Social welfare matters: A realist review of when, how, and why unemployment insurance impacts poverty and health

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ABSTRACT

The recent global recession and concurrent rise in job loss makes unemployment insurance (UI) increasingly important to smooth patterns of consumption and keep households from experiencing extreme material poverty. In this paper, we undertake a realist review to produce a critical understanding of how and why UI policies impact on poverty and health in different welfare state contexts between 2000 and 2013. We relied on literature and expert interviews to generate an initial theory and set of propositions about how UI might alleviate poverty and mental distress. We then systematically located and synthesized peer-review studies to glean supportive or contradictory evidence for our initial propositions. Poverty and psychological distress, among unemployed and even the employed, are impacted by generosity of UI in terms of eligibility, duration and wage replacement levels. Though unemployment benefits are not intended to compensate fully for a loss of earnings, generous UI programs can moderate harmful consequences of unemployment.

1. Background

Existing studies on the connections between unemployment, poverty, and poor health abound (Artazcoz et al., 2004; Brenner and Mooney, 1983; Dooley, 2003; Dooley et al., 2000; Jahoda, 1981; Martikainen and Valkonen, 1996, 1998). Strong evidence supports the idea that unemployment increases the risks of *both* poverty (Gallie et al., 2003) and adverse health outcomes (Jin et al., 1995). The supporting rationale to conceptualize unemployment as a cause of poverty and poor health as effects are three-fold. The first argument is that unemployment often leads to poverty and material deprivation due to the loss of income and benefits (Bambra, 2011; Gallie et al., 2003). Second, unemployment, the threat of unemployment, or stigma from unemployment can be viewed as an acute and chronic stressor that impacts one's self-esteem and increases psychological distress (Lennon and Limonic, 1999). And third, it is argued that unemployment increases the likelihood of

adapting unhealthy coping behaviours (Dooley et al., 1996). Despite these contributions, less work has examined whether *unemployment insurance* (UI) mediates the negative consequences of unemployment on poverty and health (Rodriguez 2011), and whether these associations vary across *welfare states and regimes* that offer different kinds and levels of social protection for unemployed individuals (Bambra and Eikemo Terje, 2009). Moreover, realist review methods that synthesize theory and empirics to generate causal explanations and inner mechanisms for *why* and *how* UI policies shape and influence poverty and health are useful but have not been undertaken (Connelly, 2007; Kirst and O'Campo, 2011; Sayer, 1984).

Broadly defined, UI refers to income transfers and employment services made by state governments and/or trade unions to individuals who lose their jobs and are able to work but are unable to immediately find gainful employment. Unemployment insurance schemes are often constituted as a mix of three social protection principles: universalism, social insurance, and means-testing (Diderichsen, 2002). Whereas *universal* provisions of UI are available to all unemployed workers based on social citizenship rights,

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social insurance schemes are dependent on previous earnings and contributions, and *mean-testing* supports are restricted to those in financial need (Rhodes, 1997).

UI programs vary by type of welfare state regime with less generous programs in liberal regimes (e.g., United States), moderately generous programs in conservative regimes (e.g., Germany), and most generous programs in social democratic countries (e.g., Sweden). The liberal regime relies on means-testing schemes to determine UI eligibility given its historical orientation toward free market and individualistic values– or basis in Elizabethan Poor Laws as is the case in the UK; the conservative regime favours a social insurance model for male breadwinners since benefit entitlements are dependent on previously earned income and therefore reflect previous income structures; and social democratic countries feature universal UI systems which also often reflect previous wage levels and reflect the strong influence of unions and pro-labour political parties (Esping-Andersen, 1990). Given the complexity and variation in the policies across countries and jurisdictions, we provide a glossary of key terms in the attached Appendix.

In this paper, we undertake a realist systematic review of the current literature to produce a more nuanced and critical understanding on whether, why and how UI policies– in different welfare state contexts–: 1) increase or reduce poverty; and 2) improve or harm psychological health. By doing so, this represents the first study to unpack the causal mechanisms between UI, poverty, and mental well-being.

2. Data and methods

In accordance with Pawson's (2006) and as described in our protocol (Molnar et al., 2015) stages of realist evaluation, our methods include: (1) identifying the review question, (2) formulating our initial theory, (3) searching for primary studies, (4) selecting and appraising study quality, (5) extracting, analyzing and synthesizing relevant data, and (6) refining theory (iteratively as we analyze data).

2.1. Identifying the review question

This project is part of a larger program of research to evaluate the impact of structural policies –employment, housing, health, fuel poverty, family support as a few examples–on health inequalities in Europe (SOPHIE) funded by European Community's Seventh Framework Programme.

2.2. Initial theory and mechanisms

To identify our initial theory and mechanisms we consulted the literature for review articles and papers describing how UI is related to poverty and health but found very few peer-review or grey literature with sufficient detail to develop our initial realist mechanisms. Therefore we supplemented this activity with short interviews with experts who were policy-analysts, policy-makers, researchers, academics, advocates, and front-line personnel working in the area of UI. The purpose of the expert interviews was three-fold: (1) to gain input on our list of candidate CMO configurations (either supporting or refuting), (2) to identify additional CMO configurations, and lastly, (3) to identify additional literature and/or relevant concepts that we may have missed. Our initial theoretical framework has been published elsewhere (Molnar et al., 2015) but Table 1 includes a brief summary of our initial CMOs.

2.3. Searching for primary studies

To generate evidence to support our initial theoretical

Table 1
Initial mechanism configuration for poverty and health outcomes.

Context	Mechanism	Outcome
UI Policies which vary by eligibility criteria, replacement rate/benefit levels, duration of benefits, ability to earn some income while keeping benefits, & waiting period	**P1** Eligibility criteria for initiating and maintaining benefits impact the risk of falling into poverty. Whereas greater restrictions, such as a longer work period required for eligibility, stricter criteria for receiving benefits while also working, shorter duration of coverage, stricter criteria for refusal of job offers, and lower household income criteria, increase the risk of falling into poverty. **P2** Benefit Levels impact the risk of falling into poverty. Low levels of wage replacement increase the risk of falling into poverty. **P3** Short duration of UI coverage impacts the risk of falling into poverty. Longer waiting period once unemployed and shorter duration of coverage during the unemployment spell increase the risk of falling into poverty.	Short & Long-term Poverty
	H1 Eligibility criteria impacts psychosocial health with means-tested programs resulting in greater psychosocial impacts (i.e., stress) of being unemployed compared to universal programs in which everyone is entitle to receive UI. **H2** More generous UI benefits impact levels of stress and mental well-being. More generous benefits—for example, generous eligibility criteria including universal coverage, longer duration of coverage and greater wage replacement levels—contribute to low stress levels, fewer stress induced poor health behaviours, and better mental health. **H3** Universal coverage impacts levels of psychosocial stress. Universal coverage versus means-tested programs is less stigmatizing and results in lower levels of stress and better mental health.	Mental Health & Well-being

framework, we undertook a systematic search for primary empirical studies of any design (both qualitative and quantitative). An information specialist performed electronic searches in the following fourteen databases: *Ovid Medline*, *Social Sciences Citation Index* by Web *of Science*, *Ovid EMBASE*, *ProQuest*, *International Bibliography of the Social Sciences*, *Worldwide Political Science Abstracts*, *Political and International Studies (PAIS) International*, *EBSCO*, *FRANCIS*, *Sociological Abstracts*, *Applied Social Science Index and Abstracts*, *PsycINFO*, *EconLit*, and *International Political Science Abstracts*. Dates searched were from 2000 to 2013, and there were no restrictions applied to language or type of publication. Search terms included variations of terms representing our outcomes, poverty and health, combined with the following terms: *"unemployment insurance"*, *"employment insurance"*, *"unemployment assistance"*, *"employment assistance"*, *"unemployment protection"*, *"employment protection"*, *"unemployment benefit*"*, *"jobseeker's allowance"*, *"jobseeker's benefit*"*, *"workseeker's allowance"*, *"workseeker's benefit*"*, *and "unemployment compensation"*. Mechanism search terms for poverty and health will include:*"risk"*, *"at-risk"*, *"materialist"*, *"neo-materialist"*, *"psy-cho-social"*, *"stress*"*, and *"stigma*"*.

To enhance the breadth of our search, a snowball technique was used by the information specialist during the search for primary studies, as well as the research team members during the data extraction stage. This technique involved checking references for other relevant studies. Our search for primary studies was deemed