

## Institute for Social and Economic Research



Taking the long view:  
the ISER Report 2006/7

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# About ISER

The Institute for Social and Economic Research (ISER) specialises in the production and analysis of large and often complex datasets. It collects and uses longitudinal data – evidence that tracks changes in the lives of the same individuals over time – household and other panel studies, as well as diary studies, and cross-national and historical comparative materials.

ISER is an interdisciplinary institute, with specialists in demography, economics, sociology, social policy and social statistics. It is an independent department of the University of Essex and is core-funded by the university and the UK's Economic and Social Research Council (ESRC). ISER is organised as two divisions: a research centre; and a resource centre.

## The research centre: MiSoC

The Research Centre on Micro-social Change (MiSoC) is the base for ISER's substantive research programme. The core-funded programme is founded on a central theme – the analysis of life chances, taking a longitudinal perspective on people's careers, incomes, family lives, health experiences and so on. Related topics include time use and consumption, and the effects of locality and ethnicity.

## The resource centre: ULSC

The UK Longitudinal Studies Centre (ULSC) is the national resource centre for promoting longitudinal research and for the design, management and support of longitudinal surveys. ULSC activities include managing the British Household Panel Survey (BHPS), the first wave of which collected data on more than 10,000 respondents from 5,000 UK households in 1991. The ULSC also runs a methodological research programme to improve longitudinal survey and analysis methods.

## International links

The institute has a strongly international atmosphere, with the majority of its researchers originating from outside the UK. We frequently collaborate with research teams in other countries in comparative analytical programmes, in the organisation of international conferences, in the production of cross-national datasets and in the development of new national panel surveys. ISER also regularly hosts visits from researchers and research groups on the Essex campus, offering analytical advice as well as access to data resources.

# Director's introduction

This issue of our annual publication *Taking the Long View* reports on the first full year since the new management team took over responsibility for ISER. It has been a productive year, with record numbers of formal and informal publications.

Although we have never had a deliberate expansion policy, ISER has been steadily growing over the years – to the extent that the accommodation we have occupied since 1990 was overflowing. Our move to new premises (see page 7) is especially welcome because we are now able to house the expanding group of PhD students (see pages 14-15) and our regular flow of overseas visitors, in the same building as the rest of ISER's staff.

As a generalist research institute, we always want – and are expected – to do more. Study more subjects. Use more data sets. Embrace more disciplines. Publish more papers. Engage with more policy issues. Compare more countries. We do not want to expand our core staff too far or too rapidly, and an alternative way of broadening our agenda and increasing our output is to form working relationships with researchers elsewhere. This has always happened, but this year we have formalised and extended the links by establishing a network of 'research associates'.

ISER's 30 research associates are listed on the inside back cover. They are actively engaged in collaboration with ISER staff, and joint publications result. The team of associates will be reviewed every two years.

An obvious way of describing the associates is in terms of geographical distance from ISER. Seven of them are colleagues in the University of Essex departments of sociology, economics, and health and human sciences. Thirteen are based at UK universities. Ten work in universities and research institutes in continental Europe or the United States, and add to ISER's international networks. A dozen of the associates have been employed at ISER in the past, and their collaboration is often a continuation of the work they were doing then.

Most importantly, the research associates each bring something distinctive to the pool of talent available to the institute. Most of the links are with individual researchers or teams, rather than with ISER as a corporate whole. Just to mention examples that are discussed in detail elsewhere in this report:

- *Michèle Belot* is an economist who has been collaborating with John Ermisch, analysing the effect of social ties on migration patterns (see page 11).
- *Diego Gambetta* is a sociologist with a long record of researching 'trust'. He too has teamed up with John Ermisch, in this case to develop a new version of an experimental game to measure how far strangers trust each other (see page 11).
- *Letizia Mencarini* is a statistical demographer who has worked with Arnstein Aassve for many years. She has been one of a group of contributors to our recent study of the social and economic positions of young people across Europe (see pages 8-9).
- *Liz Spencer* is an experienced qualitative researcher who has partnered Ray Pahl in their substantial new study of friendship (see page 10).

Other significant collaborations, not reviewed in detail on this occasion, include:

- *Lorenzo Cappellari* and *Philippe Van Kerm*, who are researching income and earnings dynamics with Stephen Jenkins.
- *Siegfried Gabler* and *Sabine Häder*, who are contributing to our survey methodology research programme.
- *Ruth Hancock*, an expert in the social and economic consequences of ageing, who partnered Richard Berthoud and Morten Blekesaune in a recent study of deprivation among elderly people.
- *Herwig Immervoll* and *Horacio Levy*, both of whom have been contributing to the EUROMOD team led by Holly Sutherland.

We are proud to be working with these colleagues – and hope that they derive as much profit from the association as we do.



Stephen Jenkins  
Director

# Work, wages and wellbeing

Work is about more than money



Work is about more than money. The level of satisfaction that a job provides will depend not only on the wage received, but also on the nature of the work and factors like fringe benefits, job security and the flexibility of working hours.

Several studies by ISER researchers have examined the non-wage aspects of jobs, including the possibility that undesirable job characteristics are rewarded with higher wages – known as ‘compensating wage differentials’ – and how earnings and job conditions are reflected in reported job satisfaction.

## Compensating wage differentials

Emilia Del Bono has looked for evidence of compensating wage differentials in jobs with a higher anticipated risk of unemployment. The idea that workers should be compensated for expected restrictions in their working hours has been around at least since Adam Smith and his discussion of the working conditions of masons and bricklayers. But empirical evidence has been extremely elusive. Studies relying on aggregate data have found a small and positive wage premium, but analyses of micro data have often found insignificant and sometimes even negative effects.

One of the main problems with previous research is that it is difficult to distinguish workers who are affected by anticipated hours restrictions from those who are not. Very often a clear difference can only be established by crude indicators, such as the industry that workers belong to or the type of employment contract they report.

To get around these problems, Emilia Del Bono and Andrea Weber used longitudinal information from the Austrian social security records and looked at patterns of individual spells of employment and unemployment to identify jobs affected by seasonal fluctuations.

As seasonal jobs are more likely to be followed by gaps in employment, it is possible to test for the existence of compensating wage differentials due to working time restrictions by comparing wages between seasonal and long-term jobs. And since a significant proportion of the workers switched between seasonal and long-term jobs, the empirical setting makes it possible to take account of differences between industries and individual workers.

The results show that while seasonal jobs pay on average less than long-term jobs, once individual and industry-

specific characteristics are taken into account, workers employed in seasonal jobs earn a higher wage than they could have expected elsewhere.

## Paid holidays

Research by Mark Bryan has looked at another facet of annual working time: the number of weeks of paid holiday. Until recently, holiday entitlements in the UK were only lightly regulated, resulting in large variations in the length of entitlements across jobs. Just before the 1998 introduction of the Working Time Regulations, which imposed an initial minimum entitlement of three weeks per year, 12% of full-time workers got three weeks' holiday or fewer, while 27% received more than five weeks.

Only some of this variation can be explained by differences in industry sector, occupation, the length of time that workers have been with the firm and other job characteristics. This implies that there is a wide range of remuneration policies across similar employers or that some workers manage to obtain higher levels of holiday entitlement than other comparable workers.

The principle of compensating differentials suggests that these longer entitlements should be balanced by lower earnings. But it turns out that longer entitlements are associated with higher, not lower, earnings even after taking account of differences between workers and jobs: a week's extra holiday entitlement – corresponding to 2% fewer weeks worked per year – is associated with approximately 4% higher earnings.

Since shorter holidays mean more time at work, this result implies that longer working time is associated with lower earnings. But although this is true for the number of weeks worked over the year, the study finds the opposite when focusing on the number of hours worked in a week: an increase of 1% in weekly hours is associated with 0.8% higher earnings on average.

A possible explanation of the contrasting results is that weekly work hours are relatively fixed by the technical requirements of the job whereas holiday entitlements are more flexible elements in the remuneration package. As workers accumulate new skills or work their way into better jobs, part of their extra remuneration is provided in the form of longer holidays, so that differentials are additional not compensating.

Consistent with this interpretation, those workers whose low entitlements were raised as a consequence of the Working Time Regulations do not seem to have experienced a significant change in earnings.

## Job satisfaction

Cheti Nicoletti has focused more directly on how earnings and other job characteristics affect the job satisfaction of workers in different European countries. The distribution of job satisfaction differs quite substantially between countries. Austria, Denmark and the Netherlands have the least dissatisfied workers, while Greece and Italy are at the opposite extreme.

In Denmark and the Netherlands, for example, only 6-7% of people are dissatisfied with their jobs, whereas in Greece and Italy the percentages are 30% and 39% respectively. These differences seem to be caused partly by variations in the language used in the surveys and by the diverse ways of perceiving and reporting happiness across cultures.

## People's perception of their earnings relative to others is an important influence on their job satisfaction

But despite differences in reported job satisfaction across countries, the underlying explanatory factors are similar. Job satisfaction is well explained by measures of satisfaction with different job characteristics, in particular satisfaction with earnings, job security, type and timing of work, working environment and commuting.

The ranking by importance of these job characteristics is comparable across countries. Measures of satisfaction with the type of work and earnings are always among the most relevant factors in all countries. The least relevant factors are measures of satisfaction with job commuting/distance, working times and number of working hours.

Objective job characteristics, such as earnings, have little or no influence on job satisfaction. A more important factor is people's perception of their earnings relative to others. People with the same level of earnings but different backgrounds, for example, different education, do not report the same level of job satisfaction.

# Child poverty

ISER research supports the view that the target of halving child poverty by 2010 will not be met under current policies



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Tony Blair's 1998 commitment to 'end child poverty' was followed by a series of high profile policy measures to increase the incomes of families with children. The strategy of 'work for those who can' and 'support for those who cannot' highlights the role of parental employment and the importance of the level of benefits. Tax credits are intended to supplement low pay for families with children, with the aim of increasing parental employment through the promise of higher in-work incomes, while at the same time raising support for those out of work.

Most analysts (including the Treasury) predicted that such measures would make it possible to meet the target of reducing child poverty by one quarter of the 1998 level by 2004/5 – and put halving child poverty by 2010 within reach. But the number of children in poverty fell by 700,000 rather than the 900,000 required to meet the 2004/5 target. Commentary following the release of these first-stage figures began to suggest that child poverty was not going to be halved under a policy regime of 'more of the same'.

ISER research supports this view and suggests ways in which policy might need to be reassessed if the 2010 target is to be met and if child poverty is to be eradicated by 2020. Holly Sutherland's work shows how the combination of low pay and tax credits is insufficient to guarantee an income above the poverty line: better jobs or higher tax credits are needed. Moreover, increasing payments targeted on children risks unbalancing the benefit and credit system, so that children receive more than some adults, and children in households with many adults are not lifted out of poverty.

Heavy reliance on a means-tested system may compound the problem. Some families do not receive their entitlements because of the complexities of claiming and possible stigma. And the incentives for 'second earners' in couples to take paid work are often reduced. None of the European Union countries with the lowest poverty rates relies on a means-tested system as their main instrument of support for children.

## Child poverty in London

In assessing how to make work pay, two key factors that need to be taken into account are the scarcity of jobs that can comfortably be combined with parenting responsibilities and the high cost of working in a city like London. A study for the London Child Poverty Commission by Nick Buck, Holly

Sutherland and Francesca Zantomio highlights the limitations as well as the prospects for relying on increased parental employment.

Parental employment rates in London are lower than in the UK as a whole and have increased less quickly in the benign economic conditions of recent years. Part-time working in particular is much less prevalent than in the rest of the country, while full-time employment is no higher. This partly explains much higher child poverty rates in London, particularly among lone parent families.

## Child poverty rates in London are much higher than nationally, particularly among lone parent families

The study projects what is likely to happen to child poverty rates in London and nationally by 2010, assuming that current policies continue. On balance, child poverty will be unchanged. While increases in the working-age population relative to the number of children will act to reduce child poverty rates, benefit and tax credit incomes falling behind the growth in other incomes will have the opposite effect, pulling more children below the relative poverty line.

Increasing parental employment to national levels would lower child poverty rates in London by 5 percentage points, but would not entirely narrow the child poverty gap with the UK as a whole. In any case, it is unlikely that London could expand its employment fast enough over such a short period. A major increase in child-targeted payments would be necessary to meet the 2010 target at a national level; to meet it in London would require some additional changes to the benefit system, such as allowing eligibility for housing benefit to extend higher up the income distribution.

## Ethnicity and child poverty

Relationships between ethnicity, employment and child poverty in London are complex. Some ethnic groups – notably black Caribbean lone parents and Indian couples with children – have higher employment rates than their white counterparts. Nevertheless, children in all minority groups face higher rates of poverty than white children.

A study of ethnicity and child poverty at the national level by Lucinda Platt highlights the stark variations in child poverty: the rate is 25% among white children, but 56% for black African children, 60% for Pakistani children and 72% for Bangladeshi children.

Many of the reasons for these differences relate to employment and pay: there is higher unemployment among many ethnic minority groups and large differences in rates of economic inactivity. Bangladeshi men experience particularly low levels of pay, and the chance that a Bangladeshi child in a household with at least one earner will be poor is more than 50% (compared with a 15% risk for white children in working households).

Some, though not all, of these disparities can be addressed through employment policy focusing on skill levels, discrimination, pay and the quality of jobs. In addition, addressing levels and take-up of benefits will be crucial.

## Alternative approaches

To date, increases in benefits and tax credits have mainly been targeted on children, with benefits for working-age adults falling in value relative to incomes generally. Holly Sutherland and Francesca Zantomio (supported by the Joseph Rowntree Foundation) are exploring the implications of alternative approaches to the annual uprating of benefits, tax credits and tax thresholds, including their effects on child poverty.

Current practice keeps most elements of the system constant in real terms but falling behind the growth in incomes generally. If this situation were allowed to continue unchanged for 20 years, then relative child poverty rates would not fall but rise by three-quarters.

Government revenues would also rise and an issue to be explored is whether it would be more effective to apply a different principle to the uprating of taxes and benefits overall (for example to index by average net earnings) or to target particular groups on an occasional – and politically high profile – basis.

# The economic position of large families

Large families make up less than 5% of all families but more than 20% of poor children



Why are large families so much more likely to be poor, and what policy changes might help them out of poverty?

Research by ISER's Maria Iacovou and Richard Berthoud has analysed data from two large samples of two-parent families – the Family Resources Survey and the Families and Children Study – to address these questions.

Their study, commissioned by the Department for Work and Pensions, finds that there are two main reasons for poverty among large families. First, both the mothers and the fathers of large families are less likely to be in work than parents with only one or two children – and if they do have a job, they tend to have lower earnings. And second, benefits and tax credits do not fully compensate large families for the extra cost of children, so they tend to be worse off than other families with children in otherwise similar circumstances.

## Who becomes a large family?

Some families are much more likely to become large than others. Only 5% of families have four or more dependent children, but 24% of Pakistani and Bangladeshi families, and 9% of stepfamilies are large. These two groups – especially the former – are therefore particularly likely to suffer the adverse consequences of being large.

Women who become mothers at an early age are also more likely to go on to have large families. The very youngest mothers, who first gave birth aged 15 or 16, have a greater than 50% chance of going on to have four or more children, compared with under 10% of mothers who first gave birth at 25 or older.

Mothers (and fathers) who have poor educational qualifications are also more likely to go on to have large families.

## Family size and poverty

While large families are comparatively rare, they account for more than 20% of poor children. The risk of poverty increases with family size: only 12% of families with one or two children are poor compared with 37% of four-child families, and 55% of families with five or more children.

High poverty rates among large families are attributable partly to the fact that there are simply more mouths to feed: this accounts for about one third of the differences in poverty rates between small and large families.

A much more important factor, accounting for about two thirds of the differences in poverty rates, is the fact that parents of large families do less well in the labour market. For example, 63% of fathers with five or more children have a job compared with 91% of fathers with two children. And just 14% of mothers in families with five or more children work 16 hours or more a week compared with 65% of mothers with one child.

The average hourly wages of fathers in five-child families are £11.40 per hour; for fathers in three-child families, they are £13.60 per hour. Overall, average earnings are £477 per week among two-child couples, but less than half that – only £201 – among five-child couples.

Child benefit and child tax credit payments are designed to make family incomes fairer in relation to the varying needs of large and small families. Standard poverty calculations used by researchers and government departments assume that for a family on the poverty line, the cost of an additional child is £47 per week (at 2003/4 prices) if it is not to slip below the poverty line.

## Work is not a reliable route out of poverty for large families with a single low-paid earner

At 2003/4 rates, the benefits and tax credits system allowed lower-income families an extra £39 per week for each extra child after the first – at least £8 short of the income required to stop families falling below the poverty line. This shortfall would look worse if measures of material deprivation were used to assess children's needs.

But the deficit affecting large families was much more serious before the series of benefit and tax credit reforms introduced over the past few years. Much of the overall reduction in the number of poor children since 1997 has been achieved among large families.

## Action points

The researchers suggest four issues for policy consideration:

- Policies to assist parents to avoid unplanned pregnancies once they have reached their preferred family size.
- Policies to enable fathers, and especially mothers, of larger families to find appropriate employment.
- Setting benefit and tax credit rates per child at least to equal the assumed extra cost per child for non-working and low-paid families.
- Alleviating the steepness at which tax credits are withdrawn with increasing earnings (the 'taper'), especially for large families.

The very low rates of employment among mothers, and even among fathers, of large families, suggest that work is the key issue. Up to a point, this endorses the government's often-stated belief that 'work is the best route out of poverty'. But only up to a point, because the research shows that work is not a reliable route out of poverty for large families with a single low-paid earner.



## We have moved!

Old friends who have visited ISER on the Essex campus will remember the strange but interesting cylinder we have occupied for 17 years. But we were bursting at the seams, and have recently moved into a new building purpose-built at a cost of £6½ million. The building is shared with the UK Data Archive (also funded by ESRC) and will be known as the Social Sciences Research Centre.

# Youth poverty across Europe

In nearly every west European country, young people face a higher risk of poverty than the population as a whole



In nearly every country in western Europe, young people face a higher risk of poverty than the population as a whole. Indeed, they are more likely to be poor than every other age group except children and the elderly. A group of European collaborators led by Maria Iacovou and Arnstein Aassve (funded by the Joseph Rowntree Foundation) has been looking at the main factors associated with young Europeans being poor and moving into or out of poverty – whether they have a job; whether they have children; and whether they live with their parents.

Researchers have long been interested in how young people make the various transitions from youth to adulthood: from education to work (possibly via unemployment); from living in the parental home to living independently; from being single to finding a spouse or partner; from being childless to becoming a parent; and from economic dependence to financial independence.

Half a century ago, these transitions typically took place over a short period of time, and usually in the same order: leave school and find a job, leave home and get married, have children. Nowadays, they happen later, over a longer period, and not necessarily in a particular order.

A young person may find a job at 17 but remain living at home because of financial insecurity until age 25. Another young person may leave home at 18 but not hold a job until 23, not settle down with a partner until 32 and not start a family until 38 – a full 20 years after leaving home. Several aspects of these trends – particularly a delayed transition into the often insecure youth job market – may be associated with an increased risk of poverty for young people.

The chart on the next page shows poverty rates in the 13 countries of the pre-enlargement EU-15 that the ISER research examined. It shows the proportions both of the population as a whole and of young people aged 16-24 who are living below the poverty line, using the conventional measure of 60% of median equivalent household income.

Poverty rates for young people are not uniformly high. The relatively low rates of 9% in Austria and 13% in Germany can be attributed to those countries' comprehensive youth apprenticeship systems and their consequent low rates of youth unemployment. But it is surprising to see the high youth poverty rates in Finland and the Netherlands. While they are not substantially higher than those in Greece or the

UK (and they are lower than in Italy), they are set against a backdrop of strong ‘social-democratic’ safety nets and very low general poverty rates in those countries.

Several factors are related to poverty risks among young people. One is whether they have a job: students, the unemployed and those caring for homes and families (mainly women) face higher risks of poverty than young people with a job. But having a job is not a failsafe guarantee against poverty: in half of the countries studied, over 10% of people aged 20-24 who have a job are poor – and in Finland, the figure is 20%.

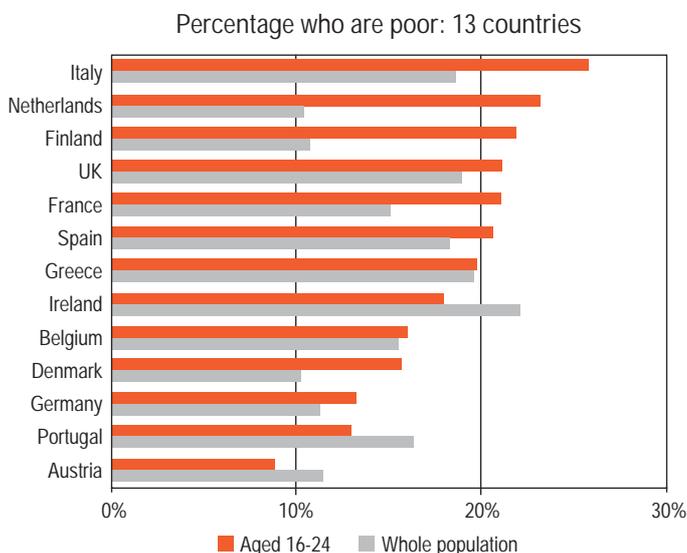
The UK performs slightly better than average on this indicator, with only 9% of young workers in the 20-24 age group being poor. But those who *don't* have a job are at higher risk of poverty in the UK than almost anywhere else: 36% of people aged 20-24 who are unemployed or looking after children (and 55% of students in this age range) are poor.

Another factor associated with poverty is children. In nearly every country, young people with children are more likely to be poor than those without children. In the UK, among those aged 25-29, 18% of single people are poor but 68% of lone parents are poor. For those in couples, the difference is equally stark: only 3% of those without children are poor, compared with almost 25% of those with one or more children.

## Leaving home makes you poor: in the UK, it increases the risk of poverty by 20 percentage points

The UK is not atypical: these differences are found in many European countries. But in Denmark and Finland, having children does not increase young people’s risk of poverty; in fact, young lone parents in these countries are *less* likely to be poor than single people without children. This is attributable partly to childcare systems that enable women to remain in paid work after having children, and to systems of family support that compensate families for the costs of having children. In the UK, early lone parenthood is often seen as synonymous with poverty; the experiences of Denmark and Finland show that this is not necessarily so.

Of all the factors associated with youth poverty, one is more important than all the others put together: whether a young



person lives with his or her parents. Young people who have left home are more likely to be poor than those who still live with their parents. This is a common pattern across all countries, and throughout the 16-24 age range.

This provides part of the explanation for the very high youth poverty rates in Denmark, Finland and the Netherlands. Young people in these countries leave home far earlier than other Europeans: in these countries, over 60% of 20-24 year olds have left home, compared with under 10% of young people in Italy and Spain.

There is a strong and significant relationship between being poor and living away from one’s parents in all countries. But this does not necessarily mean that leaving home *causes* poverty. Indeed, the causation may run the other way round: young people with characteristics that predispose them towards poverty may be more likely to leave home at an early age.

To investigate the causal connection between leaving home and being in poverty, the researchers used a technique known as ‘propensity score matching’. Each young person in the data set who left home was ‘matched’ with another young person with very similar characteristics who did *not* leave home – and the difference between their risks of poverty was calculated.

The results make it possible to say confidently that leaving home makes you poor. It increases the risk of poverty by 20 percentage points in the UK; by more in Denmark, Finland, France and the Netherlands; and by substantially less in Portugal and Spain.

# Friendship and trust

Our 'personal  
communities' are subtle  
and complex, a mesh of  
family and friends



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ISER researchers have been looking at issues around friendship, trust and 'social capital'. One prominent result is *Rethinking Friendship*, a book by Liz Spencer and Ray Pahl, which was discussed in the *Financial Times* early in 2007 by Mark Vernon, author of *The Philosophy of Friendship*:

'When Robert Putnam first studied social capital he concluded it was in sharp decline, hence the melancholic title of his book, *Bowling Alone*. But the associations that bring people together might have little or nothing to do with friendship – as anyone who was forced to go to the Cub Scouts or Brownies, and hated it, will know. Rather, friendship emerges when people establish meaningful, dependable connections with others. In other words, "social capital" might miss it altogether.'

'Ray Pahl and Liz Spencer have addressed this dilemma head on. They recognise that in casual use, the word "friend" can describe a wide variety of relationships. For researchers, it is therefore important to ask people to unpack the nature of their friendships one by one.'

'When this is done a very different snapshot of modern friendship emerges. People are still embedded in circles of commitment – what Pahl and Spencer call "personal communities". And these relationships are subtle and complex, a mesh of family and friends, or a suffusion of the two.'

'Modern relationships can become scarred by the way people live, from the desire for freedom to the pressures of work. But on the whole Pahl and Spencer are optimistic. For example, their study shows that although personal communities can consist of closely bonded sets of individuals, that does not mean they ignore the rest of society. Through a complex set of crosscutting allegiances, such friendships can contribute to social cohesion.'

'So what is the current state of friendship? The truth probably lies somewhere between amity's optimists and the prophets of doom. The statistics of the former group, if exaggerated, underline just how important friendship is. Meanwhile, the warnings of the latter, if alarming, remind us not to put friendship at risk. And that has always been a challenge. After all, it was not in the age of the internet, but more than 2,300 years ago, that Aristotle wrote: "The desire for friendship comes quickly. Friendship does not."'

## Social ties and mobility

Spencer and Pahl's study was 'qualitative' – based on highly detailed analysis of interviews with just 60 people. But it is likely to lead to better structured questions about friendship to be included in 'quantitative' surveys. There are already some indicators of friendship in the BHPS, and John Ermisch and Michèle Belot have been using them to see whether local social ties tend to influence people's migration decisions.

Analysis of geographical mobility has often shown that families tend to divide into two distinct groups: frequent movers and long-term stayers. This implies that the more recently you moved into a house, the more likely you are to move out of it.

One of the driving forces behind this polarisation may be the strength of local social ties outside the household. In particular, there may be a dynamic process operating through the intrinsic value of friendships. If people with more close friends are less likely to move, particularly over longer distances, and if movement breaks these ties, then those who move will have weaker friendship ties after the move, which will reduce the disincentive to move again. The friendships of those who stay put are maintained and may become stronger, further discouraging mobility.

Belot and Ermisch have analysed BHPS respondents' three closest friends (and their frequency of meetings with them) to derive measures of the intensity of their friendship networks and the extent to which they are locally embedded. They take account of the fact that people differ considerably in both their inclination and ability to make friends and in their tendency to move house.

The research shows that having a larger number of close friends living nearby substantially reduces the likelihood that someone will move house by 20 miles or more: one additional local friend reduces the chances of moving by more than a third. But the frequency of contact with friends does not seem to make any difference.

The researchers argue that other characteristics known to be associated with mobility patterns, such as education or family structure, might be explained by variations in the strength of local social networks.

## The trust game

While friendship describes a relationship between people who know each other quite well, attitudes to and expectations of strangers are also an important component of social relationships – and of economic decision-making. John Ermisch has teamed up with Diego Gambetta to design an intriguing method of measuring trust between anonymous individuals – both 'trustingness' (expectations of others) and 'trustworthiness' (behaviour in accordance with others' expectations).

### People with more close friends living nearby are less likely to move, particularly over long distances

Survey respondents will take part in a game in which they are given a sum of money, but offered the opportunity to increase this amount if they loan it to someone else whom they have never met. If they make the loan, the sum will be quadrupled. They will be matched with another respondent, who receives this larger sum and is told that the first person made it available on the expectation that the stranger will pay back a prescribed amount. The second person must decide whether to keep the entire amount or pay back the prescribed amount. If the prescribed amount is paid back, then both persons benefit substantially; if not, the second person receives all the benefits.

In terms of its ability to measure 'trust' and 'trustworthiness', Ermisch and Gambetta have made significant improvements on previous versions of the trust game. It will be the first such experiment in the UK (and one of only a few anywhere) carried out, not on students, but on a sample of ordinary people. This will allow comparisons of trust and trustworthiness between different types of people – by age, income and so on.

The Economic and Social Research Council is funding the first stage of the experiment, using a sample of 300 people who took part in a now-discontinued section of the BHPS.

# Mixed mode data collection in panel surveys

Different ways of responding to surveys appeal to different kinds of respondents



A couple of decades ago, most surveys could be easily classified as a ‘personal interview survey’, a ‘telephone survey’ or a ‘postal survey’. Since then, things have got more complicated. We have seen the advent of email surveys, and then web surveys. And we have seen survey researchers increasingly use a combination of ‘modes’ of collecting data: a postal survey may be combined with a telephone follow-up of non-respondents, or an interview survey may include a self-completion component.

There are a number of reasons why researchers have turned to mixed mode data collection. The costs of face-to-face interviewing have risen as it gets harder to persuade people to respond to surveys. The potential of web surveys has broadened as access and familiarity have spread. And more and more studies have suggested that different ways of responding appeal to different kinds of respondents: a mixed mode approach may therefore lead to better response rates than any single mode could.

But using mixed modes can also have negative consequences, particularly when the data collected by the different methods are not strictly comparable – what is known as a ‘mode effect’.

In the context of a panel survey like the BHPS, there are several ways in which modes can be mixed. Different modes can be used at different waves. Or for different question sequences within a wave. Sample members can be offered a choice of different ways of responding in any given wave. Or modes can be used in succession, to follow up sample members who did not respond in the previous mode.

These alternative designs all have potentially different implications for comparability, for survey costs, for response rates and for ‘non-response bias’ – the possibility that a survey becomes unrepresentative since particular subgroups of people will be more or less likely to respond. To understand these implications better, Annette Jäckle and Peter Lynn of ISER’s UK Longitudinal Studies Centre (ULSC) have recently undertaken two experiments with mixed mode survey designs.

## Comparability

The first compared measurements obtained by face-to-face and telephone interviewing as a way of assessing the comparability of data on attitudes and behaviour collected in

the two approaches. The study was designed to separate out effects caused by the ability to use visual stimuli (primarily show cards) in face-to-face interviews and effects caused by the physical presence (or absence) of the interviewer. Many previous studies of mode effects have failed to separate these two components, despite the fact that the source of any effect can have rather different implications for design.

## In telephone interviews, respondents tend to give answers they think are more socially desirable

The researchers examined five possible processes by which the survey method might affect the responses given by sample members. The first was ‘social desirability bias’ – a process in which respondents might tend to give answers that they perceive to be socially desirable. It was hypothesised that there might be a greater tendency for this with telephone interviewing, since it is more difficult for the interviewer to establish rapport with the respondent.

The other four processes were forms of the phenomenon known as ‘satisficing’ – the tendency for respondents to make the minimal necessary effort to provide an acceptable response or to complete the interview. The research examined:

- ‘incompleteness’ – the tendency to give incomplete answers;
- ‘non-differentiation’ – the tendency not to differentiate between similar items;
- ‘acquiescence’ – the tendency to agree with statements;
- and ‘response order effects’ – the tendency to choose answer categories near the start of lists presented visually or near the end of lists presented orally.

The study uncovered a number of effects caused by the presence of the interviewer but very few associated with the use of visual stimuli. The main finding was that respondents gave more socially desirable responses in telephone interviews across a range of indicators. The implication is that particular care is needed when planning to mix modes on a survey for which some of the questions may be susceptible to social desirability bias. This can apply to questions about both attitudes and behaviour.

## Incentives

ISER’s second mixed mode study was based on an experiment built into the England and Wales Youth Cohort Study, a panel survey of young people aged 16-19. The sample was split into two groups, one sent a postal questionnaire and the other approached for a telephone interview. Within each group, some sample members received a modest incentive (which could be either conditional on their responding or unconditional) and some did not. This allowed the effect of incentives on response rates and on non-response bias to be compared between modes.

The study found that incentives, particularly unconditional ones, significantly increased response rates in both modes, though the size of the effect was greater in the postal survey. The effect was cumulative over waves, leading to greatly reduced attrition of sample members when incentives were used at each wave. But the effects were broadly proportional across subgroups, meaning that the incentives did not significantly reduce non-response bias in terms of measurable subgroup characteristics.

## ISER conferences

### BHPS 2007

ISER will be hosting the 2007 BHPS Research Conference on 5-7 July at the University of Essex. This conference provides an international forum for the exchange of research based on longitudinal data on individuals and households. Papers using cross-national comparisons have been especially encouraged.

<http://www.iser.essex.ac.uk/bhps/2007/index.php>

### MOLS 2006

A major international conference focusing on the Methodology of Longitudinal Surveys (MOLS) took place at ISER in July 2006. Over 200 delegates from 18 countries discussed everything from survey design to panel modelling techniques, taking in response rates, interviewing methods and data preparation on the way. A book based on the conference papers will be published by Wiley next year.

<http://www.iser.essex.ac.uk/ulsc/mols2006/>

# Postgraduate training at ISER

ISER is helping to build the capacity of social science research through a well-developed postgraduate training programme



ISER contributes to building the capacity of social science research through its well-developed programme of postgraduate training. This includes two taught Masters schemes (in ‘Sociology and panel data analysis’ and ‘Applied economics and data analysis’) as well as research degrees leading to a PhD in either economics or applied social and economic research.

From small beginnings of only one or two postgraduates a few years ago, ISER currently has 18 students – from many countries – working towards a PhD. The students are undertaking research on a wide range of topics and in different social science disciplines. Several of them also have jobs in ISER’s research team.

Recognising the high quality of the training provided, the Economic and Social Research Council has recently allocated 17 studentships to ISER to offer to outstanding applicants. Mark Taylor is ISER’s contact point for the several opportunities available in the coming year. Here he highlights research in progress by the current students who are nearing completion of their PhD theses.

## Nutrition – Paola De Agostini

Paola’s research investigates the relationship between nutrition and socio-economic status in the UK, using data from the National Food Survey for the period 1975-2000. First, it describes the dynamics of food and nutrition intake by age, over time and between different birth cohorts. Total calorie consumption has not changed much across young people born over this period. But from the age of 4, the more recent generation – children born in 1990 – obtains a higher proportion of their energy from fats than do their counterparts in earlier generations.

Second, Paola explores trends in eating habits controlling for income, region of residence, family structure, eating out patterns and food outlet development.

Finally, the research investigates the effect of price variations on diet composition. It describes the dynamics of food demand in relation to food prices over time. The effects of food price variation on calorie intake, energy from fats and energy from carbohydrates are currently under investigation.

## Poverty in Mexico – Celia Badillo Bautista

Celia's research evaluates the effects of Progresa – a poverty alleviation programme in Mexico – on non-targeted outcomes such as migration and child labour in rural communities. She finds that the introduction of the Progresa programme reduced migration among both recipient and non-recipient households. Although international migration levels were increasing, the programme helped to slow this increase.

Progresa also reduced the supply of child labour, but only in recipient households. The labour supply of children in non-recipient households increased to meet the supply of jobs that became available in the local markets. This increase in child labour from non-recipient households may have contributed to the reduction in migration.

These findings have a significant policy implication. Since Mexico is the primary source of legal and illegal immigration into the United States, the sponsoring of programmes that help rural development through alleviating poverty may help reduce this migration. Such programmes are an alternative to stricter US-Mexican border controls.

## Third-age employment – David Haardt

David's research focuses on the labour supply of UK men and women aged 50 and over. First, he analyses their transitions into and out of employment and finds that the two most important determinants of labour market behaviour are health and potential income when out of work. Among those still working at the state pension age, the majority leave the labour market in the month that the retirement age is reached.

Second, David shows that older British women tend to reduce their labour supply on divorce or separation, or when their husband becomes unemployed or ill. But such events seem to have little impact on the labour market behaviour of men of similar age.

Finally, David shows that cognitive functioning – as measured, for example, by memory tests – has little effect on older people's labour force participation when controlling for such factors as age, health, wealth and education. He also finds no impact on wages. This striking finding contradicts conventional wisdom.

## Children and parents – Killian Mullan

The daily lives of children and the care they receive from their parents form the nucleus of Killian's research. Using data from the UK Time Use Survey 2000, he develops a comprehensive picture of the care provided by parents and received by children.

The research addresses three main issues: the measurement and valuation of childcare; differences in childcare activities by gender of both child and parent; and the impact of parental activities on children's activities. Killian finds that children's activity patterns vary by gender in ways that are similar to adults. There is some evidence that mothers' time with girls and fathers' time with boys compounds gender stereotypes.

Killian also finds clear evidence that parents' engagement in activities have a positive effect on a child's engagement in the same activities. Furthermore, if valued in monetary terms, the childcare provided by parents is valued at about 16% of GDP.

## Families and politics – Thomas Siedler

Thomas is studying a number of related issues in the fields of family economics and political behaviour using data from Germany. First, he examines the relationship between parental unemployment and children's political attitudes: the results indicate that growing up with unemployed parents increases the probability of right-wing extremism and xenophobia among young adults. Second, he finds a positive relationship between the level of schooling received and having democratic values, although he is unable to prove a causal relationship.

Thomas also investigates whether there is an intergenerational link in the receipt of social assistance between parents and adult children. The results suggest that there is a relationship: children of parents who receive social assistance are more likely to receive social assistance themselves.

Finally, Thomas investigates associations between family structure and geographical mobility and finds that, consistent with theoretical predictions, children with no siblings have lower rates of geographical mobility than those with siblings.

# Further information

Details of the research discussed in this report may be found in the following publications, many of which are available free of charge on the ISER website ([www.iser.essex.ac.uk](http://www.iser.essex.ac.uk)) or from ISER's Communications Adviser Romesh Vaitilingam ([iserpress@essex.ac.uk](mailto:iserpress@essex.ac.uk)):

## Research on work, wages and wellbeing

*Do Wages Compensate for Anticipated Working Time Restrictions? Evidence from seasonal employment in Austria* by Emilia Del Bono and Andrea Weber, ISER Working Paper 2006-37, July 2006

*Paid Holiday Entitlements, Weekly Working Hours and Earnings in the UK* by Mark Bryan, ISER Working Paper 2006-52, October 2006

*Differences in Job Dissatisfaction across Europe* by Cheti Nicoletti, ISER Working Paper 2006-42, August 2006

## Research on child poverty

*Can Child Poverty be Abolished? Promises and policies in the UK* by Holly Sutherland, *The Economic and Labour Relations Review*, September 2006

*Tackling Child Poverty in London: Implications of demographic and economic change* by Nick Buck, Holly Sutherland and Francesca Zantomio, London Child Poverty Commission, February 2007

*Child Poverty, Employment and Ethnicity in the UK: The role and limitations of policy* by Lucinda Platt, *European Societies*, 2007 (forthcoming)

## Research on large families

*The Economic Position of Large Families* by Maria Iacovou and Richard Berthoud, Department for Work and Pensions Research Report No. 358, July 2006

## Research on youth poverty in Europe

*Youth Poverty and Transition to Adulthood in Europe* by Arnstein Aassve, Maria Iacovou and Letizia Mencarini, *Demographic Research*, July 2006

*Does Leaving Home Make You Poor? Evidence from 13 European countries* by Arnstein Aassve, Maria Davia, Maria Iacovou and Stefano Mazzucco, ISER Working Paper 2005-24, September 2006

*Youth Poverty in Europe: What do we know?* by Arnstein Aassve, Maria Iacovou and Letizia Mencarini, ISER Working Paper 2005-02, January 2005

The final report – *Youth Poverty in Europe* – will shortly be available at: [www.jrf.org.uk](http://www.jrf.org.uk)

## Research on friendship and trust

*Rethinking Friendship: Hidden solidarities today* by Liz Spencer and Ray Pahl, Princeton University Press, September 2006

*Friendship Ties and Geographical Mobility: Evidence from the BHPS* by Michèle Belot and John Ermisch, ISER Working Paper 2006-33, July 2006

*People's Trust: The design of a survey-based experiment* by Diego Gambetta and John Ermisch, ISER Working Paper 2006-34, July 2006

## Research on mixed mode survey data collection

*Telephone versus Face-to-face Interviewing: Mode effects on data quality and likely causes* by Annette Jäckle, Caroline Roberts and Peter Lynn, ISER Working Paper 2006-41, August 2006

*Respondent Incentives in a Multi-mode Panel Survey: Cumulative effects on non-response and bias* by Annette Jäckle and Peter Lynn, ISER Working Paper 2007-01, January 2007

## Research by ISER postgraduates

*The Relationship between Food Consumption and Socio-economic Status: Evidence among British youths* by Paola De Agostini, ISER Working Paper 2005-21, October 2005

*Transitions out of and back to Employment among Older Men and Women in the UK* by David Haardt, ISER Working Paper 2006-20, May 2006

*Family and Politics: Does parental unemployment cause right-wing extremism?* by Thomas Siedler, ISER Working Paper 2006-51, November 2006

## Longitudinal data resources

BHPS data is released through the Data Archive at the University of Essex: <http://www.data-archive.ac.uk/>

BHPS documentation is available at: <http://www.iser.essex.ac.uk/ulsc/bhps/doc/>

*Keeping Track: a guide to longitudinal resources*: <http://www.iser.essex.ac.uk/ulsc/keeptrack/index.php>

For details of the UK birth cohort surveys, see <http://www.cls.ioe.ac.uk/>

For details of training on using longitudinal data provided by ULSC, see <http://www.iser.essex.ac.uk/ulsc/training/>

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