



# Is temporary employment damaging to health? A longitudinal study on Italian workers



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## ABSTRACT

Working conditions have changed dramatically over recent decades in all the countries of European Union: permanent full-time employment characterized by job security and a stable salary is replaced more and more by temporary work, apprenticeship contracts, casual jobs and part-time work. The consequences of these changes on the general well-being of workers and their health represent an increasingly important path of inquiry.

We add to the debate by answering the question: are Italian workers on temporary contracts more likely to suffer from poor health than those with permanent jobs? Our analysis is based on a sample of men and women aged 16–64 coming from the Italian longitudinal survey 2007–2010 of the European Union Statistics on Income and Living Conditions. We use the method of inverse-probability-of-treatment weights to estimate the causal effect of temporary work on self-rated health, controlling for selection effects.

Our major findings can be summarized as follows: firstly, we show a negative association between temporary employment and health that results from a statistical causal effect in the work-to-health direction, and does not trivially derive from a selection of healthier individuals in the group of people who find permanent jobs (selection effect). Secondly, we find that temporary employment becomes particularly negative for the individual's health when it is prolonged over time. Thirdly, whereas temporary employment does not entail significant adverse consequences for men, the link between temporary employment and health is strongly harmful for Italian women.

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## 1. Introduction

Working conditions have changed dramatically over recent decades in all the countries of European Union, and flexible forms of employment have become increasingly more relevant. Permanent full-time employment characterized by job security and a stable salary is replaced more and more by temporary work, apprenticeship contracts, casual jobs and part-time work. The diffusion of new forms of flexible and temporary work contracts has transformed the labor market entry and exit conditions, leading to growing instability in employment relationships (Benach et al., 2000). Between early nineties and the first decade of two thousand the share of temporary employment rose on average from 10% to 16% in the Euro area and perceived job insecurity increased simultaneously (Caroli and Godard, 2013; Eurofound, 2010).

The consequences of these changes on the general well-being of workers and their health represent an increasingly important path of inquiry. Some scholars have suggested that flexible forms of employment may lead to general benefits for workers (e.g., Natti, 1993; Benach and Muntaner, 2007; Guest and Clinton, 2006; Kalleberg et al., 2000; La Valle et al., 2002). When flexible jobs are a voluntary choice rather than an involuntary constraint – e.g., professional consultants or self-employed people – flexible, contingent and non-standardized conditions can enhance job satisfaction and quality of life, particularly for highly skilled workers (Guest and Clinton, 2006). Research from U.S., European Nordic countries and UK have shown that flexible works may entail higher wages (Kalleberg et al., 2000), and may represent a way to sample a variety of occupational experiences or a necessary phase towards a more integrated position in the labor market (Booth et al., 2002; Natti, 1993; Virtanen et al., 2005). Positive effects, in particular for women, may derive from the fact that these forms of flexible work allow to control working time, helping the

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reconciliation between paid work and family life (La Valle et al., 2002). On the other hand, however, the majority of scholars argue that flexible working arrangements imply negative consequences for both occupational prospects and private life, including health status, mainly due to their greater insecurity and poorer working conditions (e.g., Benavides et al., 2000; Ferrie, 2001; Ferrie et al., 2005; Benach and Muntaner, 2007). This negative relationship is strengthened by the fact that, in contemporary societies, flexible work is increasingly becoming a necessity.

The majority of previous research addressed this relationship by examining associations, where both health and employment were measured at the same time. Cross-sectional studies are not suitable to disentangle selection effects (Benach et al., 2004; Benavides et al., 2000; Virtanen et al., 2003; Benach et al., 2014) and the need to rely on longitudinal data is straightforward. However, even when one adjusts for prior health status and other covariates, standard regression designs might not represent a solution (Oakes and Johnson, 2006). Only a few attempts have been made to assess statistical causality. Kim et al. (2008) and Quesnel-Vallee et al. (2010) applied propensity-score methods respectively to South Korea and U.S. data, while Caroli and Godard (2013), Cottini and Lucifora (2010) and Ehlert and Schaffner (2011) analyzed the relationship between work and health for a large group of European countries using fixed effects and bivariate probit models. All these authors proved the existence of a health gap in favor of permanent employees.

Our objective is to evaluate whether having a temporary contract in Italy, with respect to have a permanent employment, leads to a different assessment of one's own health, taking into account potential selection effects. This issue has never been studied for the Italian case because, even if some of the previously cited studies included Italy, none of them displayed separate analysis for this country. We use data coming from the European Union Statistics on Income and Living Conditions (EU-SILC), and we propose using the method of inverse-probability-of-treatment weights to estimate the causal effect of temporary employment on self-rated health. This method allows us to check for the potential selectivity of healthier individuals in the group of people who find permanent jobs. Another element to take into account in this research context (Benach et al., 2014) – and the proposed method enables to do this – is that having a temporary contract may in turn increase the risk to have another temporary contract the year after, in a sort of vicious circle.

This paper adds new and relevant contributions to literature. Firstly, to the best of our knowledge, this study represents one of the few analyses addressing the existence of a statistical causal effect of temporary work on health status instead of a simple association. Secondly, it is the first analysis for Italy, and thirdly, it explicitly looks at gender differences.

## 2. Theoretical and empirical background

### 2.1. Previous findings

In recent years the term precarious employment has been used quite broadly to indicate a continuum of *atypical* employment conditions that, with different pace, have been introduced in several European countries beside the *standard* full-time permanent jobs (Benach and Muntaner, 2007). The term precarious employment implies a multidimensional concept embodying (dis)continuity in time, job (in)security, lack of rights and social protection, low levels of wages and earnings (Benach and Muntaner, 2007; Benach et al., 2014). In most academic research and in public health field, common one-dimensional concepts relates to flexible, atypical, casual, non-standard, and temporary

employment. These terms are often used as synonymous, due to the impossibility to consider all the dimensions simultaneously, if not theoretically at least empirically.

Substantial international literature exists that has attempted to investigate the consequences of job precariousness, whatever defined, on individual well-being by using several outcome indicators, from Europe (e.g., Gash et al., 2007; Virtanen et al., 2005; Laszlo et al., 2010; Artazcoz et al., 2005) to the U.S. (e.g., Quesnel-Vallee et al., 2010) and Eastern Asia (Kim et al., 2008). Negative effects have been found in Europe for job satisfaction (Benach et al., 2004; Benavides et al., 2000) and life satisfaction (Scherer, 2009), even if contradictory results do exist (Bardasi and Francesconi, 2004). In terms of health consequences, a plethora of outcomes has been considered (Virtanen et al., 2005). Psychological disorder, mental distress and depression are generally amplified by precarious work (Callea et al., 2012; Caroli and Godard, 2013; Cottini and Lucifora, 2010; Quesnel-Vallee et al., 2010) from United States to Europe, except for Finnish workers (Virtanen et al., 2003). Consequences on physical health and chronic diseases are not well established, while someone finds differences between temporary and permanent employment (Benavides et al., 2000), someone else does not (Benach et al., 2004; Virtanen et al., 2003). Overall, a detrimental effect of precarious employment on self-rated health has been observed in many high-middle-income countries (Caroli and Godard, 2013; Ehlert and Schaffner, 2011; Kim et al., 2008), even if this relationship has not the same magnitude or significance everywhere (Bardasi and Francesconi, 2004; Gash et al., 2007; Laszlo et al., 2010; Rodriguez, 2002).

These differences may be outcome-specific (e.g., Bardasi and Francesconi, 2004; Rodriguez, 2002; Artazcoz et al., 2005) or may depend on the context, i.e. the labor market arrangements (Ehlert and Schaffner, 2011), the health and safety regulations (Cottini and Lucifora, 2010), or the level of welfare state or unemployment protection (Scherer, 2009). Indeed, welfare state, labor market and family arrangements have been advocated to play a role in mediating the effects of flexible employment on individual health (Benach et al., 2014; Cottini and Lucifora, 2010). Even if evidence is sometimes mixed and inconclusive, temporary workers in Scandinavian countries (notably in Finland) do not generally present a poor health status (Virtanen et al., 2003, 2005), as well as in the United Kingdom (Bardasi and Francesconi, 2004; Rodriguez, 2002; Virtanen et al., 2005). On the contrary, adverse consequences on health are usually depicted in Central and Southern European countries, namely France, Greece, Germany, Italy, Portugal and Spain (Cottini and Lucifora, 2010; Ehlert and Schaffner, 2011; Laszlo et al., 2010; Rodriguez, 2002), where the commitment of the State in these issues is weaker.

### 2.2. Pathways between temporary work and health

There are a number of potential pathways through which flexible forms of employment might damage health (Benach et al., 2014). Unemployment and job insecurity are two of the principal mediating factors that lead temporary employment to be negatively associated with health (Benach et al., 2000; Caroli and Godard, 2013; Virtanen et al., 2005). Unemployment has been found to deteriorate mental health (Murphy and Athanasou, 1999) due to the financial difficulties or extreme psychological strain that it triggers (Pearlin, 1989). Moreover, it has been argued and demonstrated that job insecurity has negative effects on physical and psychological well-being (Bohle et al., 2001; Waenerlund et al., 2011), self-rated health, psychiatric morbidity or long standing illness (Ferrie et al., 2005). Temporary work shares some positive features with employment, but it implies some unfavorable conditions as unemployment does (Benach et al., 2000). Fixed-term

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