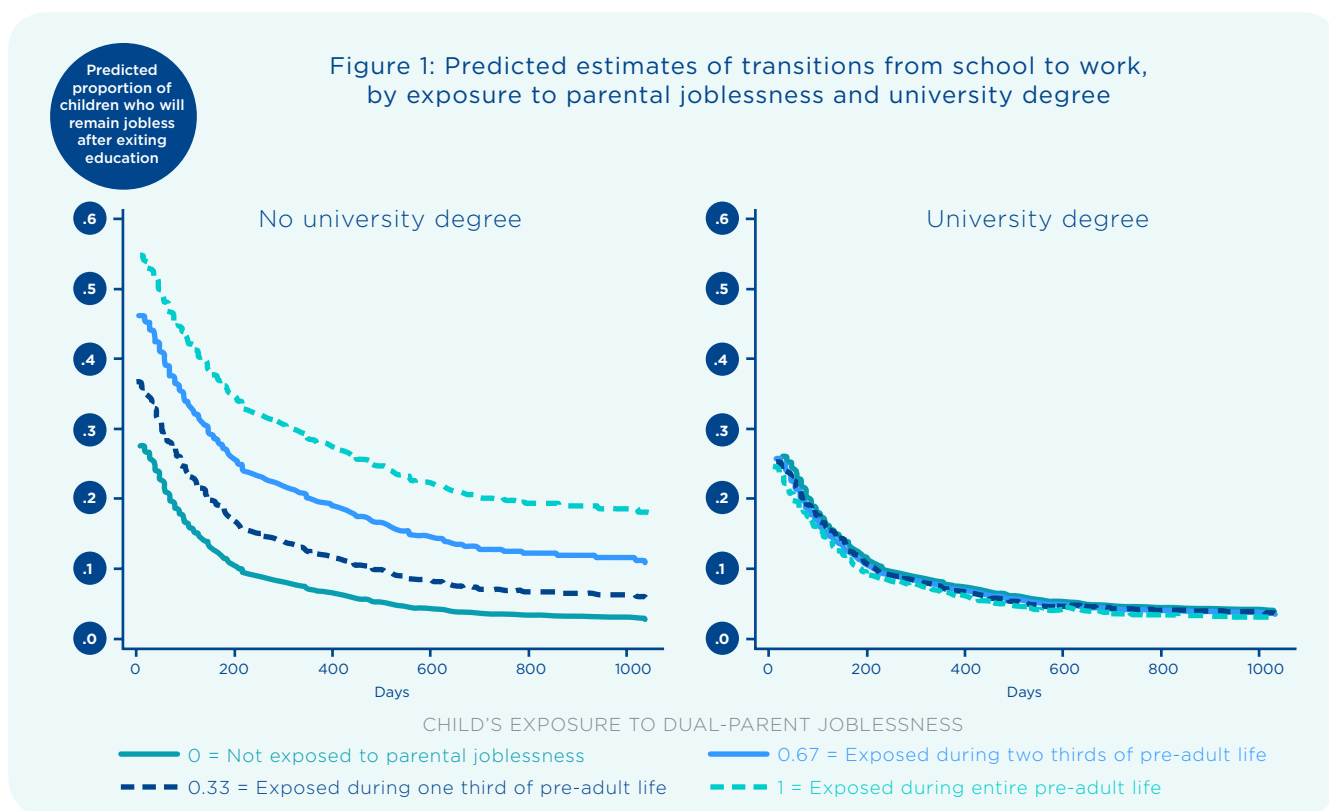
with women, particularly childcare. One surprising finding is that young people are less likely to be jobless when raised in families where fathers engage more in household duties during periods of dual parental joblessness. This finding suggests that jobless fathers who remain productive while jobless engender better work habits in their children, which in turn lowers their children's risk of joblessness as adults.

## What this means for Australia and how policy can adapt

Exposure to dual-parent joblessness creates serious future challenges for children. Reduced household income and the intensity and length of exposure to parental joblessness are important drivers of the intergenerational persistence of joblessness.

Children in jobless households where both parents are nevertheless productive in the home and spend more time caring for their children experience fewer negative long-term effects. Perhaps unsurprisingly, obtaining a university degree helps children from jobless households ultimately escape joblessness in the future.

Drawing on these findings, the following recommendations could help create more resourceful environments for families and better futures for children.



## Recommendations

- Reduce income inequity through family benefits

Assistance for low-income jobless households and a reduction in income inequality could be achieved through the provision of more generous family benefits and 'top-ups' such as childcare tax credits and housing vouchers.

Our research demonstrates that a 1 per cent increase in household disposable incomes reduces the intergenerational joblessness transmission by about 3 per cent, which suggests that boosting the generosity of the welfare system could help alleviate persistent joblessness and reduce disadvantage.

- Provide access to networks which enhance employment pathways

Our research shows that the intergenerational costs of joblessness are more nuanced for children who go on to obtain a university degree (net of their individual characteristics). In addition to advancing their specialised skills, a university education can help young people create valuable networks that, in turn, may lead to smoother transitions to work. Programs targeting better linkages with potential employers could help prevent entrenched employment disadvantage for less-educated young people with a family history of joblessness.

- Improve skill development and training opportunities for young people

More than 40 per cent of young Australians experience joblessness between the ages of 19 and 32 if they have had jobless parents during their pre-adult life. Facilitating access to free, extra-curricular study activities and training that boost literacy skills and young people's educational achievements can have potentially life-long benefits.

- Increase flexibility in the provision of childcare and parental leave

Because childcare concerns are usually a factor in maternal joblessness, policy interventions such as cumulative child-care assistance and more generous paid parental leave could potentially help both parents stay in employment, thereby improving their financial position and family wellbeing.

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## Further Information

### Further reading:

[www.ig-project.com](http://www.ig-project.com)

Curry, Matthew, Irma Mooi-Reci & Mark Wooden. (2019). "Parental joblessness and the moderating role of a university degree on the school-to-work transition in Australia and the United States." *Social Science Research*, 81 (July): 61-76.

Irma Mooi-Reci & Lyn Craig. (forthcoming). "Dual-parent Joblessness, Household Work and its Moderating Role on Children's Joblessness as Young Adults". *Journal of Family Issues*.

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### Datasets:

The study uses longitudinal data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey to trace parental employment histories over a seven-year period (2001-2007) during the pre-adult life of their children. It then examines the extent to which exposure to dual-parent joblessness relates to different outcomes for their children when children are observed over the period 2008-2015, including: 1) children's subsequent joblessness as adults; 2) school-to-work transitions; 3) adult wages; and 4) socio-emotional behaviour.

### References:

- Australian Bureau of Statistics [ABS] (2017). *Labour force, Australia: Labour force status and other characteristics of families, June 2017* (ABS cat. no. 6224.0.55.001) Canberra: ABS.
- Francesconi, M., & Heckman, J. J. (2016). Child development and parental investment: Introduction. *The Economic Journal*, 126, F1-F27.
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