Do active labour market policies reduce the harmful effects of job insecurity? Evidence for flexicurity from the EWCS and ESS

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Flexicurity

• Definitions tend to have the following four components:
  – employer flexibility in hiring and firing
  – employability through training and active labour market policies
  – supportive social security system
  – high-trust social dialogue
Benefits of Flexicurity

• Economic benefits
  – Eg flexible labour market, responsive to changes in markets, technologies, etc

• Social Benefits
  – Reducing unemployment, particularly long-term unemployment.
  – Reducing poverty during unemployment
  – Reducing the **fear** and **anxiety** associated with job loss
Hypothesis

- Job insecurity causes lower psychological wellbeing, but this relationship will be moderated by flexicurity policies
  - Countries with successful flexicurity policies will show a weaker relationship between perceived job insecurity and poor psychological wellbeing.
Measuring Job Insecurity

• 1) Fourth European Working Condition Survey (EWCS, 2005).
  “How much do you agree or disagree with the following statement describing some aspects of your job:
  ‘I might lose my job in the next 6 months’”.

Responses were to ‘Strongly agree’ (5.5%), ‘Agree’ (9.7%), ‘Neither agree nor disagree’ (11.9%),
‘Disagree’ (26.0%), ‘Strongly disagree’ (41.5%), ‘Don’t know’ (5.0%) and ‘Refusal’ (0.5%).

• 2) European Social Survey Round 3 (ESS, 2006).
  “How likely would you say it is that you will become unemployed in the next 12 months”.

Responses were to “Would you say it was ‘Very Likely’ (2.2%), ‘Likely’ (5.1%), ‘Not very likely’
(19.6%) or ‘Not at all likely’ (25.8%)”. Also noted was ‘Not Applicable’ (45.2%), ‘Refusal’ (0.1%),
‘Don’t know’ (1.9%) and ‘No answer’ (0.2%).
Scatterplot showing the average level of insecurity for two sets of data
(Source: EWCS, 2005; ESS, 2006)

ESS average level of insecurity = 4.43 + -0.56 * EWSinsavg
R-Square = 0.76
Measuring wellbeing: EWCS 2005

The Stress-related illnesses were taken from the question “How does it [your job] affect your health?” carrying on from the previous question of “Does your work affect your health or not?”.

Job insecurity against the mean score for stress-related illnesses
(Source: EWCS, 2005)

q37a. I might lose my job in the next 6 months.
Correlation between job insecurity and stress-related illnesses (Source: EWCS, 2005)
Measuring Wellbeing: ESS 3

• Anxiety and Depression

“I will now read out a list of the ways you might have felt or behaved during the past week. Using this card, please tell me how much of the time during the past week:

- you felt sad? (0.75)
- you felt lonely? (0.73)
- you felt depressed? (0.70)
- you felt bored? (0.65)
- you felt anxious? (0.61)
- you felt that everything you did was an effort? (0.52)

(factor loadings in brackets)
(Response Scale: none or almost none of the time, some of the time, most of the time, all or almost all of the time, DK)
Measures of Wellbeing ESS 3

Quality of Sleep
“I will now read out a list of the ways you might have felt or behaved during the past week. Using this card, please tell me how much of the time during the past week:
- You felt really rested when you woke up in the morning? (-0.82)
- you felt calm and peaceful? (-0.66)
- you felt tired? (0.62)
- you felt that your sleep was restless? (0.56)
Job insecurity against the mean score for anxiety and depression

(Source: ESS Wave 3, 2006)
Job insecurity against the mean score for poor quality of sleep

(Source: ESS Wave 3, 2006)
The impact of job insecurity (recoded) on anxiety and depression as seen in the different groups of European countries

(Source: ESS Wave 3, 2006)
Univariate Analysis of job insecurity against country for “anx & dep” (Source: ESS Wave 3, 2006)

Tests of Between-Subjects Effects

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R Squared = .083 (Adjusted R Squared = .082)
The impact of job insecurity (recoded) on sleep as seen in the different groups of European countries
(Source: ESS Wave 3, 2006)
Controlling for other variables

• This lack of interaction between country clusters and job insecurity on wellbeing continued to hold even when controlling for gender, age, education, occupation, industry, contract, part-time-full time.

• The relationship with countries did not seem to be dependent on levels of employment protection indices, etc.
Why the lack of evidence for the benefits of Flexicurity?

1. Uncritical Acceptance.
   - EU needs consensus for policies.
   - Year of antagonism between welfare models, Anglo-Saxon vs Continental (Antoniades, 2008).
   - Flexicurity offered an opportunity to move beyond this deadlock to a consensus distinctive European model.
“Mission for Flexicurity”
(Council for the European Union, 2008)

• emphatic statements like
  – “… flexicurity is without doubt the strategy that European labour markets must adopt in order to adapt to new requirements, …” (p4)
  – welcomed the fact that it had “increased its legitimacy” through the “participation of the European social partners” (p5).

• i.e. Sought consensus, not evidence.
Why is Job Insecurity harmful?

• Flexicurity policies assume the reasons are primarily **Economic**
  – fear of loss of wages in the period of unemployment following job loss
  – fear of difficulty gaining re-employment in a good job

So the cure is to be found by generous benefits and employability through training.
But perhaps the effects are psychologically mediated?

- Concern over loss of status?
- Stigma of unemployment
- Fear of uncertainty
- Loss of work colleagues?
- Loss of seniority?
Psychological reasons for aversion to job insecurity.

• “To have a reasonably stable situation at home, that’s the most important thing. A stable home life and a stable situation and then obviously the work is tied in because you can’t do it without money, really”. (Nolan, 187).
The indivisible Psychological and Economic rationales.

• “I felt that, although I was still the father and the husband at home, whilst I wasn’t working, I didn’t feel that I was the provider. I felt I was letting them down.... My work provides me with the wherewithal to give my family what I believe they’re entitled to”. (Nolan, 187)
Conclusions

• The relationship between job insecurity and psychological wellbeing seems to be remarkably unpredictable between countries, independent from their level of claimed or actual flexicurity policies.

• This calls into doubt one of the important claimed benefits of flexicurity – ameliorating the threat associated with job loss.

• Why?
  – Lack of knowledge about active labour market policies, etc?
  – Psychological attachment is with current job, not “employability”? 
The correlation between job insecurity and quality of sleep (Source: ESS Wave 3, 2006)
The correlation between job insecurity and anxiety and depression (Source: ESS Wave 3, 2006)