



# Employment insecurity and mental health during the economic recession: An analysis of the young adult labour force in Italy



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## ABSTRACT

**Background and objective:** A growing body of scientific literature highlights the negative consequences of employment insecurity on several life domains. This study focuses on the young adult labour force in Italy, investigating the relationship between employment insecurity and mental health and whether this has changed after years of economic downturn. It enhances understanding by addressing differences in mental health according to several employment characteristics; and by exploring the role of respondents' economic situation and educational level.

**Data and methods:** Data from a large-scale, nationally representative health survey are used to estimate the relationship between employment insecurity and the Mental Health Inventory (MHI), by means of multiple linear regressions.

**Results and conclusions:** The study demonstrates that employment insecurity is associated with poorer mental health. Moreover, neither temporary workers nor unemployed individuals are a homogeneous group. Previous job experience is important in differentiating the mental health risks of unemployed individuals; and the effects on mental health vary according to occupational status and to the amount of time spent in a condition of insecurity. Further, the experience of financial difficulties partly explains the relationship between employment insecurity and mental health; and different mental health outcomes depend on respondents' educational level. Lastly, the risks of reporting poorer mental health were higher in 2013 than in 2005.

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## 1. Introduction

In recent decades, Western economies have undergone profound social, economic, and legislative transformations which have had a major impact on labour market organization. Employment insecurity has increased through both increased unemployment risks and the diffusion of so-called “flexible” employment – a large and heterogeneous set of contractual arrangements which share a number of features. Compared to conventional forms of employment, these arrangements are associated with greater insecurity, worse working conditions, lower pay, and fewer social protections. A growing body of social and health sciences literature has focused

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E-mail addresses: [ff20@st-andrews.ac.uk](mailto:ff20@st-andrews.ac.uk) (F. Fiori), [rinesi@istat.it](mailto:rinesi@istat.it) (F. Rinesi), [daspizzi@istat.it](mailto:daspizzi@istat.it) (D. Spizzichino), [digiorgio@istat.it](mailto:digiorgio@istat.it) (G. Di Giorgio).

on the negative consequences of insecure employment on individuals' occupational prospects; their private, family, and social lives; and their well-being. The existing studies which have examined mental health outcomes have tended to focus on the risk of unemployment or the experience of job loss (Murphy and Athanasou, 1999; McKee-Ryan et al., 2005). A recent extensive review of the empirical literature on insecure unemployment (Paul and Moser, 2009) showed that on average people who were unemployed experienced more distress than people who had a job, although the strength of the association depended on the measure of mental health used. Furthermore, the negative effect of unemployment on mental health was found to be stronger in countries with a relatively low level of economic development, an unequal distribution of income, or a weak unemployment protection system. Gender, occupational status, and unemployment duration were found to be important mediators of the relationship between unemployment and psychological distress. The inclusion of longitudinal studies and natural experiments among the reviewed studies supported the assumption that unemployment was not

only correlated with distress, but also caused it. However, while a mental health-related selection effect into unemployment was observed, the effect was weak.

In the early 2000s, Dooley (2003, p. 9) noted that “a century of research on the mental health impact of employment status has documented the generally adverse effect of job loss. But this narrow focus on unemployment has largely ignored the social costs of other employment statuses.” Other scholars expressed similar views (Benach et al., 2000; Benach et al., 2002; Benach and Muntaner, 2007), including a shift away from comparing people’s health based on whether they are employed or unemployed, and towards comparing the health of individuals based on whether they have a stable job, or are either unemployed or underemployed.

Research on the health consequences of temporary employment is, indeed, relatively new. But the number of studies on this issue has risen steadily in the last two decades, partly in response to the significant changes in the labour markets of western economies, and partly because of growing concerns about the economic and social consequences of the diffusion of temporary and other non-standard work arrangements. At present, however, knowledge about the relationship between temporary employment and mental health is still limited, and the empirical evidence is mostly inconclusive. Virtanen et al. (2005) meta-analysis of 27 studies found an association between temporary employment and psychological morbidity, although the magnitude of the health risk depended on the degree of instability of the temporary employment, as well as on the context. Similarly, Artazcoz et al. (2005) reported that the strength of the association increased with the degree of insecurity of the contractual arrangement, and varied across gender and social class. More recent studies also showed that temporary contracts were associated with negative psychological outcomes, even after accounting for potential selection effects (Cottini and Lucifora, 2010; Pirani and Salvini, 2015; Quesnel-Vallée et al., 2010; Waenerlund et al., 2011). In contrast, some studies found that temporary workers had better mental health than permanent employees (Liukkonen et al., 2004), while others observed no significant differences in mental health between these groups (Bardasi and Francesconi, 2004 and Rodriguez, 2002; for Britain).

Discussing inconsistent findings, De Cuyper et al. (2008) highlighted the need for research designs which pay greater attention to the heterogeneity of the temporary workforce, as well as objective (working hours, contract duration) and subjective dimensions (volition and motives for accepting non-standard form of employment). They also called for the inclusion of mediators and/or moderators in analyses that can provide empirical evidence for explanations which have so far been largely speculative.

Although its scientific and societal relevance has been well documented, the relationship between employment insecurity and health in Italy has rarely been the focus of explicit investigation. A recent study by Pirani and Salvini (2015) is, to our knowledge, the only prominent exception. The authors used longitudinal data to assess the existence of a causal relationship, net of selection effects, between temporary employment and self-perceived health on a sample of employees of working age. Our study builds on this existing knowledge by focussing specifically on mental health among the young adult labour force in Italy. We use data from the Italian health survey to examine the situation of young adults in 2013, when the economic recession was still in full swing. We believe that the study of insecure labour market engagement and mental health is highly relevant for Italy, a country severely affected by the economic recession; and where, since the recession started, mental health has undergone the most pronounced deterioration among all of the health domains (ISTAT, 2014a).

## 2. Employment insecurity and mental health in Italy: focus of the research and hypotheses

Since the 1990s, employment insecurity has become more acute in Italy, through both the increasing risk of unemployment and changes in employment conditions. New “atypical” or “flexible” forms of employment – which in most cases involve contracts of limited duration – have become increasingly common, particularly among the younger generations. At the same time, the grey zone in the Italian labour market between salaried and self-employed work has expanded, which is sometimes called bogus (or false) self-employment, as the worker is classified as being of a self-employed contractor, but the relationship between the worker and the employer mirrors that of salaried work (McKay et al., 2012).

In 2005, the unemployment rate was 13.0% among young adults aged 15 to 34. In the same age group, temporary and atypical employment was very common, representing around one-quarter of total employment (ISTAT, 2005). Since the onset of the economic recession in 2008, the total unemployed population has increased 60%, with young adults contributing disproportionately to this rise. The unemployment rate for individuals aged 15 to 34 doubled from 11.7% in 2008–23.0% in 2013 (ISTAT, 2014b). Over the same period, the probability that young adults would become and remain employed decreased. Furthermore, permanent full-time employment has increasingly been replaced by atypical employment among individuals aged 15 to 29, and by part-time employment among adults aged 30 to 49 (ISTAT, 2013).

At the same time, increasing shares of young people have been experiencing problems related to mental health (anxiety, depression, food disorders, suicidal tendencies, drug and alcohol abuse). According to the most recent data, levels of psychological wellbeing among the Italian population worsened between 2005 and 2013, and young men aged 35 and under were the most affected segment of the population. Depressive syndromes were the most frequently reported type of mental health problem, and financial difficulties and job loss were associated with increasing levels of psychological distress (ISTAT, 2014a).

In our study, we have chosen to focus explicitly on the younger segment of the population – i.e., on individuals aged 18 to 39 – as both participation in the labour market and mental health have worsened to a greater extent among younger adults than among older adults. There has been growing concern that the deterioration in economic and psychological well-being among young adults will have significant repercussions for important life course transitions, such as leaving the parental home, union formation, and child-bearing (ISTAT, 2014c).

We complement existing knowledge about Italy in two ways. First, we extend the scope of our research to all young adults in the labour force by comparing permanent employment with temporary, self-, and unemployment. Second, we rely on a survey designed with the intent to measure the various component of health among the population in Italy, and we are thus able to focus explicitly on mental health.

The study addresses four main research questions:

1. Is there a significant relationship between greater employment insecurity and worse mental health among the youth labour force in Italy?
2. Which role do household financial circumstances play in the relationship between employment insecurity and mental health?
3. Does the relationship between employment insecurity and mental health vary by levels of educational qualification?

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