



Healing and/or breaking? The mental health implications of repeated economic insecurity



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ABSTRACT

Current literature confirms the negative consequences of contemporaneous economic insecurity for mental health, but ignores possible implications of repeated insecurity. This paper asks how much a person's history of economic insecurity matters for psychological distress by contrasting the implications of two models. Consistent with the health capital literature, the Healing model suggests psychological distress is a stock variable affected by shocks from life events, with past events having less impact than more recent shocks. Alternatively, the Breaking Point model considers that high levels of distress represent a distinct shift in life state, which occurs if the accumulation of past life stresses exceeds some critical value. Using five cycles of Canadian National Population Health Survey data (2000–2009), we model the impact of past economic insecurity shocks on current psychological distress in a way that can distinguish between these hypotheses. In our sample of 1775 males and 1883 females aged 25 to 64, we find a robust healing effect for one-time economic insecurity shocks. For males, only a recent one-time occurrence of economic insecurity is predictive of higher current psychological distress (0.19 standard deviations). Moreover, working age adults tend to recover from past accumulated experiences of economic insecurity if they were recently economically secure. However, consistent with the Breaking Point hypothesis, males experiencing three or four cycles of recent insecurity are estimated to have a level of current psychological distress that is 0.26–0.29 standard deviations higher than those who were employed and job secure throughout the same time period. We also find, consistent with other literature, distinct gender differences - for working age females, all economic insecurity variables are statistically insignificant at conventional levels. Our results suggest that although Canadians are resilient to one-time insecurity shocks, males most vulnerable to repeated bouts suffer from elevated levels of psychological distress.

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1. Introduction

Recently, Katz and Krueger (2016) have suggested that employment growth in the United States, particularly since the Great Recession, has been concentrated in precarious employment. Cranford et al. (2003) report a similar finding for Canada. Economic insecurity, defined as the “inability to obtain protection against subjectively significant potential economic losses” (Osberg, 1998, p. 17), has been on the rise in North America (Hacker et al., 2010; Osberg and Sharpe, 2009). As Hacker (2006) notes, many of society's risks which were at one time pooled and managed by over-

arching institutions have, in recent years, been shifted to the individual (e.g. the decline in number of North American firms offering health insurance and pension plans to their employees) [See also Wisman and Capehart (2010)]. Thus, long term growth of the precariat implies that economic insecurity is likely to be a recurring state for an increasing fraction of the population.

Numerous studies have confirmed the negative consequences of economic and job insecurity for mental health (Godin et al., 2005; Green, 2011; Marchand and Blanc, 2011; Meltzer et al., 2010; Rohde et al., 2016; Stansfeld and Candy, 2006; Sverke et al., 2002; Thomas et al., 2005; Watson and Osberg, 2017). However, this research has primarily focused on the contemporaneous relationship between insecurity and poor mental health and has, until now, not examined the possible implications of repeated insecurity. Nevertheless, it is reasonable to imagine that the mental health implications of the

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stress from economic insecurity might accumulate in their impacts. This paper therefore asks how much a person's history of economic insecurity matters for current psychological distress, over and above the impacts of recent insecurity.

We contrast two general perspectives of cumulative impacts. One hypothesis, consistent with the [Grossman \(1972\)](#) health capital model, is that mental health is a continuous stock variable which is subject to the shocks of life events, but because individuals heal from past events, older stresses have consistently less impact than more recent events – we call this the “Healing” model. Our second hypothesis can be thought of as the “Breaking Point” model – that when past life stresses accumulate, a longer sequence of past shocks produces cumulatively larger negative impacts on mental health. In this view, poor mental health represents a distinct shift in life state, which happens when the accumulation of stresses exceeds some critical value. We model the impact of past economic insecurity shocks on current mental health, measured using a psychological distress index, in a way that can distinguish between these hypotheses. Although research suggests resilience has the potential to moderate the negative effects of accumulated stress ([Beasley et al., 2003](#); [Chen and Miller, 2013](#); [Luthar et al., 2000](#); [Schetter and Dolbier, 2011](#); [Zautra et al., 2008](#)), this study sheds light on the degree to which working age Canadians are expected to psychologically cope with past incidences (multiple or otherwise) of economic insecurity.

It is important to note these hypotheses are not mutually exclusive. That is, while it is reasonable to expect a person to heal from past one-time spells of economic insecurity, repeated bouts may cause this same individual to break. Additionally, if this individual is later able to find secure employment, thereby ending their streak of insecure incidences, they may once again heal. Therefore, we ask: what pattern of healing and/or breaking from past encounters of economic insecurity do we observe?

Psychological theorists have underscored the importance of differentiating between the impacts of contemporaneous and accumulative stressors in evaluating an individual's mental health ([Lazarus, 1999](#); [Zautra, 2003](#)). However, there is a dearth of empirical research regarding this topic. Both [Bolger et al. \(1989\)](#) and [Schilling and Diehl \(2014\)](#) find the accumulation stress on an individual's negative affect is additive rather than multiplicative. However, in both studies, the analysis considered only the daily pile-up of stressors with [Schilling and Diehl \(2014\)](#) recommending the study of the accumulation of stress over a longer time horizon in order “... to gain a clearer understanding of the role of stressor pile-up in the overall stress process and with regard to health and well-being” (p. 80).

[Clark et al. \(2001\)](#) suggest that mental health is poorer not only for those currently unemployed but also for those who experienced past bouts of unemployment – even if these individuals have since become re-employed. The authors refer to the impact of past spells of unemployment as having a “scarring” effect on an individual's well-being, suggesting that individuals may find it difficult to heal from past negative economic shocks. In a subsequent paper, [Knabe and Ratzel \(2011\)](#) extended the above research noting that the scarring from past spells of unemployment is largely the result of worsened expectations of the probability of becoming unemployed in the future. That is, past unemployment is correlated with a person's perception of future unemployment and once this perception is controlled for, past unemployment spells are no longer predictive of an individual's well-being. The authors suggest that past unemployment produces not so much a “scarring” effect but a “scaring” effect.

We extend this research by evaluating the impact of the sequence of past spells of economic insecurity on mental health. [Watson and Osberg \(2017\)](#) find that the threat of unemployment

can be just as detrimental, and in some cases even more concerning, to individuals than the actual occurrence of job loss. This is an issue of special importance for individuals who find themselves part of the precariat as they are more likely to transition frequently between states of job insecurity and joblessness. Thus, our objective is to examine the threat and/or occurrence of past negative economic shocks and their effect on current mental health. Moreover, while [Clark et al. \(2001\)](#) and [Knabe and Ratzel \(2011\)](#) evaluate the impact of past unemployment over the three years prior to their survey date, we include the effects of past economic insecurity during a period of eight years prior to time of survey.

Our data is drawn from Canada's National Population Health Survey (NPHS); a household survey of Canadians taking place every two years from 1994 to 95 (cycle 1) until 2011 (cycle 9). Because the Research Data Centres of Statistics Canada only make NPHS microdata available with rigorous safeguards to protect anonymity, ethics approval is not required. As stated by [Tambay and Catlin \(1995\)](#), “The NPHS target population includes household residents in all provinces and territories, except persons living on Indian Reserves, or Canadian Forces Bases, and in some remote areas” (p. 30). We examine data ranging from 2000 to 01 (cycle 4) until 2008–09 (cycle 8) with cycles 1, 2, and 3 being excluded given they do not contain questions regarding an individual's perception of job insecurity nor precise estimates of household income. Cycle 9 was released after we had secured access to the data, and thus is excluded. In determining the sample, the survey implemented a two-stage stratified design based on the selection of households within independent clusters. The clusters are derived by dividing each province into three types of areas: urban centres, urban towns, and rural areas. Clusters within each area are stratified by geography and/or socioeconomic characteristics. Finally, household lists within the clusters are used in determining the sample of households. To account for the survey's stratified sampling design, nonresponse rates, and distribution by province, gender, and age, longitudinal weights provided by NPHS are applied to all statistical analyses.

We examine working age adults who were at least 25 years of age at the beginning of the study period (i.e. cycle 4) and under the age of 64 by the end (cycle 8). Mental health is measured using the [Kessler et al. \(2002\)](#) psychological distress scale which measures “non-specific psychological distress” for respondents age 18 and older. The scale is derived based on responses to a set of questions regarding depressive and anxiety symptoms respondents may have experienced during the four weeks preceding the survey and has been widely validated ([Arnaud et al., 2010](#); [Kessler et al., 2010](#); [Kubiak et al., 2010](#); [Prochaska et al., 2012](#)). Respondents were asked to evaluate the following statements: “felt so sad that nothing could cheer you up”, “felt nervous”, “felt restless/fidgety”, “felt hopeless”, “felt worthless”, and “felt everything was an effort” on a 5 point Likert scale ranging from “strongly disagree” (0) to “strongly agree” (4). Summation of the responses produces an index that ranges from a minimum value of 0 to a maximum of 24 with higher values indicating a higher level of psychological distress. For interpretation purposes, this variable is standardized to have a mean of zero and a standard deviation of one.

NPHS also collected data on a respondent's labour force activity and perception of job security. Since the social norm for working age adults in Canada is to have a job and to continue in that job, for this study we define economic security as the state of being employed and having a perception of job security. Respondents were asked to evaluate the statement “my job security is good” on a 5 point Likert scale, ranging from “strongly agree” (1) to “strongly disagree” (5). We define the respondent as being job secure if they answer this question with “agree”, “strongly agree”, or “neutral” (values 1, 2, and 3 respectively); job insecure otherwise (values 4

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