Young People's Decisions in the Transition to Adulthood in France: The Influence of Family Factors

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Abstract – Entering adulthood is characterised by different choices. These include choosing whether or not to study, leave the parental home or work. This article examines the potential links between family environment and the choices made by young adults using data from the *Enquête nationale sur les ressources des jeunes* (ENRJ, National survey on young adults' resources). The econometric methodology adopted allows us to take into account the quasi-simultaneous nature of these decisions. Aside from family structure, income, geographic location and the socio-professional category of the parents, we include indicators measuring the quality of young people's relationships with their parents. In particular, we show that the professional and financial situation of the parents is not the only determining factor of the decisions made by young people; the quality of young people's relationships with their parents also has an influence on their decisions.

JEL Classification: C35, D10, J13
Keywords: youth, work and study decisions, trivariate probit

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Entering adulthood is a phenomenon that is all the more difficult to define because it forms part of a sometimes long and often non-linear process. Sociological studies have focused specifically on the transition to adulthood since the 1970s. Thus, Modell *et al.* (1976) defined the entry into adulthood using five social markers: completion of education, entry into the labour market, leaving the family home, marriage and the creation of a new household. Clearly, this definition is a construct, with the notion of an adult being cultural and historically variable. However, this transition generally concerns a number of changes that move young people from being a dependent to being independent. For Galland (1995), the transition to adulthood involves the interaction of professional and family strategies, which results in a transition from education to employment and from the family of origin to the family of procreation. It highlights the extension of this transition, the desynchronisation of the decisions made by young adults and the increasingly frequent emergence of intermediate situations. In addition, these transitions are not always inevitable or irreversible. Indeed, not all young adults necessarily pass all of these milestones and may go back on certain steps (leaving the parental home and then returning to it, for example). Some sociologists refer to these as "yo-yo transitions" (Walther, 2006). Thus, as explained by Van de Velde (2015), the sociology of ages has not reached a consensus on the definition of youth and, by extension, adulthood. Certain studies then call into question the definition of adulthood based on milestones (see Robette's article in this issue).

Some young people enter adulthood quickly, according to the definition of the milestones, while others only pass some independence markers, while others, lastly, are in intermediate situations (work-study, partly living in the parental home). In this article, we focus on the determining factors of decisions to continue with education, to work and to leave the parental home, three decisions that seem to us to be interdependent and often made in a very short period of time. Given the extension of the transitions and the reversible nature of certain situations, it seems to us that the determining factors of the choices made by young adults should be analysed when such decisions begin to be made, which is mainly on leaving high school. In fact, according to data from the 2014 *Enquête nationale sur les ressources des jeunes* (ENRJ, a national survey on young adults' resources carried out by DREES, the statistical directorate of the French Ministry of social affairs, and Insee), many young people aged 18 to 24 have already left the parental home (only 56% of 18-24 year olds still live exclusively with their parents) and, though 51% of them declare themselves to be students, 42% report having a paid job at the time of the survey and 26% report combining work and studies.[1] Thus, the majority of young people in this age bracket have already passed one or another of the milestones, often at the same time. However, the determining factors of these decisions, which largely determine the futures of young people, are little studied in the economic literature. We propose a statistical analysis of these decisions, based on joint modelling of the choices to work, to study and to leave the family home.

Our article is part of an emerging literature (for example, Martínez-Granado & Ruiz Castillo, 2002; Giannelli & Monfardini, 2003; Wolff, 2006). It focuses on the choices made by young adults in France, paying particular attention to the environment and family relationships. To that end, the ENRJ provides a new set of information on the characteristics of young people, their parents and their decisions, information that was previously often absent and/or restricted to young students or those living with their parents. We can thus analyse the population of young people residing in France, by taking into account the diversity of the situations relating to activity, study, living circumstances and family structures that characterise this age group. The data from the ENRJ allow us to examine the influence of their family environment on their choices taking into account the social situation of the parents, the presence of broader solidarity within the family and the parent-child relationships.

The rest of the article is structured in the following manner. The first section is dedicated to the literature concerning the transition to adulthood. The second section describes the data and variables used in the study and provides a first descriptive overview of the situation of young adults. The following two sections present the estimation model, then the results. The article concludes with a discussion of the implications of our results for public policy.

1. The figures presented in the introduction are all from the ENRJ. To obtain a representative sample of 18-24 year olds residing in France, we have applied the weightings provided in the survey.

1. Decisions on Entering Adulthood: a Literature Review

Young people continuing to live with their parents is an issue that has been of particular interest to economists since the 1980s. For example, McElroy (1985) shows that living in the parental home makes it possible to maintain a certain level of utility and that parents then act as unemployment insurance for the young people. Ermisch (1999) adds to the analysis by integrating the cost of housing at regional level and shows that the likelihood of young people moving out is lower when the average rent is higher.

In their study of 11 European countries, Blanc & Wolff (2006) show that it is mainly the income of young people, more than that of their parents, that plays a role in their decision of whether or not to move out. For Laferrère (2005), this low impact of parental income on the choice to move out results from two opposite effects. Wealthier parents are able to do more to financially help young adults find independent housing. However, they are also more likely to have large and pleasant homes, which can encourage young people to stay there. Thus, the characteristics of the parental home (including the size of the city of residence) are thought to have a greater impact than parental income on the choice to move out.

The labour market situation of young adults also plays a key role in their decision-making process. In particular, Becker *et al.* (2010) and Solard & Coppoletta (2014) highlight the importance of young people's level of educational attainment and their labour market situation in relation to their choice of whether to move out. The lower their level of educational attainment, the more difficult it is for young people to find a job and the longer they delay their decision to leave the parental home: the likelihood of moving out is, in fact, lower when the young person is unemployed (Courgeau, 2000) and it is higher with sustainable employment. Dormont & Dufour-Kippelen (2000) thus highlight the role played by a permanent employment contract in young people's decision-making process. However, this role is limited: indeed, even when in the labour market, a young person may decide to share the parental home in order to share costs and achieve a better standard of living. Finally, Thiphaine (2002) observes that moving out of the parental home is more common among students in higher education than the average for young people as a whole, as leaving the parental home may be necessary when there are insufficient or no training opportunities nearby. According to Casteran *et al.* (2006), the advent of personal housing benefits contributed to a decline in students living with their parents compared to the 1970s, by making it easier for students to leave their parental home and move closer to universities, and therefore often to large cities.

Whether or not to leave the parental home is not the only decision young people face as they transition to adulthood; the other major decision is whether to pursue further education and/or work. The impact of the family, and more specifically the parents, on these choices has already been studied in the literature. In particular, two theories have been developed: one according to which children inherit the characteristics of their parents, leading them to have a level of education at least equivalent to theirs; another according to which the level of human and/or financial capital of the parents leads them to invest in their children's education. Thus, according to Keane & Wolpin (2001), parental transfers (whether monetary or in kind) increase the level of education of young American adults. Ermisch & Francesconi (2001a; 2001b) also show that children of homeowners are more likely to have a high level of education and that, in contrast, those growing up in single-parent, large or low-income families tend to have lower levels of education.

As regards the labour supply of young people in France, Wolff (2006) finds that parental transfers have no significant effect on the decision of a young student to enter the labour market. Even the children of senior executives and mid-level professionals, who tend to receive more spending money than other young people, do not appear to be influenced in their decision to become active by parental support. However, Bachmann & Boes (2014) highlight a negative effect of parental transfers on the decisions of young students in Switzerland to enter employment, as do Gong (2009) and Kalenkoski & Pabilonia (2010) for the United States and Dustmann *et al.* (2009) for the United Kingdom.

Finally, some studies have simultaneously analysed the choices to study, work and move out of the family home. Martínez-Granado & Ruiz-Castillo (2002) thus show the importance of taking these three interdependent decisions into account simultaneously and highlight the role of parental financial support in the decision-making process of young Spaniards.

Similarly, Giannelli & Monfardini (2003) point out that the low probability of finding a job not only has an influence on young Italians remaining in the family home, but also drives them more towards further education than towards the labour market.

2. Sample, Variables and First Descriptive Approach

Our study is based on data from the ENRJ carried out by Insee and DREES in 2014 in France. 5,776 young adults aged between 18 and 24 on 1 October 2014, living with their parents and not living with them, were surveyed in Metropolitan France, Guadeloupe and Réunion.[2] The survey also included questions for parents, either one of them for young people whose parents live together or both for those whose parents are separated.

2.1. The Sample

To create our sample, we start with the 5,197 young people for whom we have responses from the parent(s). First, we exclude those studying for a high school diploma (840 observations), so as to avoid estimation bias. Furthermore, for the decisions examined in this article, high school students do not have the same degree of latitude as higher education students. As regards education, young adults who are still in secondary education after the age of 18 have often already been enrolled in a secondary education completion course (general, technological or vocational Baccalaureate or BEP/CAP) for one or two years and have no choice (except to change course or drop out) but to continue with their course to complete their secondary education. Concerning the choice of whether or not to live in the parental home, we assume that the decision is relatively constrained by the high school catchment area. Lastly, the timetable for the classes and the obligation to attend high school leave little room for the possibility of working at the same time.

We also exclude young people for whom information on the size of the urban area in which their parents live is not provided (67 observations) or for whom the socio-professional categories of the mother and father are missing (16 observations). Finally, we exclude 8 observations (even if a parent questionnaire is completed) that report no longer having any ties with their parents due to relationship breakdown, death or a combination of both. Indeed, we consider that the total absence of relationships with parents *de facto* rules out the possibility of being able to live with them. In contrast, young people who report tensions with a parent, but still maintain contact, may still have the choice of whether or not to live in the parental home. The final sample thus consists of 4,266 young people.

In addition, when both separated parents responded (681 young people), we have selected the questionnaire of the parent with whom the young person has mainly lived since the separation, except for 125 young people who have been living in an alternating residence situation or some other configuration that did not enable our assessments to be based on the time spent with one parent or the other; in such cases, we have chosen to use the mother's questionnaire.[3]

2.2. The Variables

Our variables of interest focus on three aspects of young people's transitions to adulthood: leaving the parental home, continuing studies and working.

First of all, moving out of the parental home. This is a non-linear process (Villeneuve-Gokalp, 2000), resulting in young people frequently leaving and returning to the parental home and intermediate situations known as partly living in the parental home. Here, we define moving out of the parental home as young people living in at least one dwelling without their parents, including only part of the time; we therefore equate those living partly in the parental home with those who have moved out (as do Castell *et al.*, 2016).

Subsequently, to define participation in the labour market, we want to make a distinction between young people who work to earn spending money and those who work more regularly to live by their own means. Thus we consider that a young person is "active" if he or she was engaged in a paid activity in the week preceding the survey and this activity is carried out throughout the year or over long periods, or if he or she is unemployed and has been actively looking for work during the month preceding the survey. In addition, a young person is considered a "student" if

2. Including young people living in university halls of residence or young workers' hostels.

3. In 76% of cases, a minor child lives with his or her mother after a divorce (see Bonnet et al.*, 2015). Alternatively, we made our estimates using the father's questionnaire, and the results are not sensitive to this decision.*

he or she is enrolled in an educational institution at the time of the survey. With these criteria, students working all year round alongside their studies are therefore also considered to be active; in contrast, those who only work for pay on an occasional basis or during school holidays are not considered to be active.

To understand the familial determining factors of young people's decisions, we use information on the parents' income, their socio-professional category (the highest out of the mother and father) and the existence of broader family support (transfers from grandparents and uncles/aunts). We also include variables that characterise the responding parent: his or her age and activity status and a set of variables characterising his or her home and its occupants (size of the urban area, tenure status of the dwelling, number of persons in the home and children aged 18 to 24, distinguishing those living in the parental home and those living elsewhere). Lastly, one contribution to the existing literature is to incorporate an indicator of the existence of tensions with parents.

So as to limit estimation bias due to unobserved characteristics of the young people, we include exogenous control variables such as age, educational attainment level, gender, health or even whether or not they have a driver's licence.[4] In addition, several variables are added that measure State transfers (unemployment benefits, income support benefits or family benefits) received in the months preceding the survey and the number of months for which such income was received. We also take into account the possibility that the young person may have received a grant for higher education during the year preceding the survey to limit endogeneity bias. Indeed, a young person who receives a study grant at time *t* is inevitably a student at time *t*; however, having received a study grand in the previous year may influence the decision whether or not to continue their studies.

2.3. Initial Descriptive Approach

We now offer a brief descriptive table of the socio-economic and demographic situation of young adults, their financial situation and their relationships with their parents. Rather than a "flat" panorama, we have attempted to illustrate the interconnectedness of the three aspects in which we are interested. The descriptive statistics are detailed in Tables 1, 2 and 3.

In the age bracket in which we are interested, just over half of the young people (53%) are following studies (see Table 1). For over half of the individuals in the sample (and especially the students, as they are still in initial training), the most recent qualification obtained is the Baccalaureate. It should be noted that a quarter of non-students report wanting to return to education in the future (see Appendix 2, Table A2-1).

On average, around 49% of young adults live in the parental home. This proportion is lower among students than non-students: only 36% live with their parents (Table 1). Indeed, students are often forced to leave the parental home to study in large cities where much of the training on offer is concentrated; and among those not living in the parental home, 65% cite their studies as the initial reason for leaving the parental home.

Using our definition, 53% of the young people in the sample are "active", but only 69% of those active people are in paid employment at the time of the survey. The others are therefore young people who are active, but unemployed. Among the active people who are employed, only 42% are on permanent contracts (see Appendix 2, Table A2-2), compared with 86% of employees in France in the same year (Guggemos & Vildalenc, 2018); entry into the labour market is therefore mainly through short-term contracts, which is a well-known finding. A low proportion of the "non-active" young people (7%) report having a paid (occasional) job at the time of the survey. As the vast majority (81%) of the non-active young people are registered on a higher education course, the proportion of young people living with their parents is higher among the active young people (54%) than among the non-active (42%).

Parental transfers undoubtedly play an important role in situations in which not living in the parental home, studying and lack of employment are combined. Discontinuing studies for financial reasons is also a reason mentioned by 15% of young non-students (see Appendix 2, Table A2-1). In addition, the latter are more often from families of employees or workers (54% have a father in this category compared with 30% of young students). In France, access to higher education still appears to be strongly associated with social background. Thus, 19% of the young people in the overall sample have

4. A variable measuring the local unemployment rate cannot be included because the variable concerning the department of residence has not been provided.

Table 1 – **Socio-economic and demographic situation of young adults and their parents**

	Living in the parental home	Not living in the parental home	Student	Non-student	Active	Inactive	Total
Average age	20.7	20.7	19.9	21.6	21.4	19.9	20.7
Proportion of women (%)	43.8	51.7	51.6	43.7	47.2	48.6	47.9
Living as a couple (%)	18.5	35.8	20.2	35.5	34.7	19.4	27.4
Living in the parental home (%)			36.3	62.2	54.4	42.0	48.5
Registered on a course (%)	39.7	65.5			27.5	81.1	53.0
Paid activity at the time of the survey (%)	40.8	38.4	21.2	60.2	69.1	6.9*	39.6
Highest qualification obtained (%)							
None	12.5	5.9	0.8	18.4	11.4	6.6	9.1
Below Baccalaureate level	15.9	8.6	0.2	25.5	19.1	4.4	12.1
Baccalaureate or equivalent	51.9	62.9	78.4	34.0	44.1	72.5	57.5
Short tertiary qualification	9.7	10.6	8.5	12.0	12.9	7.1	10.2
Long tertiary qualification	10.0	12.1	12.0	10.0	12.5	9.5	11.1
Social-professional category (CSP) of the father (of the mother) (%)							
Craftspeople/Traders/Company managers	12.2 (4.4)	13.6 (5.8)	14.3 (5.6)	11.5 (4.6)	12.3 (5.0)	13.6 (5.3)	12.9 (5.1)
Executives/Liberal professionals	15.9 (8.9)	22.0 (11.7)	27.9 (15.8)	9.0 (4.2)	13.4 (6.9)	25.2 (14.2)	19.0 (10.4)
Associate professionals	19.9 (17.7)	22.4 (25.2)	24.2 (28.6)	17.8 (13.6)	19.3 (17.5)	23.3 (26.1)	21.2 (21.5)
Employees/Workers	45.6 (62.7)	37.2 (52.3)	30.0 (45.2)	53.9 (71.0)	48.2 (65.4)	33.6 (48.4)	41.3 (57.3)
Unknown	6.4 (6.2)	4.8 (5.1)	3.6 (4.8)	7.8 (6.6)	6.8 (5.2)	4.3 (6.1)	5.6 (5.6)
Number of observations	2,069	2,197	2,259	2,007	2,240	2,026	4,266
% of the total	48.5	51.5	53.0	47.0	52.5	47.5	100.0

* Activity carried out only during holidays or occasionally throughout the year.
Sources: DREES-Insee, *Enquête nationale sur les ressources des jeunes* – 2014.

an executive father, but this proportion is only 9% among non-students, compared to 28% among students (Table 1). Conversely, only 30% of students have a father who is employees or manual worker, *vs.* 41% on average. The children of executives and of those in the liberal professions are also less represented among young people living in the parental home and among active young people than the children of employees or workers.

As regards young people's financial resources, we observe fairly significant differences in terms of both composition and level, depending on whether or not they are students, living in the parental home, or active (see Table 2); active young people naturally have higher incomes from labour than non-active young people (while the incomes of non-students are also higher than those of students); certain incomes (personal housing benefit) are not applicable for young people living in the parental home and the incomes they receive from the State (when they receive any) are lower than for those not living in the parental home. In addition, although the resources of the parents of young people not living in the parental home are on average slightly higher than those of the parents of young people still living at home (€3,977 and €3,611, respectively) and the proportion of young people receiving parental support is roughly the same either way (around 75%), the amount of parental financial support for young people not living in the parental home is three times higher than for those who do. Young people living in the parental home also benefit from non-monetary transfers,

in particular through sharing the parental home (see Castell & Grobon, in this issue). These transfers, which may explain the difference between the amounts received by young people living in the parental home and those who do not, may partly delay the decision to move out and thus postpone their residential independence. We also note that almost one young person in five living in the parental home contributes financially to the household's resources (Table 2). Students receive regular support from their parents much more often (93% receive it) than non-students or active young people and, on average, they receive higher amounts. These differences in parental support partly reflect differences in parental income, which is higher among the parents of students.

A majority of young people in the sample (55%, see Table 2) report difficulties in coping financially, more often among non-students and active young people. Students may feel less financial difficulty as they have higher education grants: this is the case for 36% of them, more often among young people not living in the parental home (almost 42%) than among those who do (26%). It is also possible that their expectations in terms of living conditions are lower than those of active young people.

Finally, the relationships between young people and their parents appear to be rather good overall: 78% of young people report having no relationship problems with their mother and slightly fewer, 69%, with their father (Table 3). The difference comes mainly from young people who no longer have a relationship with their father (or whose father is deceased or unknown). In contrast, the proportion reporting tensions is the same with the mother and with the father and they are more frequent when the young person is living in the parental home.

Table 2 – **Financial situation of young adults and their parents**

	Living in the parental home	Not living in the parental home	Student	Non-student	Active	Inactive	Total
Young person's income							
Monthly amount of labour income in € (if in remunerated activity at the time of the survey)	1,058	1,042	626	1,218	1,101	489*	1,050
In receipt of a student grant (if a student) (%)	26.1	41.9	36.1	-	25.3	40.2	36.1
Monthly amount of the grant in € (if in receipt of grant)	292	260	269	-	300	261	269
In receipt of personal housing benefit (if not living in parental home) (%)	-	44.9	51.9	31.6	39.2	49.9	44.9
State benefits received in € (if in receipt)	85	209	160	136	124	176	149
Financial interaction with the family							
Average monthly income from parents in €	3,611	3,977	4,311	3,224	3,541	4,085	3,799
In receipt of regular financial support from parents** (%)	73.9	75.6	93.4	53.9	59.5	91.7	74.8
Average monthly amount of support received in € (if applicable)**	138	430	379	116	188	364	290
Gives money to parents (%)	18.6	5.7	6.2	18.5	16.3	7.2	12.0
In receipt of support from wider family (%)	9.2	12.2	14.3	6.8	7.9	13.9	10.7
Financial situation (%)							
Cannot make ends meet without debts	5.7	4.3	3.0	7.2	5.9	3.8	4.9
Struggles to make ends meet	49.0	50.5	45.3	54.8	52.5	46.8	49.8
Makes ends meet	44.3	45.0	51.2	37.3	41.2	48.5	44.7
Do not know/Refusal	1.1	0.2	0.5	0.7	0.4	0.8	0.6
Number of observations	2,069	2,197	2,259	2,007	2,240	2,026	4,266
% of the total	48.5	51.5	53.0	47.0	52.5	47.5	100.0

* Activity carried out only during holidays or occasionally throughout the year. ** Include direct monetary support and support for paying for rent, food, transport, etc.
Sources: DREES-Insee, *Enquête nationale sur les ressources des jeunes* – 2014.

Table 3 – **Relationships between young people and their parents**

	Living in the parental home	Not living in the parental home	Student	Non-student	Active	Inactive	Total
Relationship with the mother (%)							
No problem	74.9	79.9	79.0	75.7	76.8	78.2	77.5
Tensions	23.3	16.8	18.8	21.3	20.7	19.2	20.0
No relationship	0.7	1.5	0.8	1.4	1.2	0.9	1.1
Deceased or unknown mother	1.1	1.9	1.4	1.6	1.3	1.7	1.5
Relationship with the father (%)							
No problem	64.0	73.3	71.8	65.4	68.1	69.6	68.8
Tensions	21.9	16.9	19.6	19.1	18.5	20.3	19.3
No relationship	7.8	5.1	5.0	7.9	6.8	5.9	6.4
Deceased or unknown father	6.3	4.7	3.6	7.6	6.6	4.2	5.5
Observations	2,069	2,197	2,259	2,007	2,240	2,026	4,266
% of the total	48.5	51.5	53.0	47.0	52.5	47.5	100.0

Sources: DREES-Insee, *Enquête nationale sur les ressources des jeunes* – 2014.

3. Empirical Model and Estimation Strategy

We now examine the potential determining factors of the choices to work, study and to leave the family home. Like Herpin & Verger (1998), we assume that these decisions are made simultaneously. More specifically, Galland (2000) has shown that the age distributions for completion of these three transitions are very compact. In addition, other data (Insee, 2015) show that the median ages for leaving school, first employment and leaving the parental home, for men and women born between 1978 and 1987, are virtually identical (19.8, 19.9 and 19.6 years old for women and 19.7, 19.6 and 20.9 years old for men). This supports the assumption that these decisions are made in a very short period of time.[5]

In addition, the choices to work, study and leave the family home can be correlated because they depend not only on determining factors of each individual decision, but also on the unobservable determining factors of the other decisions made, such as ambition or ability to learn. These variables, which cannot be modelled, are captured in the error term. Thus, the error terms of the different choices will be correlated if these same variables play a role in the different decisions. In this case, decisions are not made independently of each other and estimating when they occur separately could lead to less efficient estimates.

Following the work of Martínez-Granado & Ruiz-Castillo (2002) and Ayllon (2015), we model the joint decisions with the estimation of a trivariate probit.

We define the variables D_i, E_i and A_i as representing the status of the young person *i* in terms of residential status (cohabitation or decohabitation), education and activity. The equation system is written as follows:

$$D_i = l\left(d_i^* > 0\right) \quad d_i^* = X_{1i}^T \beta_1 + u_{1i} \quad (1)$$

$$E_i = l\left(e_i^* > 0\right) \quad e_i^* = X_{2i}^T \beta_2 + u_{2i} \quad (2)$$

$$A_i = l\left(a_i^* > 0\right) \quad a_i^* = X_{3i}^T \beta_3 + u_{3i} \quad (3)$$

l are indicator functions taking the value 1 if the propensity of each of the states (d_i^*, e_i^* and a_i^*) is greater than 0. Thus, $D_i = 1$ if the young person has moved out of the parental home, $E_i = 1$ if the young person studies and $A_i = 1$ if the young person is active. The vectors X_{1i}, X_{2i} and X_{3i} represent economic and socio-demographic variables, which are considered as exogenous and on which the three equations depend. The error terms u_{1i}, u_{2i} and u_{3i} have a variance normalised to

5. This period of time is deemed to be short enough to estimate the decision-making jointly, as though the decisions were made simultaneously. However, future studies could test the sequential nature of these transitions, instead of assuming that decisions are made jointly, especially since the sequential nature may not be uniform across all young people.

1 and may be correlated across equations as it is likely that young people's decisions are not independent. Thus, we consider that the error terms follow a normal trivariate distribution model:

$$\begin{pmatrix} u_{1i} \\ u_{2i} \\ u_{3i} \end{pmatrix} \sim N(0,\Sigma) \text{ where } \sum = \begin{pmatrix} 1 & \rho_{12} & \rho_{13} \\ \rho_{12} & 1 & \rho_{23} \\ \rho_{13} & \rho_{23} & 1 \end{pmatrix}$$

The correlation coefficients between the residuals ρ_{jk} capture the effects of unobserved variables that simultaneously affect the different variables of interest. If the choices are independent, the coefficients ρ_{jk} will be zero. Otherwise, they will be significantly different from zero.

With this model, which corresponds to a trivariate probit, there are eight possible combinations of the three variables of interest and, thus, eight contributions to the log-likelihood function. The latter is written in the following manner:

$$lnL = \sum_{i=1}^{n}\sum_{j=0}^{1}\sum_{k=0}^{1}\sum_{l=0}^{1} w_i lnP\left(D_i = j, E_i = k, A_i = l\right) \quad (4)$$

where

$$w_i = l\left(D_i = j, E_i = k, A_i = l\right) \quad (5)$$

and where the probability P that the individual i falls within one of the eight states considered is defined by:

$$P\left(D_i = j, E_i = k, A_i = l\right) = \iiint \phi_3\left(u_{1i}, u_{2i}, u_{3i}, \rho_{12}, \rho_{13}, \rho_{23}\right) du_{1i} du_{2i} du_{3i} \quad (6)$$

with j, k and l able to take the values 0 or 1 and with ϕ_3 being the density function of a normal trivariate law.

Since the likelihood function contains triple integrals, it is necessary to use simulation methods to estimate the model. There are several simulation methods for discrete choice models (see for example Train, 2009). For this study, we apply the Geweke-Hajivassiliou-Keane simulation procedure, which is based on the principle that expression (6) can be written as the product of conditional probabilities. By using the Cholesky factorisation for Σ, we can write the latter as unconditional probabilities expressed using random variables distributed in accordance with truncated normal laws (Cappellari & Jenkins, 2003). A specific number of draws are made in these distributions to simulate the probabilities. According to Cappellari & Jenkins (2003), the number of replications for the simulations should be at least equal to the square root of the number of observations, so as to render the simulation error negligible. Thus, we use 70 replications. The average of the simulated probabilities can thus replace equation (6) in the likelihood function.[6] The likelihood function can then be maximised using the usual techniques. The vectors X_{1i}, X_{2i} and X_{3i} are composed of variables common to equations (1), (2) and (3), together with variables specific to each decision.

The independent variables used are described in Appendix 1. We retain variables assumed to be exogenous, thus, despite the interest that they have for our study, variables measuring monetary transfers between parents and children are not included in the estimated model. Indeed, the causality between these variables and our variables of interest could be bidirectional. For example, young people may decide to leave the parental home because they know that their parents are able to provide them with significant financial support; but they may also receive high parental transfers because they have decided to move out of the parental home. Therefore, we have preferred to use parental income as a proxy for the monetary support provided by parents to minimise estimation bias, assuming that the higher the income of the parents,[7] the more financial support they are likely to provide. Although approximate, this approach has the advantage of being based on a plausibly exogeneous variable. Variables relating to age, gender, being in a couple, health status, educational attainment, tensions with the mother or father and the characteristics of the parents and their household are all common to the three equations. Other variables are specific to one or another of the equations, either because they are not considered to be determining factors of the other choices, or because they could not, in principle, be considered exogenous in the other equations. Thus, having (a) dependent child(ren) and being a mother are variables specific to the "studies" equation. Having a driving licence is only included in the "activity" equation. The variables measuring the number of months unemployed, the number of months in receipt of income support and the number of months

6. See Cappellari & Jenkins (2003) or Train (2009, pp. 122–133) for further details. The trivariate probit estimate is obtained using the mvprobit *package from Stata (Cappellari & Jenkins, 2003).*

7. The Pearson correlation coefficient between the parents' income and the amount of regular monetary support, significant at 1%, is 0.32.

in receipt of family benefits are only included in the "decohabitation" equation. Finally, the amount of the grant for the year preceding the survey is entered into the "decohabitation" and "studies" equations.

Thus, like Herpin & Verger (1998) and Galland (2000), due to the complexity of the decisions and the difficulty of identifying causal links, our analysis is first and foremost a descriptive analysis of the links between decisions and family characteristics.

Table 4 – **Trivariate probit estimation results**

	Decohabitation	Studies	Activity
Young person's characteristics			
Age	-0.804***	-0.879***	0.208
Age^2	0.019***	0.014*	0.000
Male	-0.076*	-0.254***	0.040
Living as a couple	0.406***	-0.209***	0.220***
With dependent child(ren)	-	-0.548	-
Is a mother	-	0.199	-
Has a driving licence	-	-	0.252***
Is in poor health	-0.041	0.204	-0.337*
Qualification			
None	Ref.	Ref.	Ref.
Qualification below Baccalaureate level	-0.090	-0.583***	0.394***
Baccalaureate or equivalent	0.555***	1.692***	-0.377***
Short tertiary qualification	0.446***	1.387***	-0.119
Long tertiary qualification	0.509***	1.707***	-0.408***
Number of months in receipt of unemployment benefits	-0.033**		
Number of months in receipt of income support	0.026		
Number of months in receipt of family benefits	0.078***		
Amount of student grant in year *t*-1	0.001***	0.003***	
Relationships with parents			
No tension	Ref.	Ref.	Ref.
Tensions with at least one parent	-0.232***	-0.122**	0.101**
Complete relationship breakdown with at least one parent	-0.179*	-0.024	-0.051
Support from wider family (aunts, uncles or grandparents)	0.222***	0.215***	-0.143**
Young person's parents' characteristics			
Parents living together	Ref.	Ref.	Ref.
Parents separated	-0.078	-0.125	-0.064
Only one parent living or known	0.054	0.099	-0.087
Parents' income (/100)	0.003**	0.008***	0.009***
Parents' income² (/10,000)	-0.000	-0.000***	-0.000***
Highest socio-professional category of the parents			
Employee/Worker	Ref.	Ref.	Ref.
Executive	0.375***	0.791***	-0.424***
Craftsperson	0.095	0.340***	-0.159**
Mid-level profession	0.222***	0.385***	-0.247***
Characteristics of the responding parent			
Age	0.093**	-0.082	-0.062
Age^2	-0.001*	0.001*	0.000
Born in France	0.167**	-0.136*	0.060
Homeowner	0.128**	0.156**	-0.152***
Number of occupants in the home	-0.000	-0.017	-0.036 →

Table 4 *(contd.)*

	Decohabitation	Studies	Activity
Number of children (aged 18-24) in the parental home	-0.329***	0.123**	-0.131***
Number of children (aged 18-24) outside the parental home	0.502***	-0.110**	0.047
Size of urban unit of parental home			
Fewer than 9,999 inhabitants	Ref.	Ref.	Ref.
Between 10,000 and 99,999 inhabitants	-0.059	0.048	-0.061
Between 100,000 and 199,999 inhabitants	-0.164*	0.145	0.095
Between 200,000 and 1,999,999 inhabitants	-0.472***	0.039	0.020
Greater Paris region	-0.982***	0.186**	-0.005
Activity status of the responding parent			
Employed	Ref.	Ref.	Ref.
Unemployed	-0.064	-0.040	-0.049
Retired	-0.002	-0.342***	-0.029
Other	-0.020	-0.163**	-0.081
Constant	5.481*	12.192***	-2.098
Correlation of error terms			
ρ_{12}	0.541***		
ρ_{13}	-0.243***		
ρ_{23}	-0.592***		
Log-likelihood	-5,978.69		
Number of observations	4,266		

Note: This table presents the estimated coefficients for equations (1), (2) and (3). ***, **, * indicate a level of significance of 1%, 5% and 10%, respectively. The variables are described in Appendix 1.
Sources: DREES-Insee, *Enquête nationale sur les ressources des jeunes* – 2014.

4. Results of the Estimation

First of all, we note that the correlation coefficients $\rho_{j,k}$ between the error terms are all non-zero (Table 4). This result confirms that decisions made by young people cannot be considered independent of each other. In particular, unobserved factors leading to moving out of the parental home also make continuing studies more likely. Likewise, unobserved factors influencing labour market participation negatively affect the statuses of young adults in terms of moving out of the parental home and continuing studies. The joint estimation of the equations modelling the main decisions of young adults therefore seems to be appropriate for our study.

4.1. The Influence of Young People's Personal Characteristics

Some of the decisions made by young adults appear to be linked to age: we observe, in fact, that the probability of decohabitation, as with the probability of continuing studies, tends to decrease with age (negative age coefficients of -0.804 and -0.879, respectively) before increasing again (positive coefficients of age squared of 0.019 and 0.014, respectively). This U-shaped relationship between age and the probability of continuing studies may reflect interruptions and resumptions of studies. The descriptive statistics also appear to show that 25% of young non-students would like to return to education (see Appendix 2, Table A2-1). The U-shaped relationship between age and the probability of decohabitation can be linked to the young person's situation in respect of studies or the labour market: the probability of moving out of the parental home may decrease following an interruption of studies or loss of employment (as the start of active life is generally unstable) before increasing due to the resumption of studies taking the young person away from the parental home or due to obtaining a sustainable job. The re-increase in the probability of living in the parental home may also result from young people's willingness to delay their departure due to the ageing of the parent, who may need more support for daily life.

The probability of moving out appears higher for women; in fact, women are more likely to live in their own home than men once they have completed a course of study (Galland, 1995). They are also more likely to undertake studies than men. In contrast, the decisions relating to activity do not seem to differ by gender. Finally, the likelihood of leaving the parental home and of joining the labour market are higher for young people in couples. Being in a couple can indeed lead young people to desire greater independence.

The level of educational attainment of young people may also influence their decisions: having a qualification below the level of Baccalaureate increases the probability of working in comparison with having no qualifications or having a Baccalaureate or higher qualification. Indeed, young people with a BEP or a CAP, therefore with vocational training, have a greater chance of joining the labour market quickly. Young people with a Baccalaureate or higher qualification are also more likely to move out of the parental home, which may be explained by the need to be closer to the place of study.

Moving out of the parental home is also associated with its location. Indeed, the largest cities offer a range of resources (including universities and other higher education institutions) and economic and socio-cultural activity that is often broader than in smaller municipalities. In addition, the cost of housing tends to be higher there. The probability of leaving the parental home decreases with the size of the city as young people may not be able to afford independent housing and may have a poorer quality of life. According to Laferrère (2005), the influence of the parental home could be even greater on young people's decisions to remain in the parental home than their parents' income. Furthermore, living in the parental home generates economies of scale that improve living standards (Herpin & Verger, 1998). This is even more visible for young people whose parents live in the Paris region. In contrast, although the size of the urban unit in which the parents live does not seem to have any influence on a young person's decision to continue their studies, we observe that young people from the greater Paris area are more likely to be in education, whether due to the proximity of places to study or the range of courses (general or specific) and schools. Finally, having a driving licence increases the likelihood of joining the labour market by providing the opportunity to expand the job search to a much larger area.

4.2. Having Parents who are Executives or in a Mid-Level Profession also Facilitates Access to Residential Independence and Studies

Young people's decisions may also be influenced or supported by the socio-economic and professional characteristics of their parents. Children may inherit characteristics from their parents and want to obtain a qualification at least equal to that of their parents (Place & Vincent, 2009). Kean & Wolpin (2001) underline that parents who have invested in human capital invest in their children's education, in turn. We also find that the probability of studying is lower for young people whose parents were born in France. This result is consistent with the existing literature on the aspirations of children with a migrant background (Caille, 2007; Brinbaum & Kieffer, 2005).

We also observe that the probability of moving out of the parental home is higher for young people with parents in mid-level professions and even higher for young people whose parents are executives, self-employed or in intellectual and artistic professions, than for young people whose parents are workers. According to Wolff (2006), the former can finance their independence more easily as their executive or self-employed parents tend to give their children more spending money than other parents. At the same time, our estimates confirm that the children of workers and employees are more likely to become active between the ages of 18 and 24 than children of parents in other categories. However, not all children of workers or employees necessarily stop studying once they reach adulthood. In fact, as the incomes of workers and employees are, on average, lower than those of executives and mid-level professionals, young adult children of workers or employees may need to combine school and work in order to finance their needs.

4.3. The Role of Family Resources

Parental income influences each of the three decisions made by young people transitioning into adulthood. Indeed, our data confirm that the lower the parental income (which implies greater difficulty in investing in their children's human capital), the more likely it is that the young person will not be in education. Furthermore, according to Herpin & Verger (1998), the children of well-to-do parents may feel the need to study longer in the hope of maintaining the standard of living with which they grew up. For

parents, the child's commitment to longer studies can give hope of higher incomes and, therefore, financial disengagement once the young person becomes independent. Furthermore, young people whose parents are homeowners are also more likely to continue their studies than those whose parents rent. This result is consistent with the observations of Ermisch & Francesconi (2001a) on British data. Homeownership may reflect not only a wealth effect, but also the size and quality of the accommodation available to young people (on average, homeowner households have larger homes that are overcrowded less often, see Insee, 2017). However, the wealth effect seems to dominate as we observe a positive association between parental income or the fact that they are homeowners and the likelihood of young people leaving the parental home. Our findings suggest that the most well-to-do parents are better able to help their children achieve residential independence, which is consistent with the findings of Blanc & Wolff (2006). Indeed, according to Laferrère (2005), well-to-do parents may have quality homes that could dissuade young people from leaving, but they may also financially support young people in moving out. For the most disadvantaged, continuing to live with their parents can also be explained by the cost of independent housing. An additional obstacle for young adults (active or not) accessing independent housing stems from the fact that many rentals are conditional on the possibility of having a guarantor.[8] However, young people whose parents have few resources may not have a guarantor who would satisfy the landlords.

Although young people's decisions to work can bring a certain degree of financial independence, they are also affected by their economic and financial environment. Here again, the family resources play a role: homeowner parents, financial support from grandparents, uncles and aunts noticeably delay young people's entry into active life. With such financial support increasing their reservation wage, young people may become more demanding about the job they want to do: they can thus afford to wait until they find a job that satisfies them more. Furthermore, financial transfers from the family tend to be higher when the young people are students, thereby reducing the need for them to work to finance their studies.

Finally, other sources of income are also likely to have an impact on young people's decisions, particularly student grants. Thus, having received a student grant in the year preceding the survey eases young people's budgetary constraints. Therefore, all of the resources to which young people have access contribute to the choice regarding investment in human capital, in addition to the decision to leave the parental home. Despite the student grants, housing and transport expenses may increase the immediate cost of study, in addition to which is the opportunity cost of giving up paid employment. However, the likelihood of moving out of the parental home increases in accordance with the amount of the student grant received. This can therefore compensate, in part, for the lack of family resources, especially for young people who are initially far from their place of study.

As for the impact of replacement income and benefits from the State, we observe that the length of time that unemployment benefits are received has a negative impact on the probability of leaving the parental home. This relationship had already been highlighted by Courgeau (2000) using French data. Our results support the assumption that unemployment reduces the possibility of leaving the parental home, as resources may be insufficient to allow living in a separate home. Parents thus represent the insurance of having a home in case of unemployment (Becker *et al.*, 2010). Finally, the length of time in receipt of income support does not seem to have a statistically significant influence on young people's decisions; this lack of significance may be due to the fact that the number of young people eligible for income support is relatively low among 18-24 year-olds.

4.4. The Impact of Family Tensions and of the Composition of the Parental Home

The socio-professional and economic characteristics of the parents are not the only family factors that influence young people's decisions; in particular, they may be related to the quality of the relationships they have with their parents. We observe that the likelihood of leaving the parental home is lower for young people who report tensions with at least one of their parents or who have had a complete relationship breakdown with one of them. There may be several explanations for this rather counter-intuitive result. The most simple of these is that young people who report tensions with their parents do not have sufficient means to move out of the parental home. However, it may also be the case that living in the parental

8. Young people aged under 30 who need housing can call upon the "Visale" guarantee scheme to obtain a surety-bond, at no cost, only since 30 September 2016.

home itself generates tensions with the parent(s); in fact, as Courgeau (2000) explains, two distant generations sharing a home can create tensions. The tensions would then be endogenous, with an inverse causality bias.[9] However, according to Courgeau (2000), tensions with the parents rather tend to precipitate young people's departures from the parental home. The existence of tensions between young people and at least one of their parents also seems to have a negative influence on the probability of studying. Logically, the probability of young people being active is higher when relationships are strained between them and at least one of their parents. Indeed, if there are tensions, parental transfers may be reduced or even non-existent, thereby increasing the incentives to work to gain independence, in particular to finance independent housing.

Finally, our results show that the composition of the parental home, in particular the number of dependent children, also influences young people's decisions. Young people may follow, imitate or take inspiration from their siblings: the probability of living in the parental home is higher among those whose parents have other 18-24 year olds living in the parental home. In contrast, if other young people aged 18-24 have already left the family home, the probability of moving out of the family home becomes higher. This may reflect an imitation effect, but also the parents' ability to support these departures. Furthermore, the higher the number of young people in the home, the more likely the young person surveyed is to continue studying. Vanhée *et al.* (2013) show that, in large families, school tutoring provided by siblings improves everyone's education level, including of those providing the tutoring. Similarly, seeing siblings leave home and gain independence may encourage young people to do the same rather than undertaking studies. Finally, contrary to Wolff's (2006) findings, our results suggest that as the number of young people aged 18-24 living in the parental home increases, the higher the probability that young people will be incentivised to work decreases. This corroborates the results discussed earlier: the presence of young adults in the parental home is thought to have a positive influence on the probability of continuing studies and a negative influence on that of entering active life.

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In keeping with the literature on young people entering adulthood, this study highlights the importance of the family environment on the decisions of young adults. For the first time using French data (ENRJ, 2014), we simultaneously study the probability of young adults moving out of the parental home, working and continuing studies. Our results show that the probability of leaving the parental home, and also of studying, is higher those people whose parents have high incomes or are in a well-to-do socio-professional category. In contrast, the children of executives, who are less financially constrained, are less likely to enter the labour market between the ages of 18 and 24 than young people whose parents are workers or employees.

However, above all, this study makes it possible to highlight the importance of relational determining factors, which have not yet been studied in the case of France. The quality of the relationships between young adults and their parents seems to have a significant influence on the decisions they make and through which they transition to adulthood. Our results suggest that tensions with at least one parent are positively correlated with the probability of becoming active and living in the parental home. In contrast, they are negatively correlated with the probability of studying.

This study opens up the field of investigation into the factors of tension and, more broadly, of family support in the choices made by young adults. Young people with aspirations that are contrary to the wishes of their parents may, for example, find themselves without financial support or in conflict with their parents. This situation adds a new constraint which, like the budgetary constraint, may influence the choices of young adults, or even restrict their range of possibilities.

Due to its consequences on career and earnings prospects, family environment will potentially influence young adults throughout their life cycle. State intervention could then reduce the influences of the family environment, social background and family resources to reduce disparities between young people and move towards equality in terms of opportunities and conditions for accessing independence. This issue of youth empowerment remains under discussion and no policy that has achieved a consensus has yet emerged, as shown by the interventions carried out in the different Member States of the European Union. Thus,

9. The results of the estimation excluding the family tensions of the model remain unchanged (only the "Separated Parents" variable becomes statistically significant in the not living in the parental home and studies equations).

some States intervene to promote the early independence of young adults, while others rely on the family as a relay to support young people's transitions to autonomy and independence. For example, in Denmark, generous social support for undertaking studies and seeking a job enable young adults to gain independence more quickly, regardless of their family environment. In Spain, in contrast, young people receive little support from the State, which leaves it to the family to support young people's transitions. France, for its part, offers not only individual support (such as housing benefits) but also financial support, channelled through young adults' families. This is true, for example, in the case of tax deductions for the parents' income tax or the increase in family allowance or income support received by parents. In turn, student grants are paid directly to young adults, but their amount is based on family income. Thus, the French model, while not completely family-based, largely relies on family solidarity. This concerning issue was highlighted, in particular, in the Sirugue report (2016): "*The greater reliance on family solidarity penalises young people from disadvantaged backgrounds who experience difficulties in terms of integration and cannot count on sufficient support from their family*".

In order to move towards supporting young adults who are less dependent on the resources of their families, the extension of income support to the under-25s could be an option (Vergnat, 2019). More broadly, and marking a break with the French semi-family-based model, universal independence allowance financed by the family welfare branch of the social security system would enable young people to gain independence even if the family environment is unfavourable. Such an allowance, which is close to the concept of universal income, directly targeting young adults regardless of their family resources, could take various forms (Gonzalez & Marc, 2016; see also Favrat *et al.*, in this issue), for example, monthly monetary support, the right to a loan or capital received as a one-off payment. Other variants could have an influence on whether or not young people become students or join an integration programme (similar to the current Youth Guarantee). However, Gonzalez & Marc (2016) stress that it is essential to anticipate the indirect effects that these policies could have and they highlight the significant cost that funding such an allowance could entail, given that young people are taking increasingly longer to transition into adulthood. Future research should further examine these arrangements in order to propose measures both to improve young adults' situation and sustainable for public finances. □

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APPENDIX 1

DESCRIPTION OF THE EXPLANATORY VARIABLES

Young person's characteristics	
Age	Age on 1 October 2014
Gender	0: Female / 1: Male
Qualification	1: None 2: Qualification below Baccalaureate level 3: Baccalaureate or equivalent 4: Short tertiary qualification (two years after the Baccalaureate) 5: Long tertiary qualification (at least three years after the Baccalaureate)
Being in a couple	0: Not in a couple / 1: In a couple (living under the same roof or not)
Dependent child(ren)	0: No dependent children / 1: At least one dependent child
Being a mother	0: Is not a mother / 1: Is a mother
Health status	0: Very good, good or quite good / 1: Bad or very bad
Driving licence	0: Does not have a licence / 1: Has a licence
Number of months unemployed	Number of months in receipt of unemployment benefits before the month of the survey*
Number of months on income support	Number of months in receipt of income support before the month of the survey*
Number of months on family benefits	Number of months in receipt of family benefits before the month of the survey*
Amount of the student grant in year *t-1*	Amount of all student grants received in the year preceding the survey
Relationships between young adults and their family	
Marital status (of the parents)	1: Both parents live together 2: Both parents live apart 3: One of the parents is deceased or unknown
Relationships with the parents	1: No tensions with the parents (or the parent if one of them is dead or unknown) 2: Feels tensions with at least one parent 3: Has had a complete relationship breakdown with at least one parent
Support from wider family (grandparents, uncles, aunts)	0: Receives no financial support from wider family 1: In receipt of financial support from wider family
Young adult's parents' general characteristics	
Highest socio-professional category of the parents	1: Workers, employees, direct personal service employees 2: Mid-level professions, technicians, foremen, supervisors 3: Craftspeople, traders, heads of business with more than ten employees and farmer-operators 4: Liberal, intellectual and artistic professions and executives
Parents' income	Total amount of parents' income
Characteristics of the responding parent	
Parent's age	Age reached by responding parents in survey year
Size of urban unit of parental home	1: Fewer than 9,999 inhabitants 2: Between 10,000 and 99,999 inhabitants 3: Between 100,000 and 199,999 inhabitants 4: Between 200,000 and 1,999,999 inhabitants 5: Paris region
Activity status of the parent (main situation)	1: Employed 2: Unemployed (whether or not registered with Pôle Emploi) 3: Retired, retired from business or on early retirement 4: Other
Home tenure status	0: Tenant or lodging free of charge 1: Homeowner or usufructuary
Born in France	0: no / 1: yes
Number of occupants in the home	Number of occupants in the home of the responding parent
Number of children aged 18-24 in the parental home	Number of children aged 18-24 living in the home of the responding parent
Number of children aged 18-24 outside the parental home	Number of children aged 18-24 not living in the home of the responding parent

* Between 1 January 2014 and 30 September 2014.

APPENDIX 2

ADDITIONAL DESCRIPTIVE STATISTICS

Table A2-1 – **Situation of non-students with regard to studies (%)**

	Living in the parental home	Not living in the parental home	Active	Inactive	Total
Stopped studying for financial reasons	14.9	16.3	16.5	11.0	15.4
Stopped studying as desired level reached	48.7	54.8	53.6	39.9	51.0
Intends to return to studies	28.3	19.6	23.6	31.1	25.0

Sources and coverage: DREES-Insee, *Enquête nationale sur les ressources des jeunes* – 2014. Young people not students.

Table A2-2 – **Employment characteristics of young people with paid activity at the time of the survey**

	Living in the parental home	Not living in the parental home	Student	Non-student	Active	Inactive	Total
With permanent contract (%)	36.4	40.0	18.6	46.0	41.5		38.2
Number of hours worked	30.4	31.1	22.9	33.9	31.7	19.9*	30.8
Dissatisfied with current professional situation (%)	19.4	14.8	10.0	19.9	15.2	37.9*	17.1

***** Activity carried out only during holidays or occasionally throughout the year.
Sources and coverage: DREES-Insee, Enquête nationale sur les ressources des jeunes – 2014. Young people with paid activity at the time of the survey.