Job insecurity and life satisfaction across Europe: The moderating role of economic climate
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Data and methods

To take account of the clustering of individuals within countries a multilevel regression approach is used, where the level-1 is individuals and level-2 is countries (N = 11,098 and N = 14, respectively). The dependent variable is life satisfaction, a continuous measure that asks, “all things considered, how satisfied are you with your life as a whole nowadays?” Responses range from 0 (‘extremely dissatisfied’) to 10 (‘extremely satisfied’). Job insecurity is operationalised using a binary indicator of whether the individual felt it was ‘likely’ or ‘very likely’ that they would lose their job in the next 12 months (compared to ‘not very likely’ or ‘not at all likely’). The null model is given in (1), below, where ‘satisfaction’ represents life satisfaction (the dependent variable) and δ16 and δ17 represent the proportion of variability in life satisfaction that is attributable to individual and country differences, respectively.

\[ \text{satisfaction} \sim N(\mu, \tau) \]

\[ \mu = \beta_0 + \beta_1 x + \epsilon \]

\[ \tau = \sigma_x + \sigma_{x \epsilon} + \eta \]

To test the moderation hypothesis 5 contextual variables measuring ‘national economic climate’ were considered (listed below). These are sourced from Eurostat and measured at the national level. An interaction term was calculated as the product of the binary ‘job insecurity’ variable and each contextual moderator. The main effect and interaction term for each measure was included in the model in turn, as shown in equation (2), above.

1) Country aggregate level of ‘satisfaction with the state of the economy’
2) Unemployment rate (2006)
3) Average annual rate of change in the unemployment rate (2001-2006)
4) Gross domestic product (Purchasing power parities per inhabitant, 2006)
5) Average annual rate of change in GDP (2001-2006)

As the tables show, job insecurity is significantly associated with life satisfaction in all 5 models. Going from low to high job insecurity is, on average, associated with a 0.48 to 0.57 reduction in life satisfaction, controlling for other variables in the model. Significant interaction effects are observed for four out of the five measures of ‘economic climate’. Consistent with expectations, national GDP and the country aggregate of ‘satisfaction with the state of the economy’ both significantly buffer the association between job insecurity and life satisfaction. Conversely, national unemployment and the trend in unemployment act as stressors. For individuals reporting higher job insecurity, a unit increase in the country aggregate of ‘satisfaction with the state of the economy’ is associated with an increase in life satisfaction of 0.212, in addition to the independent effects of these variables. The combined effect of high job insecurity and a unit increase in the national unemployment rate is associated with a 0.38 reduction in life satisfaction, on average. Similarly, an increase in the unemployment trend (the average percentage change in the employment rate over 5 years) is significantly associated with a 0.03 reduction in life satisfaction.

These findings are in line with expectation. Positive measures of ‘economic climate’ (i.e. GDP and the national aggregate of ‘satisfaction with the economy’) both act a buffer – reducing the association between job insecurity and life satisfaction. Conversely, negative measures of economic climate (i.e unemployment) act to amplify the association.

Conclusions

This study has shown that not only are individuals directly affected by national economic conditions, but so too is the association between job insecurity and well-being. Job insecurity is negatively associated with well-being in all countries, but this association is stronger in countries where GDP is lower, unemployment is higher and, on average, people are less satisfied with the ‘state of the economy’.

References


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