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Trash contracts? The impact of temporary employment on leaving the parental home in Poland.

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Abstract

Poland stands out in international comparisons as a country where leaving parental home is remarkably delayed. There are many economic and institutional factors which contribute to postponing residential independence among youth, such as housing shortages, the limited share of rental housing or limited social assistance for young people. However, in the public debate there is little discussion about re-designing social policy support for youth or improvement of situation on the housing market. What attracts attention instead is the role of flexibilisation of contractual arrangements on the Polish labour market. In the media discourse, fixed-term contracts have been labelled as “trash contracts” and all the problems that young people in Poland face when making transition to adulthood, have been attributed to the spread this specific employment form. This article aims to find out whether fixed-term contracts indeed hinder residential independence of youth. Models of leaving parental home are estimated based on panel data from EU-SILC. The results show no significant negative impact of temporary employment on probability of establishing one’s own household among youth. What matters is whether young people have jobs, whereas the type of contracts that they receive from employers seems to be of little importance.

Keywords: fixed-term contracts, temporary employment, leaving parental home, transition to adulthood

JEL codes: J12, J13

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1. Introduction

Leaving the home of origin and setting up one's own household is regarded as one of the key markers of the transition to adulthood (Shanahan 2000, Corijn and Klijzing 2001). It usually implies not only residential independence but also greater social autonomy for young people (Billari et al. 2001). Poland stands out in international comparisons as a country where leaving parental home is quite delayed. There are many economic and institutional factors which contribute to postponing residential independence among youth in this country. Housing shortages, the limited share of rental housing in the market, as well as limited welfare state support for young people who want to establish their own household might all contribute to the difficulties of separating from the parents. These barriers to leaving the parental home are partly a legacy of socialist times. The difficulties in establishing one's own household have already been observed among cohorts born in the fifties and sixties (Kowalska and Wróblewska 2001, Liefbroer and Corijn 1999). However, making up for decades of neglect in housing policy has not been the top priority for any of the governments after transition from centrally planned to market economy. And currently, in terms of the timing of leaving the parental home, Poland actually displays patterns similar to those observed, for example, in Italy and Spain (Iacovou and Skew 2010).

Interestingly, in the public debate on the delay in family formation in Poland, there is little discussion about re-designing social policy support for youth or improvement of situation on the housing market. Much attention has been paid instead to the issue of flexibilisation of contractual arrangements on the youth labour market. Fixed-term contracts have been labelled as "trash contracts" and all the problems that young people in Poland face when making transition to adulthood, have been attributed to the increasing popularity of this specific employment form. This article aims to find out whether fixed-term contracts indeed hinder leaving the parental home.

This article is structured in the following way. First, it provides a brief overview of institutional and economic setting, which might be important for better understanding of the macro-level determinants of leaving parental home in Poland. Then, the theoretical background and

hypotheses about the effects of fixed-term contracts on leaving the parental home are presented. The next step is to describe the data and methods chosen for analysis. Finally, this article presents the results of analysis and discusses the key findings.

2. Macro-level context of leaving parental home in Poland

The economic conditions and institutional arrangements in Poland make establishing one's own household very difficult for youth. As compared to other European countries, young people entering the labour market in Poland face high unemployment risk and experience long job search duration. Once they find jobs, these are usually fixed-term contracts, which are argued to be precarious labour market positions in the academic debate (Giesecke and Groß 2003, McGinnity et al. 2005). Moreover, the wages offered for youth on the Polish labour market are relatively low by international standards (Magda 2010, Magda and Szydłowski 2008). And yet the welfare state support for youth is very limited. These points are addressed in more detail in this section.

Youth labour market

The situation on the Polish labour market is characterised by the high overall unemployment and exceptionally high unemployment risk among youth. According to Witkowski (2007), the chances to be employed by six months after school completion amounted to about 53%, meaning that nearly every second graduate searches for a job for over half a year. According to Quintini, Martin and Martin (2007), the duration of job search among graduates in Poland remains at a level which is 23% higher than the estimated average duration of the school-to-work transition for all the European countries.

Poland distinguishes from other European countries not only in terms of youth unemployment risk but also in terms of high incidence of temporary employment. The share of employees with fixed-term contracts is second highest in Europe (after Spain, see Eurostat 2011), and the exceptionally high risk of temporary employment applies to the youngest age group (Saar et al. 2008, Baranowska and Gebel 2010). Fixed-term contracts are a dominant form of employment that young people in Poland usually find when entering the labour market after school completion (Baranowska et al. 2011).

Interestingly, it seems that high temporary employment rate does not necessarily mean very high employment instability. In general, as Baranowska and Lewandowski (2008) show, in Poland temporary workers display surprisingly low exit rates into unemployment or inactivity. The proportion of those who make transition to unemployment within one year amounts to about 6%, whereas probability of withdrawing from labour market amounts to 5%. Over 80% temporary workers remain employed one year after they are observed to have fixed-term contracts. Baranowska et al. (2011) also show that although fixed-term contracts are not stepping stones to permanent jobs for youth, in the sense that the transition rate from temporary to permanent employment among graduates in Poland is rather limited, fixed-term contracts in Poland imply low risk of losing a job. It seems that among young employees with fixed-term contracts in Poland, temporary employment is only nominally “temporary”.

Nevertheless, it is of high importance whether these jobs provide young people with financial and residential independence. In general, Poland is a country where income derived from labour is low by international standards, and the proportion of working-poor is rather high (Magda 2010). Young people, especially those who lack experience, receive of course yet relatively lower wages. The flexibilisation of contractual arrangements on the youth labour market has also important implications for young people’s earnings. Fixed-term contracts are associated with high risk of low-wage employment. In the same time, employees, who enter temporary employment, have substantially higher probability of pay rise or transition to better paid jobs, than employees with permanent contracts. Nevertheless, beginning a career with a fixed-term contract may imply limited financial resources and a need of support from family or from the state.

Social policy

In general, the welfare state support may allow a choice of one’s own living arrangement and facilitate residential independence among young adults (Aassve *et al.* 2002). In Poland, young people rarely have access to any other category of benefits from the social policy system because most areas of social protection, such as disability schemes or old-age pensions, target the population beyond early working age. The policy shifts that took place in Poland after transformation from centrally planned to market economy were oriented at providing protection to workers of pre-retirement age, who were not able to adjust to the demands of the labour market

but had not reached the legal retirement age (Balcerzak-Parandowska *et al.* 2003). The reforms increased the costs of schemes supporting the elderly, which had to be borne by other social groups. As a result, the schemes for young, able-bodied people remained undeveloped. This especially applies to graduates, who rarely have the working experience that grants eligibility for financial support offered by labour offices. The very few existing social assistance schemes have low coverage and support levels. The residual welfare state makes young people dependent on parental support.

As a result of the welfare state policy developments, increasing income precariousness emerged, most of all among families rearing children and among young people. Beblo *et al.* (2002) refer to this as a consequence of fundamental changes in income redistribution policy across generations, beneficial for older generations, but leaving the younger generations behind.

Housing situation

The structure of the housing market, housing shortages and the lack of a well-designed policy which would support young people setting up their households are considered to be a particularly relevant factor in the discussion of barriers that youth face when leaving parental home. In Poland, housing shortages are severe even by Central and Eastern European standards. The reforms implemented so far in this area have not been efficient in alleviating this problem (NBP 2011).

The stock of flats to population in Poland is one of the lowest in Europe (Ball 2008). Flats are also quite small, with the average useable floor area amounting to 67 square metres compared to around 90 in Western Europe, meaning that the high number of persons per flat is not due to a high number of family houses in the stock of accommodation. Not only the lack of suitable housing supply, but also the housing market structure creates problems. In most European countries, young people leaving the parental home typically establish their own household by renting a flat (Dübel *et al.* 2006). The private rental sector is therefore an essential source of supply of flats for young people and young families. However, in Poland the tenure structure is dominated by owner-occupied housing, which is related to the legal regulations that provide overly strict protection for tenants (NBP 2011). As a result, Poland suffers from lack of accessible and affordable formal rental housing, which is an important barrier for increasing the residential independence of young people.

In Poland housing benefits have been the main instrument of support for the poor, who have difficulties in covering the costs of housing. The housing benefit covers the difference between the actual expenditures on rent and the energy, water and heating bills, and a set proportion of the household's total income. Housing benefits are paid to the owners of the dwelling. Currently the benefits are means-tested (Topinska 2008). The housing benefits are administered by the local governments. Municipalities can determine the benefit levels and have to raise the funds for these benefits from local taxpayers, which obviously reduces the expenditures on housing benefits in those regions, which are particularly poor.

Other schemes of state support include housing-related tax reliefs, payment guarantees on housing savings and payments for social housing from the National Housing Fund. The National Housing Fund provides subsidies for long-term mortgages that enable housing cooperatives and social housing associations to build dwellings for low-income households. The mortgage is indexed at half the commercial rate of interest and can cover up to 70% of construction costs. This programme has led to the construction of 8 500 dwellings annually in recent years (Ball 2008). In the context of the housing deficit in Poland, its scope is therefore too limited to provide support for young people.

There have been some attempts to establish special programmes supporting poor families, such as "Social Housing Association Programme" (*Towarzystwo Budownictwa Społecznego*) or "Family on One's Own" (*Rodzina Na Swoim*). These programmes failed in fulfilling their aims and reduced competition in the housing sector (NBP 2011). Due to the inappropriate design of the programme "Family on One's Own", it became available to the families which actually might have afforded their flats, while leaving the poor families and young people who haven't yet established their families with no assistance. The funds allocated on "Social Housing Association Programme" were also too limited to address societal needs.

To conclude, the conditions on the housing market, combined with very restricted state support for youth who lack the resources to establish their own household, do not facilitate leaving parental home among youth. State support for those who need to buy their own flat targets mainly low-income families and there are no special programmes for young people. In turn, the opportunities for renting on a legal basis are constrained by the undeveloped private rental sector. The housing shortage limits opportunities for renting a flat and thus the lack of policy support

might make employment stability crucial, because in the owner-dominated market, access to credit becomes a key factor in the chances for purchasing a flat. This implies that individual labour market status should play an important role in reaching residential independence among Polish youth.

3. Theoretical background and hypotheses

The theoretical literature which explains incentives for and constraints on leaving the parental home at the micro level, views choices about household membership as driven by specific opportunities faced by youth with different resources. Young people can be assumed to assess the costs and benefits of continuing to co-reside with their parents and compare them with the value of alternative living arrangements (McElroy 1985, Ermisch 1999). This calculus leads them to the choice of the arrangement that offers the relatively highest benefits.

As the opportunity of leaving the parental home is determined by the level of resources available to young adults after labour market entry (McElroy 1985, Ermisch 1999), the unemployed or inactive individuals may have very restricted opportunities to leave the parental home as compared to youth with stable, permanent jobs (**Hypothesis 1**). This applies especially to societies with limited state support for youth (Aassve *et al.* 2001), and Poland definitely belongs to such a group of countries. However, chances for residential independence may vary strongly also among those young people who are actually involved in paid work. In particular, the attention of researchers has recently turned towards the role of stability of employment (Becker *et al.* 2008, Fernandes *et al.* 2008). The main idea postulated in these studies is that irrespective of the *level* of income received by young adults, the expected *variation* in income may deter them from investing in household formation (Fernandes *et al.* 2008). Since fixed-term contracts may imply discontinuity of the employment career and hence more variation in the level of income, having a fixed-term rather than a permanent contract can be expected to exert a negative effect on the probability of leaving the parental home (**Hypothesis 2**).

The same prediction has been proposed in sociological and demographic literature, which argue that labour market positions with high degrees of economic uncertainty prevent youth from making binding long-term commitments (Oppenheimer *et al.* 1997, Mills and Blossfeld 2003). Leaving the parental home is a very important decision in the private sphere of life, hence

increased employment insecurity may lower the willingness to make such a step. As leaving the parental home reduces chances of receiving support from family, the risk of losing employment and the associated negative consequences for the standard of living are much stronger for those who decide to establish one's own household as compared to youth that stay with parents. This is another reason why young people with fixed-term contracts may be more reluctant to leave the parental home than those who have permanent, presumably more stable jobs.

The hypothesis on negative effect of fixed-term contracts on residential independence of youth is based on assumption that temporary employment constitutes a form of precarious labour market position. However, as argued in the Section 2 of this article, young people with fixed-term contracts in Poland might not necessarily be more uncertain about their employment stability than permanent workers. Given high stability of employment among temporary workers in Poland, fixed-term contracts may play a neutral or even positive role in leaving the parental home. In that case both having a fixed-term contract and having a permanent contract should promote leaving the parental home, as opposed to unemployment or inactivity (**Hypothesis 3**).

The impact of individual-level resources on the chances of leaving parental home may differ across gender. Many empirical studies show that women's patterns of leaving parental home differ from those observed among men. Women tend to leave parental home earlier, which can be largely attributed to their earlier age of marriage (Avery, Goldscheider and Speare 1992). Given the traditional attitudes towards gender division of labour in Poland, it may be expected that precarious labour market positions decrease the probability of leaving parental home among men but such a negative effect might not be observed among women.

4. Data and methods

Data

The data used in this study come from the Polish sample of European Union Survey on Income and Living Conditions (EU-SILC), which is an annual longitudinal survey providing micro data on a wide range of topics including income, health and living conditions. These data have been successfully used to compare the structure of households across EU countries (Iacovou and Skew 2010). The sample design takes the form of a rotational panel: the sample is divided into four sub-panels, each sub-panel is retained in the sample for a maximum of four years, and each year

one sub-panel is dropped, to be replaced by a new draw. The first-wave data were released in Poland in 2005 and the last wave (available to the author of this article at the time of writing this article) comes from 2007.

The definition of a household is a dwelling with persons who co-reside and have a common budget. The data relate to private households only, and the sample of respondents is drawn from members of these households resident in Poland at the time of data collection. The household grid, which reveals the nature of the relationship between each pair of household members, contains the personal identifiers of each individual's mother and father, and distinguishes whether they are resident in the same household. This makes it possible to identify young people who lived with their parents in the first wave of the survey. In order to make a distinction between youth who moved out or stayed in the household in subsequent waves, the information provided in the personal register file is used. The personal register file contains a record for every person currently living in the household or temporarily absent. In the longitudinal component, this file also contains a record for every person who has moved out since the previous wave and for every person who ever lived in the household.

The analysis focuses on 1879 young adults aged 18-34 who were observed to live with their parents in the first wave of the survey in 2005. The sample comprises only individuals for whom all the relevant variables are available. The dependent variable identifies 'movers' and 'stayers', i.e. young adults who either continued to reside in the home of origin or formed their own households, respectively. EU-SILC data include also variable which records whether young people moved to a private household in the country, moved to a collective household or moved abroad. Moving to a collective household, for young people this means usually moving to a dormitory, is not considered as leaving parental home, and in general students are excluded from the analyses. Moving out in order to migrate abroad is excluded in the analysis, but separate tests checking how the results would differ if migrants were included are also discussed in Section 5. In the sample used in this analysis, 4.92% of young people moved out from the home of origin within 12 months.

The key explanatory variable in the empirical analysis is the individual labour market status. Following theoretical concepts formulated in Section 3, the analysis compares the chances of individuals who have permanent contracts, fixed-term contracts, are self employed, unemployed

or inactive for achieving residential independence. The set of control variables in the basic specification of the model includes age, gender, marital status in the first wave, and disability. To measure the young adults' human capital, educational attainment is included. The following categories are distinguished in educational attainment: tertiary, upper secondary, general secondary, and a combined category of basic vocational secondary and primary.¹ To control for resources of the household of origin, the analysis includes information about the gross household income and the number of rooms in the home of origin per number of household members. The former measure reveals resources that may increase the opportunity of parents to support their children in establishing their own household, the latter controls for the level of privacy that children may enjoy if they stay with their parents. Further, the models control for the type of dwelling, with the following categories: detached house, semi-detached or terraced house, apartment or flat in a building with less than 10 dwellings, and apartment or flat in a building with 10 or more dwellings. Young people living in detached houses might have a higher standard of living than those who live in blocks of flats and may be therefore less likely to leave the parental home.

More detailed analysis takes into account the potential endogeneity of marital status. The process of leaving the parental home in Poland differs from patterns observed in other European countries in terms of the way that household formation is interrelated with union formation. A non-negligible proportion of young adults get married before having left the parental home (Billari *et al.* 2001, Saraceno 2008). Indeed, in the sample used for analysis in this chapter derived from SILC, about 18% of young people have a partner while living in parental home. This specific pattern, where union formation precedes leaving the parental home, has important implications for modelling approach. There may be specific factors that simultaneously drive selection into the group of young people who lived in the parental home with their partner at the time of the first survey. The methodological aspects of the estimation procedure in this case are elaborated in the following subsection.

¹ The category of basic vocational school graduates predicted failure to leave the parental home perfectly, therefore the group of basic vocational school graduates was combined with another group who performed the worst, i.e. with primary school graduates.

Methods

In principle, as proposed by Ermisch (1999), the chances of leaving the parental home by young adults can be modelled using a dynamic discrete choice model. A discrete choice model based on cross-sectional data where household membership and labour market status are observed in the same time period may provide biased results. For correct inference, it is crucial to derive information on labour market status from a period that precedes the decision to leave the parental home. In this article, the explanatory variables are measured using information derived from interviews conducted 12 months before the interview with the head of the household that defines the membership status of the young person. Hence, a probit model with lagged explanatory variables constitutes the first step of analysis.

Next, following the suggestion in Cobb-Clark (2008), the modelling framework is extended to take into account the simultaneous nature of choices concerning living arrangements and decisions about union formation. This approach has important methodological advantages. There may be a range of underlying factors that drive the household membership and marriage decisions but remain unobserved in the survey. For example, more mature individuals may feel more inclined to marry and simultaneously may be more likely to cease living with their parents. In the same time, young people whose partners decided to join their parents households, may have lower propensity to establish a new household.

Therefore, a bivariate probit model taking into account endogeneity of marital status that precedes union formation is estimated. The first dependent variable indicates leaving the parental household. The second dependent variable concerns marital status, and distinguishes whether individuals co-residing with parents were already married before leaving the parental home or if they remained single through the whole period under analysis. The model has the following specification (Greene 2009):

$$\begin{aligned} y_{i1} &= \begin{cases} 1 & \text{if } \alpha_1 X_{i1} + \gamma_2 y_{i2} + \varepsilon_{i1} > 0 \\ 0 & \text{otherwise} \end{cases} \\ y_{i2} &= \begin{cases} 1 & \text{if } \alpha_1 X_{i2} + \varepsilon_{i2} > 0 \\ 0 & \text{otherwise} \end{cases} \end{aligned} \tag{1}$$

where $i = 1, \dots, N$ indexes individuals and the error terms in the respective equations:

$$\begin{pmatrix} \varepsilon_{1i} \\ \varepsilon_{2i} \end{pmatrix} \sim N \left(\begin{pmatrix} 0 \\ 0 \end{pmatrix}, \begin{pmatrix} 1 & \rho_{1,2} \\ \rho_{2,1} & 1 \end{pmatrix} \right) \quad (2)$$

The estimation of the joint probabilities of each of the outcome combinations implies conditioning upon unobservable variables that are correlated with each other. The logarithm of contribution of each individual to the overall log-likelihood can be written as:

$$\ln l_i = \sum_{j=1}^J \sum_{k=1}^K I(y_{1i} = j, y_{2i} = k) \ln \Pr(y_{1i} = j, y_{2i} = k) \quad (3)$$

Considering that the sample of youth used in this study takes into account independent observations, the above expression can be summed across the sample to get the log-likelihood for N individuals:

$$\ln L = \sum_{i=1}^N \sum_{j=1}^J \sum_{k=1}^K I(y_{1i} = j, y_{2i} = k) \ln \Pr(y_{1i} = j, y_{2i} = k) \quad (4)$$

Since the likelihood function is the joint density for the observed outcomes, its evaluation requires the computation of bivariate normal integrals. The interpretation of the results of the model is not straightforward because the raw coefficients bear little resemblance to the partial effects. However, for hypotheses testing the significance of coefficients, the standard Wald tests still apply (Greene 2009).

For reasons outlined in Section 3, the final step of analyses concerns estimation of gender-specific models. This gives the opportunity to test the hypotheses about the impact of labour market situation of women and men on their chances to leave parental home separately.

5. Empirical results

The analysis presents the results from three steps of analysis. First, it demonstrates outcomes of an univariate probit. Second, it displays results from a bivariate probit model with endogenous marital status estimated first for all the young people. Finally, it shows results from bivariate probit model estimated for men and women separately.

Irrespectively from specification, the parameters reflecting impact of the control variables have the expected signs. The probability of leaving the parental home increases across age but to a

decreasing extent, reflected by a negative coefficient at the squared age. As it has been shown in a number of empirical studies, women tend to have a higher probability of leaving parental home than men. Educational attainment also plays an important role in the chances of residential independence. Tertiary-educated young people are more likely to leave the parental home than the reference group of secondary-educated graduates, whereas other young people, who completed basic secondary or primary education, have lower chances. However, individual resources proxied by education have differential effect depending on gender. The positive effect of tertiary education can be observed mainly among men. Parental resources reflected by the income of the home of origin turn out to have no significant influence, which is in line with some of the previous empirical insights (Ermisch 1999, Aassve *et al.* 2002).

The key explanatory variable in this analysis corresponds to the labour market status. The reference group of graduates with permanent employment contracts seems to enjoy the relatively high chances of leaving the parental home. This influence is significant for both gender when the comparison group is inactive youth or those who are self-employed or helping family members. For men, unemployment decreases also the chances for residential independence, but no such effect is observed among women. Hence, **Hypothesis 1** is confirmed for men but not for women. As argued in Section 3, this gender-specific effect of labour market situation might be related to the traditional patterns of household formation and division of labour.

The analysis shows the impact of fixed-term contracts, which are regarded as precarious forms of employment. Interestingly, it seems that fixed-term contracts do not play a negative role in Polish young people's chances for residential independence. As compared to permanent workers, young people with fixed-term contracts seem to be somewhat less likely to move out from their parents' home, but this influence is not statistically significant. Hence, the results do not provide support for **Hypothesis 2** that holding a fixed-term contract prevents youth from leaving the parental home. The difference in chances of leaving the parental home between the group of employees with permanent and fixed-term contracts turns out to be insignificant both among men and women.

Table 2 The results from probit models for leaving the parental home.

Covariate	univariate probit		bivariate probit		bivariate probit women		bivariate probit men	
	coeff.	se	coeff.	se	coeff.	se	coeff.	se
Determinants of leaving parental home								
<i>demographic</i>								
age	0.292 *	(0.167)	0.411 ***	(0.144)	0.272	(0.227)	0.582 **	(0.252)
age squared	-0.006 *	(0.003)	-0.007 **	(0.003)	-0.005	(0.004)	-0.010 **	(0.005)
women	0.148	(0.097)	0.279 ***	(0.084)				
partner	-0.294 *	(0.152)	-1.558 ***	(0.185)	-1.339 ***	(0.359)	-1.445 *	(0.775)
disability	0.003	(0.292)	-0.267	(0.247)	-0.153	(0.355)	-0.198	(0.508)
<i>educational attainment (ref. secondary)</i>								
primary / basic voc	0.041	(0.168)	-0.030	(0.141)	-0.309	(0.293)	0.232	(0.215)
tertiary	0.388 ***	(0.123)	0.118	(0.126)	-0.061	(0.189)	0.597 **	(0.252)
<i>labour market status (ref. permanent)</i>								
fixed-term contract	-0.140	(0.124)	-0.118	(0.095)	-0.100	(0.154)	-0.193	(0.161)
self employment, helping fam. member	-0.430 *	(0.234)	-0.291	(0.185)	-0.013	(0.320)	-0.665 *	(0.359)
unemployment	-0.055	(0.135)	-0.060	(0.103)	0.124	(0.166)	-0.329 *	(0.188)
inactive	-0.532 **	(0.215)	-0.403 **	(0.168)	-0.226	(0.224)	-0.912 **	(0.439)
<i>parental resources</i>								
log gross household income	-0.017	(0.061)	-0.026	(0.046)	0.038	(0.092)	-0.084	(0.072)
constant	-5.025 **	(2.248)	-6.757 ***	(1.926)	-5.180 *	(3.008)	-8.388 **	(3.320)
Determinants of entry into marriage before leaving the parental home								
<i>demographic</i>								
age			0.545 ***	(0.130)	0.634 ***	(0.186)	0.490 ***	(0.187)
age squared			-0.008 ***	(0.002)	-0.010 ***	(0.003)	-0.007 **	(0.003)
women			0.370 ***	(0.074)				
disability			-0.590 ***	(0.197)	-0.587 **	(0.288)	-0.589 **	(0.271)
<i>educational attainment (ref. secondary)</i>								
primary / basic voc			-0.117	(0.122)	-0.108	(0.215)	-0.119	(0.153)
tertiary			-0.300 ***	(0.103)	-0.476 ***	(0.136)	-0.103	(0.160)
has a father			-0.160 **	(0.079)	-0.278 **	(0.120)	-0.066	(0.125)
<i>the type of house (ref. detached house)</i>								
semi-detached house			-0.337 **	(0.162)	-0.382	(0.256)	-0.270	(0.272)
flat in building<10 dwellings			-0.261 **	(0.117)	-0.487 **	(0.195)	-0.122	(0.172)
flat in building>10 dwellings			-0.394 ***	(0.079)	-0.428 ***	(0.111)	-0.426 ***	(0.123)
constant			-9.370 ***	(1.728)	-9.873 ***	(2.446)	-8.871 ***	(2.514)
rho			0.826 ***		0.711*		0.551	
N	1873		1873		807		1066	

* p<.1, ** p<.05, *** p<0.01. Standard errors in parentheses.

The analyses tested also whether fixed-term contracts might actually raise probability of reaching residential independence. Indeed, the Wald tests comparing the effects of fixed-term contracts and inactivity confirm that having a fixed-term contract promotes leaving the parental home as opposed to inactivity. Regarding the chances of leaving parental home among youth with fixed-term contracts and those who were unemployed, it appears that this difference is significant only for men. This provides a partial support of **Hypothesis 3**.

The analysis in univariate probit model treated partnership status before leaving parental home as exogenous, whereas next steps of estimation, i.e. bivariate probits, treated this variable as endogenous. The results show that independently from the model specification, young people with a partner who decided to join them in their parental home turn are less likely to leave their home of origin. However, the influence of union preceding a potential move out of parental home turns out to be even more negative after taking into account the potential endogeneity of marital status. The univariate probit model underestimates the genuine impact of multi-family household formation, because there appear to be unobserved factors which foster union formation and simultaneously affect positively the propensity to move out from the parental home. A likelihood-ratio test confirms that there is correlation of unobservables in a general model ($\chi^2(1) = 8.11$, p-value = 0.004) as well as in a model for women ($\chi^2(1) = 3.27$, p-value = 0.070), whereas the test implies that the correlation of unobservables can be ignored in the model for men. The positive sign of the correlation in observables implies that there might be more mature individuals who feel more inclined to marry and to form a household of their own. However, there is an offsetting effect - some individuals might marry and start living together with the spouse's parents because they need to accumulate resources that are necessary for establishing one's own household, which is reflected in couple's lower propensity to move out.

The analysis that considers selection into the group of couples who form unions and start living in the home of spousal parents shows that age, gender, education, disability, spousal family structure and standard of living exert influence on the probability that a partner will join the parents' household. For example, the men more often than women tend to start living in the home of origin of their spouses, especially if women have no fathers. Furthermore, if parents of one of the partners have a detached house, this raises probability of decision to start

living in a multigenerational household. This finding is quite intuitive given that detached houses are more suitable for co-residence of two or more families.

In general, the magnitude of the effects of most explanatory variables changes after controlling for endogeneity of marital status. For example, the effect of tertiary education decreases. Although in general the tertiary-educated are more likely to leave home, the standard probit model overestimates this influence because the tertiary-educated are less likely to start living with a partner while co-residing with their parents, which in turn is a factor that delays the establishing of one's own household.

An important step taken in this analysis was related to the exclusion of the group of young people who were not resident in Poland (see Section 4). The decision to exclude young people who had left the country was motivated by theoretical considerations on the determinants of migration. A decision to move abroad is driven by quite different mechanisms than a decision to establish a household within the country. In particular, as household formation requires individual resources such as labour income, having a job discourages migration, and unemployment encourages such a move (Pissarides and Wadsworth 1989). Additional analyses were performed in order to establish whether the hypothesis on the negative effect of fixed-term contracts on leaving the parental home would also be rejected if migration were treated as one of the routes of establishing one's own household. The results from a multinomial probit model that includes such an additional route suggest that unemployment and inactivity encourages migration, whereas the effect of fixed-term contracts remains insignificant. Hence, even if moving abroad is treated as one of the routes of leaving the parental home, the hypothesis about the negative impact of fixed-term contracts on the chances of residential independence of young people has to be rejected.

6. Discussion of findings

This article provides evidence on individual-level determinants of household formation among young people in Poland. Drawing on recent insights from theoretical and empirical literature (Fernandes *et al.*, 2008, Becker *et al.*, 2008) and referring to the public debate on the flexibilisation of the labour market in Poland, special attention is paid to the effect of fixed-term contracts on choices regarding living arrangements. The study applies the modelling framework which takes into account the country-specific pattern of leaving the parental home,

namely entry into marriage which precedes reaching residential independence. The results of this analysis do not provide support for hypothesis suggesting that young people with fixed-term contracts are less likely to leave the parental home than those who have permanent jobs. As long as in the academic literature fixed-term contracts are often described as precarious positions, the findings presented in this article do not corroborate such a view. What matters is whether young people have jobs – the negative effects of unemployment or inactivity are remarkable especially among men – whereas the type of contracts that young people receive from employers seem to be of little importance.

The evidence presented in this article adds to a number of studies that demonstrate a lack of disadvantage related to receiving fixed-term contracts in Poland. Empirical studies carried out so far have shown no long-term negative impact of fixed-term contracts on the early labour market career outcomes of young people in Poland (Baranowska *et al.* 2011, Baranowska 2011) and for all workers in Poland in general (Magda 2010, Strzelecki and Kotowska 2011). These results suggest that the employment stability of temporary workers in Poland is not as low as one could assume given the empirical evidence for other societies. Also, the results in (Baranowska 2011) indicate that although fixed-term contracts are associated with lower occupational status and earnings, they are connected to relatively high chances of upward wage and status mobility.

To sum up, the results presented in this article contribute to the strand of research that provides arguments against the view on unequivocally disadvantaged status of youth who receive fixed-term contracts in Poland. It seems that this group has similar chances of residential independence to young workers with permanent contracts. Furthermore, young men with fixed-term contracts have higher chances of leaving the parental home than the group of economically inactive or unemployed youth. These findings imply that it cannot be taken for granted that in every society, regardless of the institutional and structural setting, fixed-term contracts are precarious labour market positions.

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