

First Union Formation in Italy: the Role of Micro- and Macro- Economic Uncertainty

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Introduction

An extensive literature has examined the effect of adverse and uncertain economic conditions on the formation of young adults' first co-residential union, for instance considering the role of precarious employment positions. Empirical research generally found that poor and not stable economic conditions delay the start of the first co-residential union for young adults (see, for example, Jalovaara, 2012; Schneider, Harknett, and Stimpson, 2019). The role of economic conditions may vary by country and gender, however. In male-breadwinner societies, men's economic situation has been found to be more important than that of women (Raz-Yurovich, 2010); instead, in dual-breadwinner contexts, also the economic uncertainty of women has been proved to have a role (Kreyenfeld et al., 2012). In addition, the way individual's economic situation is linked to union formation may vary depending the type of co-residential union: non-marital cohabitation has been found to be less sensitive to economic insecurity than marriage, and to be favoured in case of poor economic prospects (Kalmijn, 2011; Vignoli et al., 2016), since this form of union often stems from economic uncertainty which hinders long-term commitments.

Previous literature mainly focused on individual economic conditions, and empirical research addressing also aggregate-level economic context is quite scarce. The few studies available proved that an unfavourable macro-economic circumstances delays first union formation, the effect persisting also after controlling for individual characteristics (De Lange et al. 2014), and especially among men (Vergauwen et al., 2016). As far as we know, the potential different role of macro-economic uncertainty for marriage *versus* cohabitation is lacking.

In this paper we add to this research strand by discussing the role of both macro- and micro-level sources of economic uncertainty on first co-residential union formation in Italy in recent years, differentiating by union type – marriage and cohabitation. Taking into account both macro- and micro-level economic uncertainty, we aim to determine if and to what extent the (postponement of) union formation is entirely explained by insecure employment positions (such as unemployment or temporarily employment) or even by adverse macro-economic conditions that increases individual perception of uncertainty. In addition, the distinction of union type enables us to illustrate the possible different role played by economic uncertainty on family choices characterized by different levels of commitment. Finally, we focus separately on men and women, to address potential gender differences in the relationship between family formation and micro- macro- uncertainty.

Our study focuses on Italy, a country that experienced deep changes from a cultural, economic and demographic perspective in the recent decades (e.g., Pirani et al., 2021), making it an interesting case to test both macro- and micro-level uncertainty effects on the union formation process. Considering the economic point of view, the process of labour market flexibilization started during the last decade of XX century, hit strongly this country (Barbieri and Scherer, 2009), leading to a spread of flexible and temporary contracts which has been one of the fastest in Europe. This process placed temporary employed and unemployed (young) people in a vulnerable position (e.g., Pirani & Salvini, 2015), that the relatively little generous welfare and social security system were not able to adequately protect. Moreover, the recent economic downturn, which has interested all western countries, has been particularly impacting in Italy, with a drop in employment rates and important job losses especially among workers with temporary employment contracts (OECD, 2012; Lin et al. 2013). As for the demographic changes, unmarried cohabitation, while remaining less common than in other European

countries, have shown also in Italy an increasing trend in the new Millennium, especially in the northern areas of the country (Pirani and Vignoli, 2016). Finally, despite the profound social and cultural changes from a gender equality perspective, Italy still represents an archetype of traditional society, with marked gender inequalities in both the labour market and family life domain. Notwithstanding the interest of the Italian case as for the relationship between union formation and economic uncertainty, empirical evidence for this country is rather scarce, and based on quite dated data (Kalmijin, 2011; Bernardi and Nazio, 2005; Vignoli et al., 2016).

In this paper we take in hand the following hypotheses:

1. Individual labour market instability reduces the likelihood of union formation, both for men and for women and regardless the union type, but
 - 1.a. due to the traditional gender role system of the Italian context, we expect the role of individual economic status being stronger for men than for women;
 - 1.b. we foresee that individual economic instability reduces the likelihood to marry more than the likelihood to cohabit.
2. Net of individual level conditions of precariousness and instability, macro sources of economic uncertainty do matter as for union formation, but we expect that:
 - 2.a. women are less susceptible to the macro-level economic uncertainty;
 - 2.b. macro-level uncertainty is associated with a lower likelihood to enter into marriage, but a higher likelihood to start a non-marital cohabitation.

Data and method

We relied on data coming from the retrospective survey on *Families and Social Subjects*, conducted in Italy by the Italian Statistical Institute (Istat) in 2016. It refers to a sample of 24,753 people aged over 18 and includes a broad range of socio-economic, demographic, and family characteristics of individuals, and, in particular, detailed information on individuals' partnership and employment histories (including information on the type of contract of each job), recorded on a monthly basis. Our sample included both men and women aged 25-44 at the time of the survey (and thus, born between 1972 and 1991) followed retrospectively since 1995 to 2015. Among the 7112 observations of our sample – 3502 men and 3610 women – two thirds started their first co-residential union before the interview, although with some gender differences (60% as for men and 72% as for women). Marriage was slightly more prevalent among women (58% of female unions) than among men (50% of male unions). To study the correlates of the transition to the first co-residential union differentiating by union type – direct marriage or non-marital cohabitation – we opted for a discrete-time event history model in a competing risk approach. We thus created a person-year dataset in which respondents were followed year after year since the age 16 (the start of the process) until the event of interest (marriage or cohabitation) occurs. Respondents who have not entered their first union before the interview were censored at the time of survey. Separate models for men and women were estimated.

Our key independent variables are those depicting economic uncertainty both at a micro- and at a macro-level. As for the individual level, economic uncertainty has been proxied using the respondent's employment status, and thus accounting for the stability of employment. A time-varying variable has been built opposing: those in permanent employment (the situation entailing the minimum level of instability); self-employed people; individuals with fixed term contracts or job on casual basis (in the following 'temporary employed'); not employed individuals.

To account for the economic uncertainty at aggregate level, we included two key independent variables in our model specification: the unemployment rate (age 15-74) at regional level and an index expressing the confidence about current situation of consumers (at Italian level). These indicators are included in the model as time-varying variables and were lagged of 1 year.

Baseline duration was the time passed since 16-year-old (grouped in classes). As regard the control variables, we accounted for several individual level characteristics, in a time-varying

specification: educational level, enrolment status, whether the respondent has left parental home for reasons other than union formation, and parenthood. A set of variables to control for the respondent's family background were also considered (mother's education and mother's occupation when the respondent was 15, parental separation). At a macro-level the model was controlled for the area of residence (North, Centre, South) and the calendar year (5 categories: until 1999; 2000-2003; 2004-2007; 2008-2011; 2012-2015). Both these variables represent proxies of the cultural, structural, and economic context, and in the complete model specification including all micro- and macro-level variables, they are intended to account for the residual (cultural and structural) aggregate effect.

Results

Table 1 displays the results (in terms of coefficients) for our model specification including all the variables previously described. Results come from a discrete-time competing risks model contrasting the risk to enter into the first marriage or the first cohabitation, separately for men and women.

Transition into first union: marriage

Individual's employment insecurity negatively affects the likelihood to marry for both men and women. Compared to those with a permanent job, unemployed and temporary employed people have a reduced risk to enter into marriage, and the effect is particularly high for those who don't have a work. Among men, even self-employment can reduce the risk to marry. As for gender differences, the effect of not working on marriage is especially strong for men but, somewhat unexpected and contrasting with some theories on male breadwinner societies, it is found also for women.

The uncertainty at contextual level seems to be shaped by gender and, somewhat surprisingly, net of individual-level employment condition, macro-level uncertainty impacts only on the women's behaviour, with increasing levels of consumers' confidence raising transition to marriage. This finding suggests that a more favourable climate increase the likelihood of first marriage for women but not for men.

Transition into first union: cohabitation

Considering the transition into the first cohabitation, findings show that both micro- and macro-level uncertainty have a negative impact, regardless of gender. In this case, and differently from the transition to marriage, compared to permanent job positions, employment insecurity has a significant and important effect only for individuals out of the labour market. Other forms of less stable employment (self- or temporary employment) are not significantly associated with the entry into cohabitation, for both men and women.

Macro-level uncertainty seems however matter for the transition to cohabitation: for men and women we find a negative effect of the unemployment rate on the first cohabitation.

Table 1 First union formation: results (coefficients) from discrete-time competing risks models ⁽¹⁾.

	Men		Women	
	Marriage	Cohabitation	Marriage	Cohabitation
Micro-economic uncertainty:				
(ref: permanently employed)				
Self-employed	-0.116*	-0.065	0.035	-0.150
Temporary employed	-0.451***	-0.065	-0.304***	-0.043
Not employed	-1.144***	-0.773***	-0.454***	-0.784***
Macro-economic uncertainty:				
Unemployment rate	0.012	-0.032**	0.010	-0.028**
Confidence level	-0.007	-0.010	0.014**	0.004

(1) * <0.10; **<0.05; ***<0.01; Results controlled for micro- and macro-level covariates.

To conclude, our findings only partially support our hypotheses. As assumed in Hp1 and in Hp2, both micro- and macro-level uncertainties matter for postponing of union formation of Italian men and women, and these effects are shaped by gender and union type. However, the effect of the individual employment condition by gender is substantially in the expected direction – i.e., stronger for men than for women (Hp1a) – when considering the transition to marriage, but this is not the case for the transition into cohabitation, for which similar behaviours between men and women are found. Moreover, we showed that individual level employment uncertainty reduces the likelihood to marry at a greater extent than that to cohabit (Hp1b), probably due to the still different commitment in the two union types in Italy.

Similarly, the lower relevance of the macro-level economic uncertainty hypothesized for women (Hp2a) is only (weakly) confirmed for cohabitation but rejected for marriage. Finally, and contrary to our expectations (Hp2b), macro-level uncertainty seems to be relevant especially for the transition to cohabitation and not for the transition to marriage.

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