

## **FAMILY BACKGROUND AND PERSISTENCE IN NEET STATUS**

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### **1. Introduction**

The most recent economic literature is increasingly focusing on the study of young people who are outside of the labour market and at the same time are not engaged in study and/or training – the so-called NEETs. Data suggest that the weight of these people has increased over the last few years (more considerably in Italy than in the European average), and their prolonged stay out of the labour market could adversely affect not only future working and well-being scenarios but also the pension condition (besides jeopardizing the current solidity of the pension system, as an effect of the lower total amount of contributions paid).

The aim of this paper is the analysis of the family structure where these young people live, in order to highlight not only (and not so much) the weight of this phenomenon, but above all the economic and social context where it develops; in particular, it will try to find out how the family circle tends to be seen as an informal welfare system and whether this can somehow have a positive effect on the entry of these young people into the labour market, or, conversely, there is a selection mechanism of the most disadvantaged families who ends up making the exit of individuals from the NEET condition more difficult.

### **2. The danger of being/becoming NEET**

The economic crisis of the latest years has led to a continuous decrease of employment, which in Europe has significantly shrunk (EU-27: -12.5% from 2000 to 2015, see Table 1)<sup>1</sup>, according to a dynamic that has hit virtually all Countries, with few exceptions (such as Sweden, which during the same period showed a 16.5% increase).

In Italy, in the first 15 years of the new century, the number of employed people dropped by about one third (-34.9%), and if at least partly this phenomenon seems

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<sup>1</sup> Eurostat data; last access: May 2016.

to be the result of the aging of the population (D. E. Bloom et al., 2010; I. Visco, 2002), the steady decline in the number of individuals engaged in employment activities seem to worsen even more the structural problems highlighted in our economy in terms of labour market flexibility (R. B. Freeman, 2005; H. Ganßmann, 2010) and transition probabilities from one status to another one (A. Ciccarelli and E. Fabrizi, 2015; E. Fabrizi et al., 2012).

Such trend has affected particularly some segments of the population – young people, first and foremost, who would seem to be more sensitive to the business cycle perturbations (J. Acedański, 2016; A. Ghoshray et al., 2016), resulting in a tightening of the economic conditions of the families in which they live, and a strengthening of social tensions.

**Table 1**– *Total Employment in some European Countries – age 15-34 – various years*  
(data expressed in thousands and percentage values)

Country	2000	2008	2015	Variation 2000-2015
France	8.355	8.583	8.040	-3,8
Germany	12.813	11.752	11.966	-6,6
Italy	7.688	6.962	5.008	-34,9
Spain	6.545	7.817	4.642	-29,1
Sweden	1.348	1.470	1.571	16,5
United Kingdom	10.641	10.483	10.934	2,8
EU-27	75.553	75.133	66.144	-12,5

Source: Eurostat.data – EU-LFS

It is no surprise that in recent years the scientific literature on this matter has paid great attention to young people's job placement, highlighting features, stiffness and problems, and focusing from time to time on various issues such as the difficulties of entry (G. Quintini et al., 2007), the skills and qualities that would grant better access (B. Isengard, 2003; V. Vasile and I. Anghel, 2015) the consequences on income levels and poverty (D. N. F. Bell and D. G. Blanchflower, 2009), the impact on the welfare state (C. Lahusen et al., 2013) and the social problems arising from the difficulty to reach adult age (J. Bynner and S. Parsons, 2002; A. Bay and M. Blekesaune, 2002).

On the other hand, the same European Commission has gone back to this topic several times, underlining, among other things, that «...Jobs are a key element in enabling young people to find their place in society, achieve economic independence and realise their individual aspirations [...]. To have a job means adult status, self-respect, money, independence and the opportunity to broaden one's social contacts. Young people who are cut off from work are losing a vital

*chance to get new perspectives and to integrate into a wider society»* (European Commission, 2001).

In addition to this, recently great attention has been paid to the so-called “NEETs” – i.e., those young people not engaged in education, employment or training.

Often, and especially in the media, has been heard about this category of individuals with a negative meaning: they have been described as lazy, spoiled, undisciplined, choosy, but a large part of these statements hardly ever has been supported by a robust empirical analysis, rather referring only to sensations or to the analysis of a few cases available (Y. Genda, 2007).

However, scientific analysis turned out to be much more detailed, and has allowed researchers to obtain various results, which led to highlight the role of educational achievements, personal skills and family background on the probability of becoming NEETs (S. Pemberton, 2008; S. Yates and M. Payne, 2006; S. Alfieri et al., 2015; Eurofound, 2012).

Actually, not always empirical evidence has led to consistent results with each other, but that does not surprise if we analyse carefully the groups investigated; in fact, it is not always clear that the “NEET” aggregate includes individuals belonging to social and behavioural groups that potentially are deeply different from each other: not only individuals who have not found a role in society yet, but even those who are waiting to engage in a further educational step (such as a master's or a doctorate), or who, by choice, prefer to take a break from studying and from work because wishing to take care of a child (J. Bynner and S. Parsons, 2002; T. Hammer, 2007; Y.W. Chen, 2011).

However, despite the extensive literature on this issue, it seems still far from having determined exactly the origins and causes of the NEET phenomenon, particularly with regard to the background that these young people have to handle; this was one of the reasons that urged us to investigate in this direction, in the light of the availability of information sources that allow, in a comparative perspective at European level, to examine the links between individual and context features and belonging (or not) to the NEET group.

### **3. Data and methodology used**

In order to study how some individual and family features affect the possibility (or not) of belonging to the NEET group, it has been thought it right to use 2012 cross-section data of the EU-SILC (The European Union Statistics on Income and Living Conditions) survey, which allows to process money-related or not

information on the living condition of European households, at both family and individual level<sup>2</sup>.

This makes it possible to couple the status of employed people with other individual (age, educational level, marital status, etc.) and family (members, home ownership, transfers, etc.) features that allow to better outline the profile of NEETs.

The definition of NEET itself is far from obvious: according to the official statistics, it refers to young people aged 15 to 29 who, not being employed, are not included in an education or training course, both formal and informal; in other contexts, the base is definitely narrow (in the UK, the country where this term originated, initially they were young people between 16 and 18 - SEU, 1999) or expanded (as in Japan, where young people are 15-34; Y. Genda, 2007). We thought appropriate to consider the class 15-34, both to accommodate recent trends of young Italians to leave home at an on average "advanced" age, and to have the chance to use a larger sample, which would allow to make more robust estimates.

Essentially, for Italy, the survey sample considered by us is reduced to approximately 6,600 items, whose 32.8% are in the condition of NEETs and the remaining part are employed people; the other European countries studied show significantly lower NEET shares within the sample (except for Spain, see Table 2).

This paper aims at trying to expand the knowledge of NEETs considering the probability of belonging to NEETs than the probability of being employed<sup>3</sup>. In the same analysis, *individual* factors are distinct from *context* factors and the results, to better read their contents, are reported separately. The first group includes all the variables that characterize individuals: gender, age<sup>4</sup>, educational level, marital status, the fact of living alone and finally (individual) material deprivation. In the case of context variables all the information that characterize NEET families are given and they are the following: tenure status (whether they are tenants, tenants at reduced rates, owners with mortgage or outright owners), the number of household members, the fact of having small children, being in arrears, holding a dividend income, an income from land/apartments, getting economic transfers from family, getting social transfers in favour of minors, getting social transfers for home, getting other social transfers, the inability to cope with sudden expenses, the ability to acquire protein at least every two days, holding a pc, barely making ends meet, living in a socially disadvantaged area characterized by much violence.

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<sup>2</sup> The EU-SILC survey is a sample survey (it generally involves about 26,000 Italian families), which is annually carried out in the different countries of the European Union and is the reference information base regarding the evaluation of poverty levels, material deprivation and economic hardships. For brevity, we will not go into detail of the survey, referring for the details to the information supplied by Istat and Eurostat, especially in Eurostat. 2012. EU-SILC 065 (2012 operation). Description of Target Variables: Cross-Sectional and Longitudinal.

<sup>3</sup> This paper was broader in its original wording and considered also the comparison between NEET features and student features. However, due to space limitations, here only a part of such analysis is reported.

<sup>4</sup> In our estimates, age (therefore squared age) has been considered as a continuous variable.

From a methodological point of view, being the dependent variable dichotomous (being NEETs or being employed), GLM models and the family of binomial distributions with link function logit type have been considered, that is as follows:

$$Y_i \sim \text{bin}(n, \pi_i)$$

$$\log\left(\frac{\pi_i}{1 - \pi_i}\right) = \beta_0 + \sum_{j=1}^p \beta_j X_j$$

To estimate the parameters of this model, the maximum likelihood estimation has been used<sup>5</sup>.

**Table 2** – People aged 15-35 in the sample of the EU-SILC survey, by Country and employment condition

Country	People (%)		
	NEETs	Employed	Total
Italy	32,8	67,2	100,0
France	18,2	81,8	100,0
Germany	15,2	84,8	100,0
United Kingdom	19,9	80,1	100,0
Spain	37,9	62,1	100,0
Sweden	9,3	90,7	100,0

Source: Eurostat data – EU statistics on income and living conditions (EU-SILC), 2012

#### 4. The main results of the analysis

The analysis of data reveals some interesting evidence, not always in line with what is commonly reported in the literature and with what is the common perception of NEETs.

Starting from individual factors (Table 3), we point out that being a woman is a penalizing factor in all countries, and doubles the chance of being NEET in Italy, similarly to what happens in France and the UK, while it is quadrupled in Germany; only in Sweden it seems to be no distinction between genders, and, on the other hand, an even limited value is not significant.

<sup>5</sup> The software used for our estimates is R (glm command), for which we refer, among the others, to R Core Team, 2016 and J. J. Faraway, 2015.

Regarding age, as it grows the risk to remain in the status of NEET decreases in Italy and Spain, while it seems to be a persistent phenomenon in Germany (2.56), and, to a lesser extent, in Sweden (1.25).

The educational level seems to have its importance everywhere, in particular as regards the lower levels (middle school); however, it appears to protect most in countries such as France (the probability of being NEET with low education are 4.87 times higher than that of a graduate) and Germany (3.67), and much less in Italy (1.90) and Spain (1.66).

**Table 3 – Logit Model: probability to be included in the “NEET” vs “Employed” group – individual factors (Odds ratio- young people up to 35)**

	<i>Italy</i>	<i>France</i>	<i>Spain</i>
woman	2.173 ***	1.927 ***	1.513 ***
age	0.828 ***	1.088	0.745 ***
age <sup>2</sup>	1.002	0.998	1.005 ***
educational level: middle school vs university	1.905 ***	4.872 ***	1.664 ***
educational level: high school vs university	1.176 *	1.739 ***	1.174 *
marital status: single vs married	0.891	0.857	1.051
marital status: separated vs married	0.434 ***	1.172	0.914
living alone	0.521 ***	0.985	0.921
serious material deprivation (individ.)	1.636 ***	1.154	1.667 ***
	<i>Germany</i>	<i>Sweden</i>	<i>United Kingdom</i>
woman	4.224 ***	1.226	1.636 ***
age	2.559 ***	1.255	0.957
age <sup>2</sup>	0.984 ***	0.994	1.000
educational level: middle school vs university	3.675 ***	2.911 ***	2.296 ***
educational level: high school vs university	1.327 ***	1.192	1.169
marital status: single vs married	0.656 ***	1.112	0.759 *
marital status: separated vs married	0.415 ***	0.441	0.678
living alone	1.109	0.833	1.112
serious material deprivation (individ.)	1.999 ***	0.903	1.617 ***

Source: Our estimates on Eurostat data – EU statistics on income and living conditions (EU-SILC), 2012

\*, \*\*, \*\*\* show a significance level respectively equal to 0.10, 0.05, 0.01.

Furthermore, NEETs are more likely to be married, to live in a family context and not as single (“looked after” by the “warm hug” of family welfare), and experiencing a situation of serious material deprivation.

As regards the variables of the family context where NEETs live (Table 4a and Table 4b), the situation is much more complex.

Firstly, it must be said that NEETs live easier as house owners (element that might suggest a “wait and see” choice by individuals who can afford it) and in a generally more numerous family context (everywhere).

**Table 4a** – Logit Model: probability to be included in the “NEET” vs “Employed” group – context factors (Odds ratio- young people up to 35)

	Italy	France	Spain
tenants vs outright owners	0.683 ***	0.898	0.765 **
tenants at reduced rates vs outright owners	0.877	0.779	1.194
owners with mortgage vs outright owners	0.575 ***	0.586 ***	0.671 ***
number of family members	1.067 **	1.273 ***	1.136 ***
small children	1.378 ***	1.657 ***	1.213 **
being in arrears	1.227 **	0.723 **	1.291 **
holding a dividend income	0.665 ***	0.793 *	0.883 *
holding an income from land/apartments	0.905	0.844	0.840
economic transfers from family	1.564 ***	1.272 *	1.266
social transfers for minors	0.933	0.532 ***	0.708 **
social transfers for home	1.010	1.338 ***	1.217
other social transfers	1.372 *	1.621 ***	1.977 ***
inability to cope with sudden expenses	1.198 **	1.226 *	1.463 ***
inability to acquire protein at least every two days	1.213 *	1.509 **	1.315
holding a pc	0.969	0.844	0.680 ***
making ends meet: much vs no difficulty	2.472 **	1.570 ***	2.058 ***
making ends meet: little vs no difficulty	1.450 **	1.205	1.310 ***
living in a socially disadvantaged area characterized by much violence	0.906	1.108	0.897

Source: Our estimates on Eurostat data – EU statistics on income and living conditions (EU-SILC), 2012

\*, \*\*, \*\*\* show a significance level respectively equal to 0.10, 0.05, 0.01.

(to be continued)

Then, the data show as it is more likely that NEETs experience situations of arrearage (Italy and Spain) and that are not able to cope with sudden expenses (Italy, France and Spain – while this feature seems to belong mostly to non-NEETs in Germany); actually, NEETs are unable to access the banking system, not being

able to guarantee with any pay packet: could they be the first subjects towards whom microcredit, little used in Europe, could be directed?

Having a small child anywhere leads to a higher probability of belonging to the NEET group, particularly in Germany (where this is 9.15 times higher) and the UK (3.79); this element may indicate that the choice of not participating (to work, study or training) can be actually determined by purely family needs, especially in those countries where the welfare state structure allows coverage (including economic as well as social) that makes it convenient to stay out of the job circuit.

The picture is completed, then, by a series of indications that suggest NEETs do not live in a wealth family context, as one might imagine if it is supposed that they

**Table 4b** – Logit Model: probability to be included in the “NEET” vs “Employed” group – context factors (Odds ratio- young people up to 35)

	Germany	Sweden	United Kingdom
tenants vs outright owners	1.373	0.650	0.745
tenants at reduced rates vs outright owners	1.693 *	14.272 *	0.936
owners with mortgage vs outright owners	1.319	0.366 **	0.568 ***
number of family members	1.217 ***	1.365 ***	1.315 ***
small children	9.155 ***	1.382	3.792 ***
being in arrears	0.959	0.850	1.227
holding a dividend income	0.701 ***	0.500 ***	0.961
holding an income from land/apartments	1.443	2.322	1.364
economic transfers from family	0.834	0.828	1.138
social transfers for minors	0.281 ***	0.675	0.362 ***
social transfers for home	4.308 ***	1.251	4.511 ***
other social transfers	1.000	1.864 ***	1.097
inability to cope with sudden expenses	0.735 **	1.473	1.051
inability to acquire protein at least every two days	1.064	3.498 ***	1.070
holding a pc	0.582 *	2.532	0.574 ***
making ends meet: much vs no difficulty	1.757 ***	1.610	1.850 ***
making ends meet: little vs no difficulty	1.512 **	1.481	1.505 ***
living in a socially disadvantaged area characterized by much violence	1.514 ***	1.101	1.049

Source: Our estimates on Eurostat data – EU statistics on income and living conditions (EU-SILC), 2012

\*, \*\*, \*\*\* show a significance level respectively equal to 0.10, 0.05, 0.01.

(end)



are *choosy*<sup>6</sup> people: in fact, there is a generalized increased difficulty to get to the end of the month (with a more than double probability of being NEET in Italy, and with slightly lower probabilities in Spain, Germany and France), to cope with unexpected expenses, or to provide for the purchase of protein, while evidence does not emerge of a low level of family social class, since NEET groups do not seem to live in areas with a strong social distress (except for the Germany situation).

Finally, an extremely interesting element regards the economic transfers: in Germany and the United Kingdom belonging to NEETs is discriminatory as to social transfers (from the State) for home (with probability equal to 4.31 and 4.51 times higher, respectively), and similarly the case is for other types of transfers, with a more substantial impact in France (1.62), Spain (1.97) and Sweden (1.86), rather than in Italy (1.37); Italy is the only Country where the contribution by family economic transfers is significant (the probability of being in the NEET group is 1.56 times higher), reflecting the operation of the family welfare state abovementioned, that, in the absence of transfers from the State, tries to take its place in supporting people (families) in difficulty.

## 5. Some concluding remarks

The issue of NEETs has recently become popular, especially from the media point of view. However, such popularity has not been always followed by a proper analysis from the scientific point of view, also because there are not many databases that allow to relate being NEET with other personal and social features of the individuals involved (especially if we consider it in a comparative perspective between different Countries).

Suggested studies seem to focus mainly on what NEETs are “not” (they do not work, do not study, do not train), while attempts to offer an exhaustive analysis of what they actually are and what are the features that impact on belonging to this group of young people are still limited (S. Yates and M. Payne, 2006).

The results presented in this paper bring some elements already reported in the literature out, such as gender differences or the importance of the education level; in this context, taking into account the family framework where NEETs live is very important in order to frame the whole phenomenon in its complexity.

Data analysis clearly shows that Italian NEETs generally live in a family with economic hardship – i.e., barely makes ends meet – and who does not get any subsidy from the State (in terms of transfers); however, they get economic transfers

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<sup>6</sup> This adjective has been used by the Minister of Labour and Social Policy Elsa Fornero during a conference in Milan held in October 2012.

from other relatives, who then seem to take the place of a lacking welfare state system. Given such conditions, it seems difficult to accept the idea of a parallelism between NEETs and choosiness, since a not particularly well-off family situation would lead to hypothesise, if anything, to a lowering of expectations by young aspiring workers, just to make actual their possibility of becoming independent. Rather, the results obtained make it necessary to go beyond a dichotomous logic (employed/unemployed) in the study of the labour market, since within these two groups seem to hide deeply heterogeneous situations, leading to significantly different economic and social implications.

Finally, it might be useful the construction of additional databases that allow to investigate also any reasons that lead individuals to choose to remain on the fringes of employment, study and training (in the same EU-SILC survey some *ad hoc* modules – possibly also in the longitudinal direction could be built); this would allow to recreate, in the overall aggregate, distinct collectives in order to identify promptly both features and critical situations, so as to prepare those economic and welfare policies suited to guarantee the different groups the fittest levels of welfare and social justice.

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## SUMMARY

### Family Background and Persistence in NEET status

The weight of NEET people is increasing in recent years (more considerably in Italy than in the European average), and the prolonged stay of these individuals out of the labour market could adversely affect not only future working and well-being scenarios but also the pension condition.

The aim of this paper is to analyse the family background surrounding these young people, so as to highlight the economic and social context where NEETs tend to develop; in particular, we try to understand how family environment is being seen as an informal welfare system and if that can somehow have a positive effect on the entry of these young people into the labour market or if, conversely, there is a sort of "selection mechanism" of the most disadvantaged families that results in making the exit of individuals from the NEET status more difficult.

In addition to gender and the level of education, data suggest that NEET status is affected even by some family variables, such as economic (family) distress and (the lack of) state transfers, sometimes replaced by the "blanket" of the family welfare state.