





Constraint and opportunity: Identifying voluntary non-employment

-  Given the emphasis in recent welfare economics, political philosophy and social policy on the concept of opportunity, the need to find a way of differentiating between outcomes that are the result of choice and outcomes that are the results of constraint has become pressing. But all approaches to measuring choice and opportunity are confronted by their inherent unobservability: we observe what an individual does, not what he or she could do.
-  The application of a new methodology, using data on the activities of 'similar' individuals, allowing judgements about the extent to which factors are constraints to vary, and, by incorporating a check for unobserved constraints, shows that the concept of opportunity can be operationalised empirically.
-  The proportion of non-employment (including education, early-retirement and caring, as well as unemployment) classified as voluntary is highly sensitive to the extent to which factors are regarded as beyond individual control. On the narrowest interpretation of constraint, voluntary non-employment accounts for twice as much as the amount considered as voluntary on the broadest interpretation.
-  Taking account of as many constraints as possible, one-tenth of male non-employment is unambiguously voluntary, and a further one-tenth is indeterminate. For women, the figures are 13 per cent and 11 per cent respectively.

Further Information

A more detailed account can be found in *Constraint and opportunity: Identifying voluntary non-employment* by Tania Burchardt and Julian Le Grand (CASEpaper 55). Copies are available free of charge from Jane Dickson, CASE, at the address below, or can be downloaded from our internet site: <http://sticerd.lse.ac.uk/Case/>.

Rationale

How much choice do people have in making the decisions that shape their lives? Do individuals end up in different positions in society because of the free choices they have made? Or do social disparities arise because differences in the constraints that individuals face: differences in factors beyond individuals' control, such as their gender, their ethnicity or their parents' social background?

Answering these questions is becoming increasingly important, especially in debates over poverty and social exclusion and policies to deal with them. So, for instance, popular discourse over welfare has often distinguished between the eligibility for benefits for the 'deserving poor' (those who are poor through no fault of their own) and the 'undeserving' (those whose poverty is a result of their own free decisions). More generally, several political philosophers and economists, including the Nobel Laureate Amartya Sen, have argued that, in examining distributional questions, instead of focusing on differences in incomes, it is more appropriate to focus on the choices that individuals face. At a more applied level, economists prominent in the debate on welfare policy have argued for an emphasis on the significance of the choices and incentive structures that poor people confront instead of the more sociological approach of regarding the poor as subject to inexorable social and economic forces over which they have no control.

But can this focus on choice and opportunity be operationalised in a useful way? In practice, individuals' behaviour is a product of the interaction between the choices or opportunities open to them – choices that are restricted by constraints – and their preferences or tastes. Thus a person out of work may be in that situation because, despite enormous efforts searching, she cannot find any jobs in the area where she lives, or because she prefers to engage in leisure pursuits. In simply observing the fact that she is out of work, we cannot tell whether that is the result of constraint or choice.

This example highlights an additional problem. Even if we could distinguish between the various influences that had led to her being out of work, there might not be general agreement as to what constituted factors beyond her control and those that were actually the result of her own choices. For instance, suppose that the reason why she was not in work was because she had children and there were no child care facilities in the area. At first sight this would appear to be a decision driven by the constraint of the unavailability of alternative child care. But were all the relevant factors really beyond her control? After all, she presumably decided to have children in the first place, perhaps in the knowledge that there was little child care around. But then was the decision to have children entirely a matter of free choice? And so on.

The paper on which this CASEbrief is based is an attempt to try to resolve some of these problems. The study concentrates on participation or non-participation in employment, with non-participation defined broadly to include full-time education, caring or early retirement, as well as unemployment.

The Approach

Our approach begins with the assumption that the opportunities open to an individual are necessarily based on the range of things that similar people do. 'Similar' refers to those personal characteristics regarded as beyond individual control, and relevant to the opportunity in question. Thus, if age, gender and ethnicity are the only characteristics regarded as beyond an individual's control, the opportunity set of a white woman aged 34 is given by the range of activities in which white women aged 34 are engaged.

We use data from the British Household Panel Study to construct models of the probability of being in employment, controlling for various constraints. Starting from the position that all non-employment is voluntary, possible constraints are introduced in layers corresponding to the degree to which they are regarded as beyond individual control. The layered approach allows for the fact that opinions may vary as to which factors it is appropriate to regard as constraints. The predicted probabilities of being in employment are then compared to each individual's actual state. If the model predicts that he or she has a high probability of being in work, and in fact he or she is not, then there is a prima facie case that she or he is voluntarily out of work.

We use four layers to measure the extent of current opportunity for employment of an individual. They are:

1. Individual has no control over this factor now or in the future. Examples include sex, ethnicity, age, parents' social class, and disability.
2. Individual has no control over this factor at present, but could at high cost make some changes in the long term with positive though limited impact on outcome. Examples are labour market experience, training and education remaining aspects of ill-health and disability.
3. Individual could change this factor in the near future, and action would be effective, but carries high social, psychological or financial costs. Examples include: place of residence; housing tenure (effective action possible in most cases but high financial cost in some cases and high psychological/social costs in others); marital status; children and other caring responsibilities
4. Individual could readily change this factor. This refers to preferences for other pursuits, such as study, artistic endeavour, travel, or voluntary work.

Results

- If the only factors regarded as beyond an individual's control are his or her age, gender, ethnicity and parental social class, then the results suggest that 35% of all men and half of all women not in work were out of work through choice (or because of unobserved constraints).

- If health, labour market experience, and education are also regarded as beyond individual control, then 20 % of men and 31% of women not in work are voluntarily so.
- If place of residence and family responsibilities are regarded as beyond control, in addition to all the factors already mentioned, then the proportion of men not in work who were voluntarily out of work, remains at 20% but the proportion of women falls to 25%

These results were cross-checked by starting from the opposite position, namely that all non-employment is involuntary, then using information from the data set to subtract those for whom there is evidence of having chosen to be out of work. This found, of those out of work, 39% of men and 42% of women were either in full-time education and training or 'freely' did not want a job. However, not all of these were classified as voluntarily out of work by the other approach, or *vice versa*. In fact only 8% of men and 13% of women out of work were classified as voluntarily out of work by both approaches.

Conclusion

- After taking into account as many constraints as possible, slightly less than one-tenth of observed non-employment for men is unambiguously voluntary and another one-tenth is indeterminate. For women, 13% of observed non-employment is voluntary with a further 11 % indeterminate.

The paper shows that there are ways of dealing with the apparently intractable problem of distinguishing voluntary from involuntary behaviour. The results also demonstrate that in assessing the extent of choices or opportunities open to people the decision as to which factors regarded beyond an individual's control are crucial. With respect to the work/non-work decision, the amount of non-employment described as voluntary on the narrowest interpretation of such factors is close to twice as much as the amount described as voluntary on the broadest interpretation used here.