



what works wellbeing

how does unemployment affect our wellbeing? What can reduce the damaging effects of unemployment? What happens to wellbeing when people (re)enter work?



unemployment, (re)employment and well-being



the big picture

People who lose their jobs lose their incomes. But what are the broader effects of unemployment on the wellbeing of individuals and their families?

Wellbeing measures how people feel about their lives, their own report of how things are going. The wellbeing measures considered in the studies in this review include life satisfaction, assessments of mental health, and self-esteem.

Unemployment is one of the most important factors affecting individual wellbeing, with negative impacts going beyond the effects on income. When measuring life satisfaction on a 0-10 scale, the unemployed report about 0.5 points lower compared to those who are in employment. However, the effects are different for different groups in different contexts.

This evidence is based on a systematic review

The information in this report is not based on a single study, which can give information that holds only for a specific group, in a certain context. It is based on a systematic review, which pulls together the global evidence base. It takes in published evidence from every country similar to the UK.

The data used in this evidence base mostly comes from large nationally representative surveys from the UK, Germany, Australia and the United States. We use GRADE to rate the quality of the body of evidence, this is the same



Your self-worth can really be affected if you're not enjoying your job



Public dialogue participant, Cardiff

In partnership with:



HM Government

Work and Learning Evidence Programme
What Works for Wellbeing
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standard used in health for assessing the effectiveness of an intervention.

For this review, we want to separate out the impacts of (un)employment on wellbeing from any effects in the opposite direction, i.e. those with lower wellbeing may find it more difficult to get a job.

However, the high quality studies in this review draw on longitudinal data or use instrumental variable estimators, which means it is possible to conclude that losing a job causes a drop in wellbeing, rather than simply showing a link together, or a correlation.

We sifted through 4,028 studies

and 99 were included



what evidence did we find?

There are three types of evidence



strong - we can be confident that there is an impact in the stated group and context.



promising - which we need to investigate further.



initial - there may be an effect, which we need to investigate further.

Strong, promising and initial evidence refer to high, moderate and low quality evidence / confidence as per GRADE and CERQual guidance.

All evidence should be considered alongside questions of possible benefits and risks, affordability, acceptability, feasibility and wider impacts, including equity issues, in the user setting. Where the evidence is less strong, these other considerations become even more important.

Key messages



Unemployment is damaging to people's wellbeing regardless of their age, gender, level of education, ethnicity or part of the country in which they live. The longer the time unemployed, the worse the effect. [References \[1\] to \[26\]](#)



People do not adapt to unemployment. Their wellbeing is permanently reduced. [References \[27\] to \[32\]](#)



Men's wellbeing is more affected by the incidence and duration of unemployment. [References \[33\] to \[39\]](#)



Wellbeing may decline further for young people, particularly if the spell of unemployment is longer. [References \[40\] to \[45\]](#)



Unemployment not only affects the person who lost their job, it also reduces the wellbeing of their spouse, especially female spouses. [References \[46\] to \[48\]](#)



Re-employment leads to higher wellbeing. [References \[49\] to \[56\]](#)

what evidence did we find?

(continued)

unemployment damages wellbeing



Unemployment is damaging to people's wellbeing regardless of their age, gender, level of education, ethnicity or part of the country in which they live. The longer the time unemployed, the worse the effect.

People do not adapt to unemployment. Unlike the impact of many other life events, their wellbeing is permanently reduced.

but it affects people differently

Gender matters. Men's wellbeing is more affected by the incidence and duration of unemployment.

Age matters. Wellbeing may decline further for young people, particularly if the spell of unemployment is longer.

Effects on others. Unemployment not only affects the person who lost their job, it also reduces the wellbeing of their spouse, especially female spouses.

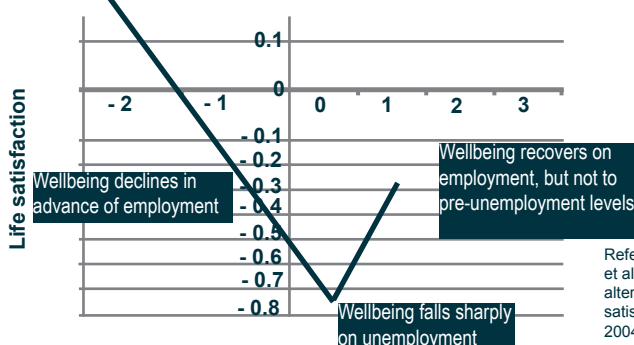
Explore the evidence 1

Adaptation to life events is common. Evidence suggests that when individuals have an adverse or even positive experience, their wellbeing initially falls or rises, but over time they become used to the new experience or environment. Their 'set point' changes and their levels of wellbeing returns to the previous levels. This is true for life events such as marriage, divorce, parenthood or widowhood. However, this is not the case for unemployment: we do not adapt.

Using a longitudinal study of 24,000 people living in Germany, this study found on average that individuals had lower life satisfaction following unemployment and this never recovered to the pre-unemployment levels. These results held for men and women but were stronger for men.

Unemployment alters the 'set point' for life satisfaction

Pre-experience of wellbeing



Reference: Lucas, R.E., et al., Unemployment alters the set point for life satisfaction. Psychol Sci, 2004. 15(1): p. 8-13.

what mitigates the damaging effect of unemployment?

Social support
Those who can rely on social support from family and friends.

Living in an area with high unemployment
There may be less stigma associated with unemployment where the local unemployment rate is higher, and in the UK, this results in a smaller the reduction in wellbeing from being unemployed.

Personality
Extroverts suffer less, while conscientious individuals suffer more.

Employability
Those with skills or who are more adaptable suffer less.

Social capital
Little evidence of mitigating effects from most social participation activities, including voluntary work, but regular religious attendance has buffering effect.

(re)employment boosts wellbeing



Re-employment leads to higher wellbeing

but it depends on the type of work



Men appear to gain more than women when they are re-employed, but it depends on the type of work.



Job quality. The increase in wellbeing is smaller for those who transition into a job with less prestige, lower pay or lower autonomy.



Temporary jobs. Increases in wellbeing is smaller for those who enter into temporary jobs compared to permanent work (and wellbeing declines if move from standard to non-standard employment).

To find out more about the Work and Learning programme, and read the other briefings in this series, please visit:

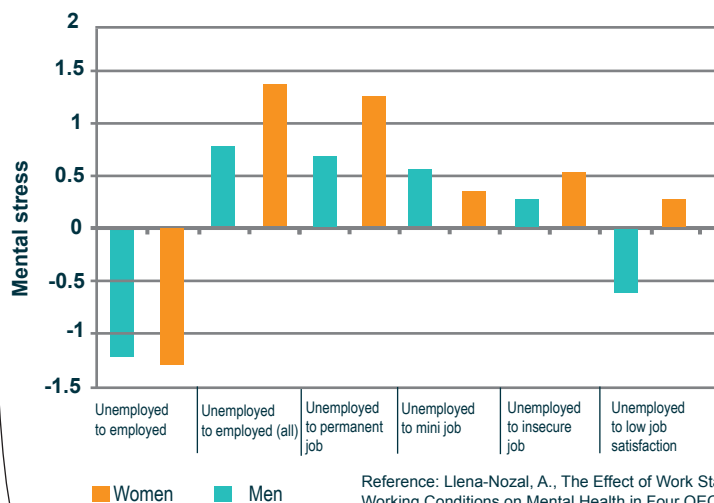
whatworkswellbeing.org/work-and-learning-3

Explore the evidence 2

This study used panel data from four OECD countries: Australia, Canada, Switzerland and the UK. Moving from non-employment into employment improved mental health in all four countries. However, the improvement in mental health was lower for those who took on non-standard forms of employment.

For those remaining in employment, a transition from employment to non-standard employment was associated with worsening mental health. For example, moving to seasonal or temporary employment had a significant adverse impact on mental health in Canada (only for men), UK and Australia. Transition into an unpleasant, dissatisfying job led to a deterioration in mental wellbeing across all the countries included in the study. Improvements in job security and satisfaction led to better mental health in all countries.

The Effect of Work Status and Working Conditions on Mental Health



Reference: Llena-Nozal, A., The Effect of Work Status and Working Conditions on Mental Health in Four OECD Countries. National Institute Economic Review, 2009(209): p. 72-87.

Transitions from school



Wellbeing is highest for those making a transition from school into employment, but this is sensitive to job quality. Young people who made the transition into non-career jobs were less happy than others in employment or education but those who made the transition into dissatisfying jobs can be less happy than the unemployed.

Exploring the evidence 3

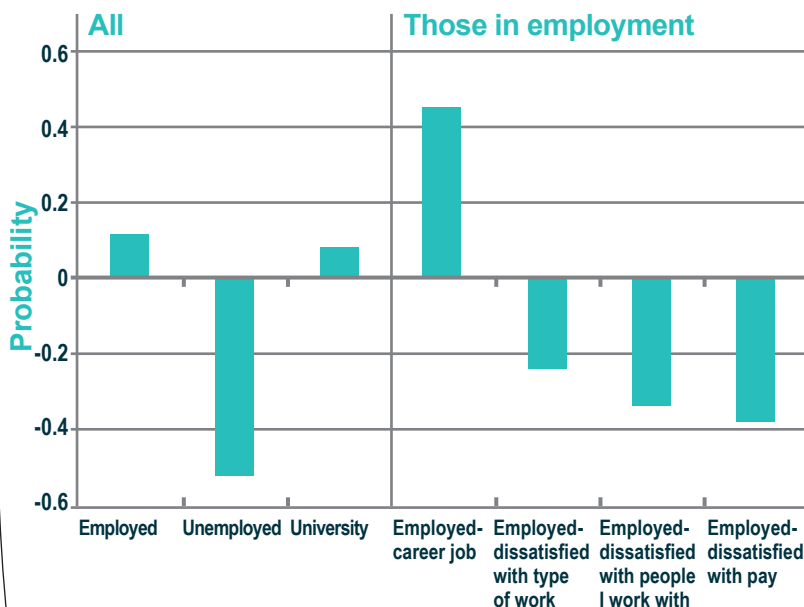
This evidence is best highlighted by a piece of research called *The Happiness of Young Australians: Empirical Evidence on the Role of Labour Market Experience* published in the *Economic Record* (2005) by Dockery, A.M.

It found that employed young people were the happiest. Unemployment had a detrimental effect on happiness of young people.

Being employed in a job young people saw as a career had a strong positive impact on their happiness.

However, young people employed in unpleasant, dissatisfying jobs were shown to be less happy than those who were unemployed.

Probability of being very happy with your life as a whole



The full systematic review will be made available following publication in an academic journal. If you would like to be alerted when the full systematic review is available, you can email info@whatworkswellbeing.org

how can we turn this evidence into action?

1



Prioritise long-term and youth unemployed: the evidence is clear that unemployment is damaging to wellbeing, with the effects going well beyond the loss of income and also affecting other household members. Interventions aimed at mitigating this should be targeted at all those experiencing unemployment but priority given to long term unemployed and youth unemployed, where the loss in wellbeing and potential for scarring is greatest.

2



Reduce the negative impacts: evidence suggests the priority lies with increasing employment. There could also a role for decreasing the negative experiences of the unemployed. This evidence suggests there could be a role through improving employability or recognising the importance of family and social connections.

3



Focus on quality jobs: the evidence confirms that wellbeing recovers on re-employment, but the size of the rebound depends on the quality of the new job. Thus as well as helping the unemployed back into work, policy has a role in promoting good quality, sustainable jobs (for example, through accreditation).