

# **Balancing Flexibility and Security in Europe? The Impact of Unemployment and Insecurity on Young Peoples' Subjective Well-being (Russell, Leschke & Smith)**

**Social protection in the changing world of work  
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# Research question and literature review (I)

RQ: Whether and how do institutions at the flexibility-security interface moderate the effect of unemployment and insecurity on young peoples' subjective well-being?

- Both unemployment and insecure work have been shown to have negative effects (of similar order) on psychological well-being and physical health, including for young people (Burchell 1999; Gash et al. 2007).
- Evidence on negative effects of youth unemployment and insecurity on well-being in later life (Clark et al 2001; Bell and Blanchflower 2011)
- Subjective well-being varies by age with prime-age workers feeling more distressed (McKee-Ryan et al 2005 for a review)
  - Lower employment attachment or commitment among (unemployed) youth (Jackson et al. 1983; Carle, 1987) and, alternatively, greater financial and family commitments of prime age workers (Jackson and Warr 1984).

## Research question and literature review (II)

- Several recent studies analyse the role of labour market and welfare state institutions in subjective insecurity (e.g. Erlinghagen 2008, Chung & van Oorshot 2011, Esser & Olsen 2011; van Oorshot & Chung 2015) and in moderating the effect of unemployment on subj. well-being (e.g. Wulfgramm 2014)
  - Using multi-level approaches they suggest that institutions such as EPL, social security exp. or union density correlate with subj. insecurity or well-being
  - Such institutions are found to be less important than individual or job characteristics and macro-economic indicators
  - Some inconsistencies in results and no explicit analysis on youth
- We draw on these studies and expand them looking at early career insecurity and well-being; using the flexicurity framework we ask in particular whether country differences are better accounted for by variation in financial security or through greater job prospects

# Data, research design and measures (I)

## Data source

- European Social Survey 2004 and 2010 (pooled)
  - 2004 and 2010 waves with special modules on work, family and well-being (e.g. sensitivity measure, social support items, perceived insecurity)

## Sample

- 23,263 individuals (<35 yrs); 36,628 individuals (35-64 yrs)
- 20 European countries included in both waves

## **Dependent variable: Life-satisfaction (evaluative measure, widely used)**

- All things considered, how satisfied are you with your life nowadays?
- 11-point scale from 0 (extremely dissatisfied) to 10 (extremely satisfied)

## Sensitivity test using 3 items index on well-being, WHO (affective measure)

- Have felt cheerful and in good spirits last 2 weeks,
- Have felt calm and relaxed last 2 weeks,
- Have felt active and vigorous last 2 weeks

# Data, research design and measures (II)

## Analytical strategy: **Multilevel models (MLM)**

(Random intercept multi-level linear regression models)

- Separate analysis for youth (<35 yrs) (focus) and adults (35-64 yrs)
- Cross-level interactions between employment status and institutions

## Individual level explanatory variables:

- Impact of **employment stability on well-being**
  - > expectation: young persons currently employed and not having experienced unemployment during previous 5 yrs have higher well-being than those currently unemployed and those with recent unemployment experience
- Impact of **financial hardship at household level** on well-being

**Individual level controls:** gender, self-defined health status, age, household composition, marital status, children <18 in household, social contacts and social support, and highest education level

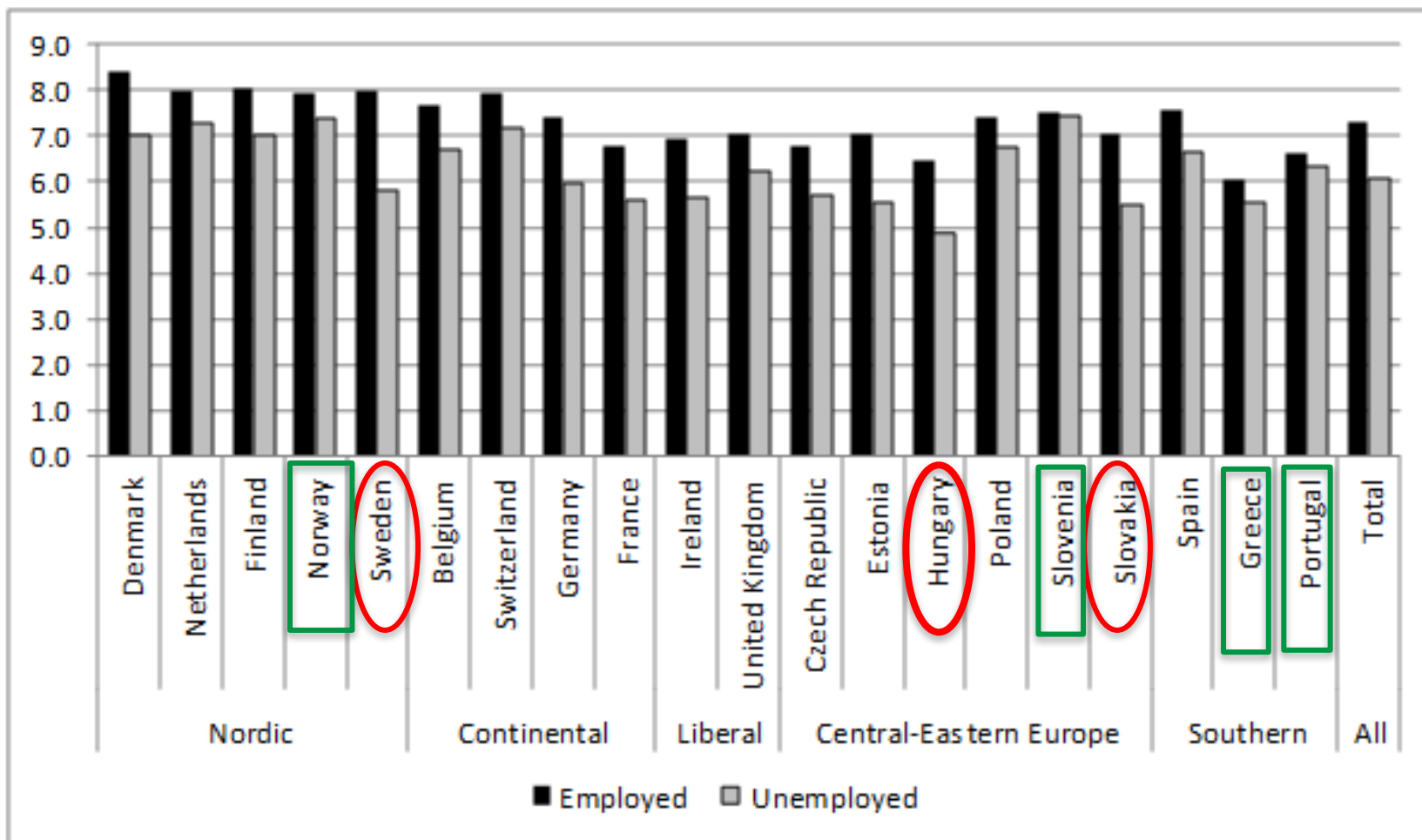
## Data, research design and measures (III)

### Institutions capturing the flexibility-security interface

Employment prospects		Financial security
<b>Job security/labour market flexibility</b>	<b>Employment/employability security</b>	<b>Income security</b>
<ul style="list-style-type: none"> <li>• <b>EPL indicators</b> separately for regular and temporary workers (OECD)</li> <li>• <b>Perceived insecurity*</b> (ESS)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>ALMP expenditure</b> in % of GDP/unemployed (OECD)</li> <li>• <b>ALMP participant stocks</b> in % of labour force (OECD)</li> <li>• <b>Average unemployment</b> over 5 years, youth and total (LFS)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Passive Labour Market Policy expenditure</b> in % of GDP/unemployed (OECD)</li> </ul> <p>(Alternative measures on UB coverage were considered)</p>
Trade union density (ICTWSS)		

\*employed who feel very insecure

## Figure 1: Life satisfaction among employed and unemployed aged under 35 years by country



Source ESS data, 2010 wave.

Note: Weighted by post stratification weights

# Final MLM OLS model of life-satisfaction (15-34 years), level 1 effects

		coeff
Easily coping/coping on present income	Difficult/very difficult to cope on hh income	-0.863***
Employment Status  Ref: employed & no unemp in last 5 yrs	Employed + unemp last 5 yrs	-0.353***
	Inactive incl. students + unemp last 5 years	-0.260***
	Inactive incl. students + no unemp last 5 yrs	0.191***
	Currently Unemployed	-0.756***
	Female	0.046
Ref 30-34 yrs	Age 15-19	0.506***
	Age 20-24	0.216***
	Age 25-29	0.126***
Social support	Frequent socialise	0.170***
	Someone for support	0.545***
Live without parents	Live with one parent	-0.159***
	Live with two parents	0.043
Ref: single never married	Live with Partner	0.481***
	Widowed	-1.191***
	Separated/divorced	-0.168

\*\*\* p<0.01, \*\* p<0.05, \*<0.1. **Additional controls:** health, education, year, level 2: EPL perm, ALMP exp., PLMP exp.



# Final model of life satisfaction, youth (15-34 yrs), Level 2 effects

	Separate models Coef	Jointly estimated Coef
Individual level controls	√	√
<b>JOB SECURITY/LM FLEXIBILITY</b>		
Employment protection regular contracts	-0.199*	-0.187**
Employment protection temp contracts	-0.011	
Propn of employed very insecure	-2.432***	
<b>EMPLOYMENT/EMPLOYABILITY SECURITY</b>		
ALMP spending % GDP <sup>2</sup>	3.836***	4.335***
Participants in ALMP as % of lab force	0.034	
Average Youth Un Rate 5 years <sup>1</sup>	-0.022*	
<b>INCOME SECURITY</b>		
Passive spending % GDP <sup>2</sup>	1.358**	-0.320
<b>CONTEXTUAL</b>		
Union density	0.011***	

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

<sup>1</sup>Lagged by 1 yr

<sup>2</sup>Spending adjusted by unemployment level.

# Conclusions

- Our results suggest that **employability dimension** plays key role at societal level for life satisfaction (ALMP and unemployment effect)
- Similarly, the **job security/LM flexibility interface** seems to matter
  - Strict EPL for regular jobs and subjective insecurity associated with lower life satisfaction, small positive impact of EPL for temp. contracts for unemployed & inactive youth only
- Small positive effect for **income security dimension** (somewhat larger for adults) *only* when included alone in model
  - Relatively few young people covered by UBs
  - Influence of the WFS for the unemployed is already likely to work through the indicator of financial difficulty at the individual level
- Proportion of variance at country and country-year level higher for adults suggesting that **institutional effects are weaker for the younger age group**
- Some evidence that material and immaterial family resources act as **functional equivalents** to institutions

# Outlook and implications for future research and policy (I)

## Advantages of Multilevel Models (MLM):

- Allow to estimate both individual level and institutional level effects captured by flexicurity arrangements
- Facilitate cross-level interactions

## Disadvantages of MLM:

- Very aggregate results
- Short-comings on some of the macro-level indicators (e.g. PLMP)
- Limited degrees of freedom to include combinations of institutional level indicators

## ESS data prime source for comparative research on well-being

- Inclusion of newer waves preferable but restrictions due to special module variables
- Consider running separate models for employed and non-employed youth to add job characteristics such as contract form, work place representation

# Outlook and implications for future research and policy (II)

## Explicitly address youth with regard to policies at the flexibility-security interface

- Much to gain from such policies due to prevalence of early career insecurity (unemployment and labour market flexibility)
  - lesser reach of EPL due to non-standard contracts
  - lower UB coverage due to shorter contribution histories

## Further improve comparative LM and WFS indicators

- PLMP coverage data particularly problematic
- ALMP expenditure/participation disaggregated for youth?

→ **More information on research carried out in STYLE project:**

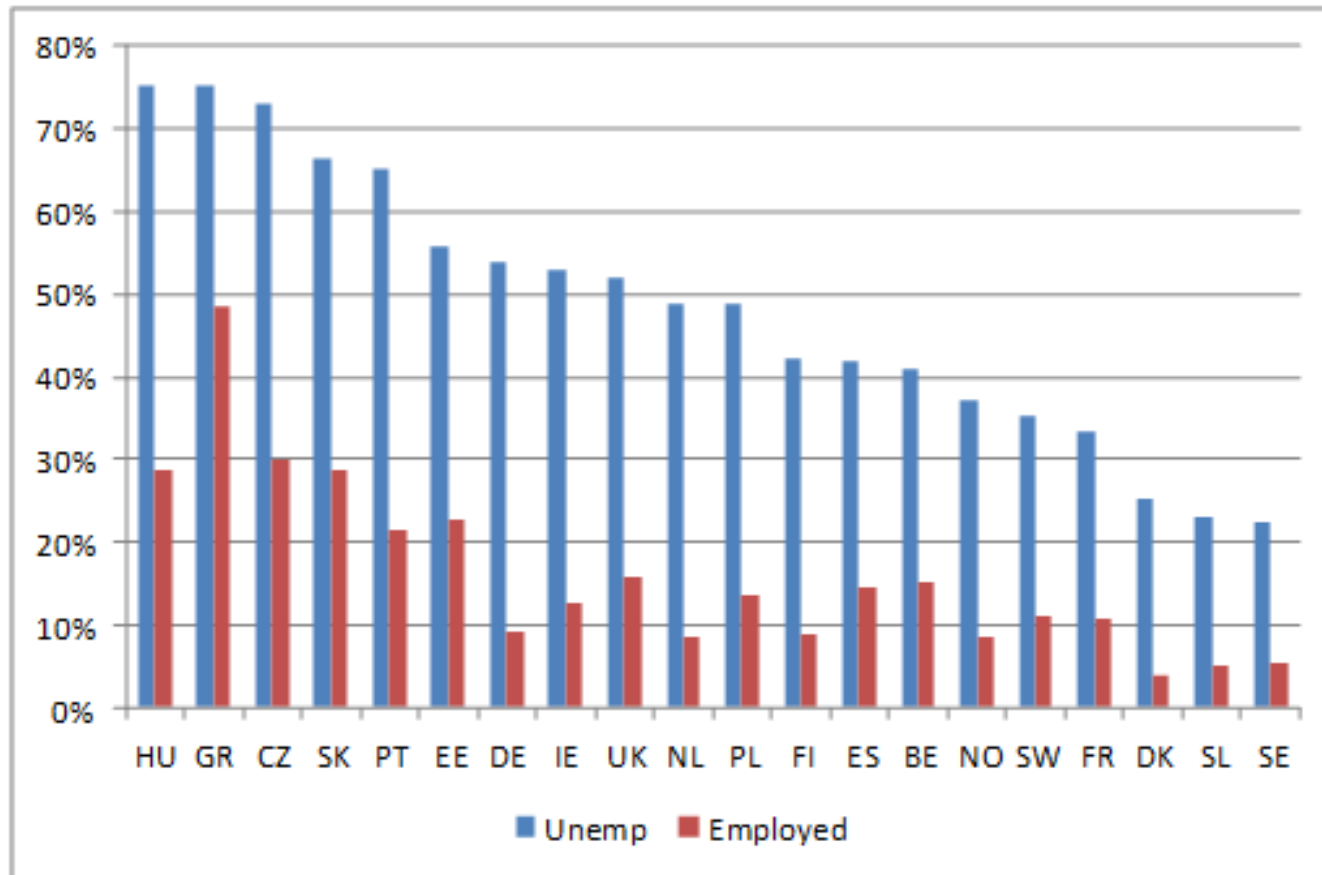
<http://www.style-research.eu/>

**Policy Makers:** O'Reilly/Moyart/Nazio/Smith (2017) Youth Employment: STYLE Handbook: <http://style-handbook.eu>

**Academia:** O'Reilly/Leschke/Ortlieb/Seeleib-Kaiser/Villa (2018, forthcoming) Youth Labor in Transition: Inequalities, Mobility and Policies in Europe, Oxford University Press.

# **ADDITIONAL SLIDES**

## Proportion of Unemployed and Employed under 35 Years Experiencing (Great) Difficulty Coping on Present Income



Source: ESS 2004 and 2010.

Note: Employed = currently employed with no unemployment experience in the last 5 years.

**Table 2: Multi-level OLS Model of Life Satisfaction (scored 1-10) Individual Effects**

		<b>Under 35</b>		<b>35-64 years</b>	
		coeff	Sig	coeff	Sig
(easily) Coping on present income	Difficult/very difficult to cope on hh income	-0.863	0.000	-1.260	.000
Ref: employed & no unemp in last 5 years	Employed + un in last 5 yrs	-0.353	0.000	-0.384	.000
	Inactive incl. students + un in last 5 years	-0.260	0.000	-0.399	.000
	Inactive incl. students + no un in last 5 yrs	0.191	0.000	0.014	.578
	Currently Unemployed	-0.756	0.000	-0.675	.000
	Female	0.046	0.059	0.149	.000
Self-rated health good/v. good	Health (fair/bad)	-0.825	0.000	-0.778	.000
Age Ref 30-	Age 1519	0.506	0.000		
	Age 2024	0.216	0.000		
	Age 2529	0.126	0.000		
Social support	Frequent Socialise	0.170	0.000	0.132	.000
	Someone for support	0.545	0.000	0.548	.000
	Live with one parent	-0.159	0.000	-0.080	.096
	Live with two parents	0.043	0.233	-0.036	.616
	Child(ren) under 18	0.024	0.200	0.026	.010
Ref: single never married	Live with Partner	0.481	0.000	0.439	.000
	Widowed	-1.191	0.000	0.038	.555
	Separated/divorced	-0.168	0.050	-0.133	.003
Ref: Third level Education	Less than lower secondary	-0.161	0.005	-0.083	.035
	Lower secondary	-0.186	0.000	-0.058	.065
	Upper secondary	-0.143	0.000	-0.093	.000
	Post Secondary	-0.128	0.058	-0.099	.050
	Constant	6.059	0.000	6.144	.000

**Table 2: Multi-level OLS Model of Life Satisfaction (scored 1-10) Individual Effects (suite)**

Ref: Third level Education	Less than lower secondary	-0.161	0.005	-0.083	.035
	Lower secondary	-0.186	0.000	-0.058	.065
	Upper secondary	-0.143	0.000	-0.093	.000
	Post Secondary	-0.128	0.058	-0.099	.050
	Constant	6.059	0.000	6.144	.000
<b>Variance Components</b>					
	Variance (country)	.1157		.3074	
	Variance (year)	.0028		.0017	
	Variance (country-year)	.0454		.0887	
	Variance individual	3.1201		3.45053	
	N Individuals	23,263		36,628	
	N Countries	20		20	
	N Country Years	39		39	

Source ESS data, 2004 and 2010, Round 2 and 5.



**Table 3: Institutional and Labour Market Influences on Life Satisfaction**

	Under 35		35-64 yrs	
	A Separate models	B Jointly estimated	C Separate models	D Jointly estimated
<b>Individual level controls</b>	✓	✓	✓	✓
<b>JOB SECURITY/LM FLEXIBILITY</b>	Coef	Coef	Coef.	Coef
Employment protection regular contracts	-0.199 *	-0.187 **	-.350 **	-0.350 ***
Employment protection temp contracts	-0.011		-.071	
Propn of employed very insecure	-2.432 ***		-3.44 ***	
<b>EMPLOYMENT/EMPLOYABILITY SECURITY</b>				
ALMP spending % GDP <sup>2</sup>	3.836 ***	4.335 ***	6.363 ***	7.046 ***
Participants in ALMP as % of lab force	0.034		0.061	
Average Youth Un Rate 5 years	-0.022 *		-0.038 **	
Average Total Un rate 5 years	-0.038 **		-0.060 **	
<b>INCOME SECURITY</b>				
Passive spending % GDP <sup>2</sup>	1.358 **	-0.320	2.247 ***	-0.409
<b>CONTEXTUAL</b>				
Union density	0.011 ***		0.175 ***	

Note: The results in column A and C are taken from multiple models in which each institutional variable is separately evaluated and D are available in the appendix. Models include all individual level controls listed in Table 2.

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1<sup>1</sup>Lagged by 1 yr

<sup>2</sup> Spending adjusted by unemployment level.

**Table 4: Cross-level interactions: Individual Employment Status and institutional factors Under 35 years**

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
<b>Individual level Vars</b>						
Employed, unemp spell in last 5yrs	-0.351***	-0.399***	-0.353***	-0.342***	-0.343***	
OLM, unemp spell in last 5yrs	-0.510***	-0.520***	-0.243***	-0.131*	-0.122*	
OLM no unemp in last 5yrs	-0.064	.039	0.207***	0.325***	0.335***	
Unemployed	-1.232***	-1.316***	-0.763***	-0.585***	-0.578***	
Control Variables <sup>1</sup>	√	√	√	√	√	
Cntry level * Individual employment status						
EPL regular contracts <sup>2</sup>	-0.261**					
Unem * EPL regular contracts	0.199***					
OLM* EPL regular contracts	0.106***					
EPL temp contracts <sup>2</sup>		-0.047				
Unem*EPL temp contracts		0.189***				
OLM *EPL temp contracts		0.070*				
Un Rate Average 5 years <sup>2</sup>			-0.0461**			
Unemp * Un rate			0.001			
OLM * Un rate			0.0199***			
PLMP <sup>2</sup>				1.848***		
Unemp *PLMP				-1.279***		
OLM * PLMP				-0.954***		
Almp <sup>2</sup>					4.814***	
Unem*ALMP					-2.593***	
OLM *ALMP					-1.788***	
% Feel Insecure						-2.537***
Unemp*% feel insecure						-0.302
OLM*% fee insecure						0.303
Constant	6.677***	5.968***	6.047***	5.788***	5.701***	6.450***

<sup>1</sup> Models include all individual level controls listed in table 2

# European Social Survey (ESS)

## Characteristics:

- academically-driven cross-national survey administered in over 30 countries to date
- strict random probability sampling, a minimum target response rate of 70% and rigorous translation protocols
- face-to-face interview with questions on a variety of core topics repeated every round and special modules partly repetitive

## Aims:

- monitor and interpret changing public attitudes and values within Europe and investigate how they interact with Europe's changing institutions,
- advance and consolidate methods of cross-national survey measurement in Europe and beyond
- develop a series of European social indicators, including attitudinal indicators

## Unit of Analysis

- individuals

## Universe

- all persons aged 15 and over resident within private households, regardless of their nationality, citizenship, language or legal status

## Time Method

- Cross section, 2 yearly. Partly repetitive

## Restrictions

- The data are available without restrictions, for not-for-profit purposes