

What longitudinal studies tell us about Intergenerational worklessness



INTRODUCTION

Welfare reform has been heavily influenced by differing opinions on the true extent of worklessness in the UK. By examining people's work histories over time and across generations, longitudinal evidence offers important insights into this on-going debate. This briefing summarises longitudinal research on the extent to which parents' employment patterns are transmitted to their children, and crucially, whether or not there is a growing number of households where unemployment has persisted across generations.

KEY FINDINGS

- Where parents and children of working age live together, considerably less than one per cent of these households contain two or more generations that have never worked.
- There is no evidence to suggest that worklessness is directly transmitted from one generation to the next.
- Growing up with workless parents is not the only factor leading to negative outcomes for children in workless households – these families experience a number of interlinked risks.
- Job loss during a recession can be harder for those with a history of worklessness.



CURRENT CONTEXT

Defining the issue: Concern over a growing trend in worklessness

Claims that a culture of worklessness is rising in the UK have gained ground at various points over the last thirty years, and particularly in recent times.

In political debates, the term worklessness has been used to describe people and households who appear to prefer a dependency on welfare to employment – distinctly different from the research definition of worklessness as a combination of unemployment and economic inactivity. Some politicians, policymakers and welfare practitioners have talked openly of “three generations of families where no one has ever worked”¹, suggesting workless parents are

passing negative attitudes towards employment onto their children.

The previous Labour Government (1997-2010) raised the issue of a culture of worklessness in the HM Treasury Pre-budget Report (2002):

“Rising concentrations of worklessness – particularly within inner cities, former coalfield communities and seaside towns – have led to the emergence of communities in which worklessness is no longer the exception, but the norm. Households that have experienced generations of unemployment often develop a cultural expectation of worklessness.”

The Coalition Government has sustained this emphasis on a culture of worklessness, driven in particular by the Secretary of State for Work and Pensions, Iain Duncan Smith, in his justification for welfare reform. Duncan Smith has identified the attitudes of workless households as a key factor in the spiralling costs of benefits:

“The benefits system has created pockets of worklessness, where idleness has become institutionalised.”

*Iain Duncan Smith, 'Building benefits for the 21st century'*²

Current government activities

The Department for Work and Pensions (DWP) has promised to “break the cycle of benefit dependency” with a series of five interventions:

The Work Programme: A multimillion pound initiative that is meant to provide tailored support to individual benefit claimants to help them get back into work.

Flexibility for Jobcentre Plus:

DWP has introduced a series of measures to give job centres a choice in what support they offer to benefit claimants.

The Youth Contract: A £1 billion initiative to provide unemployed young people with a job, training or work experience.

Work Choice: A specialist employment programme for disabled people who need more help to find a job.

Supporting older people to stay in work: A range of measures to support older people who choose to work for longer.

The counter argument

Few would suggest that it is wrong to be concerned about parents transmitting worklessness to their children – it is the scale of the problem that is in question. Many informed commentators argue that a so-called ‘culture of worklessness’ does not exist to the extent portrayed. Rather,

they say, it is exposure to a complex array of problems that causes negative outcomes for younger generations.

The Joseph Rowntree Foundation’s “dogged searching” in deprived areas of the UK not only failed to locate any households where three generations

had never worked, but found the existence of two workless generations to be a “rare phenomenon”. Instead, it was a range of serious problems associated with social exclusion and poverty that had combined over time to keep younger generations out of the labour market⁴.

¹ [2010] Iain Duncan Smith announces reforms to ‘antiquated’ benefits system. *The Telegraph Online*, 30 July. ² Speech on building benefits for the 21st century, by Rt Hon Iain Duncan Smith, Department for Work and Pensions, 30 July 2010. ³ Ritchie, H., Casebourne, J. and Rick, J. (2005) Understanding workless people and communities: A literature review. Research summary of Research Report 225. London: Department for Work Pensions. ⁴ Shildrick et al., 2012.

KEY RESEARCH QUESTIONS

The **research reviewed** in this briefing examines four central questions:

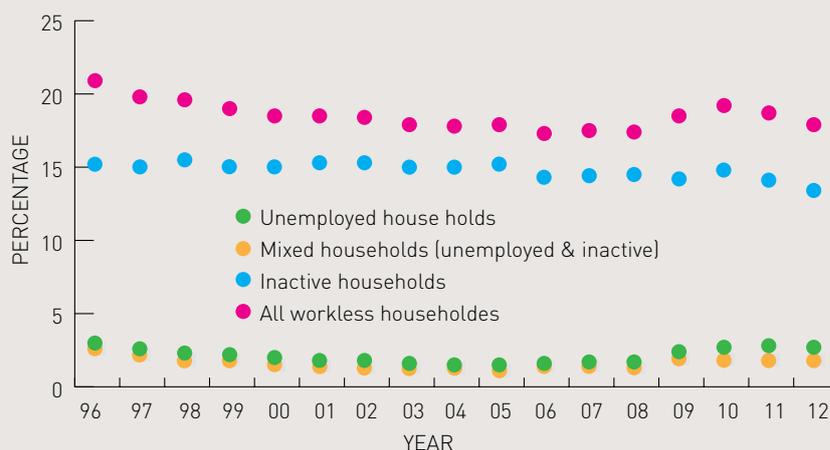
1. How many children are growing up in workless households?
2. What are the short- and long-term consequences of parents' worklessness on their children's outcomes?
3. Does 'worklessness' get passed on from one generation to another?
4. What other factors affect the employment chances of children growing up in workless households?

FINDINGS

Rates of worklessness in the UK

As the graph below shows, there has only been a very small fluctuation in worklessness rates since the mid-1990s.

Rates of worklessness in working age households in the UK from 1996 to 2012



Note: Measured between April to June of each year.
Source: ONS working and workless households 2012 – Statistical bulletin

Figures from the Labour Force Survey show that between April and June 2012, nearly 18 per cent of all working-age households in the UK were workless⁵. However, in only 1.3 per cent of working-age households had no one ever worked⁶.

The prevalence of worklessness

Analysis of the **Labour Force Survey** (LFS) showed that between April and June 2010, only 0.3 per cent of households with two or more generations of working age living together were workless⁷. In 5,000 of these 15,000 households, the younger generation had only just left education⁸. The LFS also shows that between April and June 2012, nearly 13 per cent of households with dependent children were workless, compared to 21 per cent of those without children.

In the **Millennium Cohort Study**, seven per cent of children lived

in persistently workless households between 2000 and 2008⁵ (from age nine months to seven years). Over the same period, 21 per cent of the cohort children had a least one parent move in and out of work and 73 per cent lived in households that were always working.

In the **Longitudinal Study of Young People in England**, one in ten households was persistently workless when the children were between the ages of 13 to 16 (2004 to 2008). Seven per cent of households moved in and out of work during that time, and 82 per cent were always working.

“There is insufficient evidence to categorically state that cultures of worklessness exist in some areas, or that worklessness is, in some cases, intergenerational.”

Department for Work and Pensions³

⁵ ONS, 2012. ⁶ Ibid. ⁷ Macmillan, 2011. ⁸ Ibid. ⁹ Schoon et al., 2012

Worklessness in the next generation

The main question for policymakers and academics alike is whether growing up in workless households means children will go on to experience worklessness themselves.

In the **1958 National Child Development Study** (NCDS), sons who grew up with workless fathers spent nearly eight per cent more time out of work as adults than sons whose fathers were in work. In the **1970 British Cohort Study** (BCS70), sons with workless fathers spent over ten per cent more time out of work than sons with employed fathers.

Both the 1958 and 1970 cohorts experienced economic recessions in their early working lives. The average time spent out of work went up considerably during these periods for both cohorts, but it was those who had grown up with workless fathers who suffered the most.

Macmillan (2011) compared work histories of fathers and sons in the **British Household Panel Survey** (BHPS). She found that, on average, fathers spent 13 per cent of the total time observed out of work, while their sons were only workless eight per cent of the time¹⁰.

Macmillan's (2011) study of fathers and sons found that across NCDS, BCS70 and BHPS, only one per cent of sons never worked. Out of all three, there was only a significant correlation between workless fathers and sons in the 1970 cohort. In this cohort, sons were just over three per cent more likely to have never worked between ages of 16 to 23 if their fathers had been persistently workless¹¹ during their childhood than if they were regularly employed.



The range of other risks also facing workless households

Schoon et al. (2012) found that children from persistently workless households had poorer educational attainment throughout their schooling than their peers whose parents were always working. They also found young children from persistently workless households to have lower cognitive ability than their peers.

The same study showed that young people whose parents had been out of work for two or three years while they were growing up spent more

time not in education, employment or training between ages 15 to 18 than others.

Longitudinal evidence indicates that there are often a number of other risk factors surrounding workless households that can have a negative impact on children. Research shows that most (but not all) of the association between persistent parental worklessness and poor outcomes for children is attributable to other factors, including:

- **being a lone parent**
- **mother's age**
- **number of children in the home**
- **housing tenure**
- **parents' lack of qualifications**
- **income poverty**
- **living in a deprived area**
- **ethnic minority status**
- **family instability, for example following divorce or separation**
- **parents having a long-term, limiting illness**
- **English as an additional language.**

¹⁰ The BHPS has continuous work histories for an average of 103 months for fathers, and 90 months for sons. ¹¹ Macmillan (2011) defined fathers as 'workless' if they were only ever observed as being out of work. That is, they were out of work when their sons were aged 10 and 16, or they were out of work at one point and the data are missing at the other.

DEFINING WORKLESSNESS

'Worklessness' has been defined slightly differently depending on the scope of the particular research study or the data used. In general, researchers will use variations of the following definitions.

- **Worklessness** means not being in any full- or part-time paid work. 'Worklessness' encompasses both people of working age (16 to 64) who are 'unemployed'¹² and those who are 'economically inactive'¹³.
- A **workless individual** is someone who is in neither full- nor part-time work.

- A **workless household** is one in which no one of working age is in full- or part-time work. In most research, student households are not counted as workless.

- Researchers often refer to an individual or household as **persistently workless** when they are workless at every point in time covered by the study.

When talking about worklessness, it is important to remember that people move in and out of work over the course of their lives. See the findings section for more details.

WHY USE LONGITUDINAL EVIDENCE TO STUDY WORKLESSNESS?

Longitudinal studies collect information from the same individuals or households over time. This allows researchers to measure stability and change in people's lives.

Until recently, most data on worklessness have been captured at a single point in time using cross-sectional studies. However, without understanding people's backgrounds, wider circumstances, and importantly their moves in and out of work, it is impossible to build an accurate picture of worklessness.

CLOSER studies hold data on employment patterns spanning more than four decades of life in the UK.

Longitudinal studies can help us examine the relationship between the work patterns of parents and the outcomes of their children. They can show the relationship between a child's educational achievements and employment prospects, and having one or both parents out of work. The sample sizes in these longitudinal studies are usually large, making the findings more robust for researchers and policy makers alike.

LONGITUDINAL STUDIES

The research presented in this briefing uses the following longitudinal studies:

1958 National Child Development Study:

Following 17,000 people born in England, Scotland and Wales in a single week in 1958

1970 British Cohort Study:

Following 17,000 people born in England, Scotland and Wales in a single week in 1970

Longitudinal Study of Young People in England:

Following 15,000 English young people from age 13

Millennium Cohort Study:

Following 19,000 children born across the UK in 2000-01

British Household Panel Survey:

Followed a total of 8,500 households between 1991 to 2008, when it became part of Understanding Society

These studies are used in conjunction with the established Labour Force Survey, which provides the official measures of employment and unemployment in the UK. For more information, visit the Office for National Statistics website at www.ons.gov.uk.

¹² The Office for National Statistics (ONS) defines unemployed people as those who are jobless, have been actively seeking work in the past four weeks and are available to start work in the next two weeks; or they are out of work, have found a job, and are waiting to start it in the next two weeks. See the UK National Statistics topic guide to unemployment.

¹³ The ONS defines economically inactive people as those who are not in work and do not meet the internationally agreed definition of unemployment. They are people without a job who have not actively sought work in the last four weeks and/or are not available to start work in the next two weeks. See the UK National Statistics topic guide to economic inactivity.

IMPLICATIONS FOR POLICY

Intergenerational worklessness does not exist on a large scale

A body of evidence is emerging that clearly refutes the idea that there is a large and growing number of families where two or more generations have never worked.

There is no single cause of worklessness in the next generation

Policies targeted only at getting parents back into work are unlikely to result in large-scale benefits for their children, unless other risks are also reduced. A child living in a workless household may very well be exposed to a range of risks. Family break up, low income, deprivation, poor health, and a difficult local labour market, exacerbated by

cyclical recessions, all play a part in creating complex challenges and negative outcomes for these families. It is these co-occurring risks that together affect young people's employment chances.

The labour market plays a major role

'Worklessness' cannot be examined without fully considering the fluctuating labour market conditions. In a recession or tough economic climate, temporary worklessness across generations living in the same household is more prevalent than in times of growth. Similarly, those who grew up with workless parents will spend more time out of work during an economic recession.

REFERENCES

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FUTURE RESEARCH

More detailed evidence is needed on the combination and patterns of risks in workless households, the severity of those risks, and their development over time. This would give us a better understanding of the complex challenges facing workless households.

More research is also needed on the influence of local labour market conditions when measuring the intergenerational links in 'worklessness' for different time periods. International comparisons would also be useful to determine the effect of local labour market conditions.

ABOUT CLOSER

CLOSER aims to maximise the use, value and impact of the UK's cohort and longitudinal studies. Bringing together nine leading studies, the British Library and the UK Data Service, CLOSER works to stimulate interdisciplinary research, develop shared resources, provide training, and share expertise. CLOSER is funded by the Economic and Social Research Council and the Medical Research Council.



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