

What explains the negative effects of unemployment on the well-being of partners?

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Extended abstract

Motivation and research question

The negative effects of individual- and context-level job losses and unemployment on the well-being of individuals are well documented (Burgard & Kalousova, 2015; Catalano et al., 2011; McKee-Ryan et al., 2005; Paul & Moser, 2009). Research has also shown that they are not limited to those who experience these events, but also extend to members of the family and community “who only witness [them]” (Ananat et al., 2017: 1128; Gassmann-Pines et al., 2014; McKee-Ryan & Maitoza, 2018). Although the importance of spillover effects has long been recognized, reviews show that most empirical studies are based on cross-sectional data and do not address issues of selection and confounding (Ström, 2003). Only in the last years, researchers have used longitudinal data and/or focused on exogenous job losses to estimate spillover effects (Buboyana et al., 2017; Inanc, 2018; Marcus, 2013; Mendolia, 2012; Nikolova & Ayhan, 2018). While these studies confirm that unemployment has substantial negative effects on the well-being of partners and that these are usually larger for women than men, the mechanisms that produce spillover effects remain poorly understood.

Therefore, in this paper we pose the following research questions: How large are the total effects of unemployment on the well-being of partners? Are changes in the relationship quality or the financial situation more relevant in explaining spillover effects? How do the answers to these questions differ for women and men? We develop our hypotheses from psychological family stress models (Lavee, 2013) and economic models of families’ investments in health (Bolin, 2001). We test these empirically by using longitudinal data from the German Family Panel and applying fixed-effects panel models.

This paper makes several contributions to the literature. First, our longitudinal data and methods provide us with the possibility to deal with selection and confounding in the analysis of unemployment on the well-being of partners. Second, our model specification allows us to distinguish transitions into unemployment, indicating job separations, from re-employment as well as to deal with repeated unemployment. This is important as both research on the individual and contextual level suggests that entering and leaving unemployment may have very different consequences (Gassmann-Pines et al., 2014; Young, 2012). Third, we extend previous studies by closing the gap between theoretically specified and empirically tested mechanisms and conduct mediation analyses to estimate the indirect effects through two of the most frequently discussed mechanisms: relationship quality and financial situation. Besides measuring multiple dimensions of the mechanisms, we use both objective and subjective indicators (Gassmann-Pines & Schenck-Fontaine, 2019). The latter allow to better capture couples’ appraisal of stress, which is often highlighted as a theoretically relevant factor.

Theory and hypotheses

Why should unemployment have negative effects on the well-being of partners? Theoretical explanations for spillover effects have been taken from research on the effects of unemployment on individuals. They refer to the psychological and financial burdens and how these are shared within couples. Psychological family stress models suggest that the loss of employment can lead to a family crisis requiring couples to adjust (Lavee, 2013). For example, family members need to take on new roles. Stress can also result from the financial consequences of the partner's unemployment, as the pooling of incomes by couples implies some economic interdependence (Mendolia, 2012; Nikolova & Ayhan, 2018). In principle, it can be expected that job losses by men more often results in economic hardship, since despite considerable improvements in women's position on the labor market, their work is still more valued by employers, and most men tend to earn more than their female partners. Research also suggests that men's identities are more dependent on their work, meaning that role changes can lead to greater problems. Accordingly, men's emotional and behavioral reactions may place a greater burden on other family members (Marcus, 2013). Overall, psychological family stress models predict that unemployment leads to a pile up of stressors which ultimately results in a decrease of relationship quality. For example, conflicts between partners may increase and conflict styles and behaviors may become more negative (McKee-Ryan & Maitoza, 2018; Ström, 2003).

In contrast, economic health capital models view families as units that jointly manage resources to improve the well-being of family members (Bolin et al., 2001). One of the most important predictions of these models is that when one partner becomes unemployed, couples try to prevent a family crisis, by redistributing resources to improve the well-being of the other spouse. For example, the unemployed partner may devote some of the gained time to activities that decrease their spouse's stress. While implying greater economic inequalities within couples, these re-allocations of resources can be considered as compensation strategies that protect family members against the spillover effects of job losses. Therefore, this perspective implies that the relationship quality will not deteriorate during the transition to unemployment and partners will not experience any negative effects.

While Bolin et al. (2001) assume that all couples and partners have the same possibility of relocating resources to foster the well-being of family members in case of unemployment, some couples may face more barriers than others. For example, individuals and families differ in terms of knowledge on how to produce well-being (Tipper 2010). Due to gender differences in socialization processes and a stronger social norm, women are more likely to assume caregiving roles than men, and as a result they may be more likely to develop skills to improve the well-being of others (Eagly & Wood, 2016). Hence, couples where a woman becomes unemployed, can make re-allocations of resources more easily as compared to those where a man experiences job loss. Therefore, we may expect gender differences in the effects of unemployment on spouse's well-being as well as on relationship quality. Unemployment experienced by women may exert no negative effects on their male partners, because they invest in their spouse's well-being which will be reflected in better relationship quality and compensate for some of the negative consequences. Unemployed men may lack these skills and, therefore, their job losses still leave negative traces on the well-being of their female partners, for example, through a deterioration in relationship quality.

Data and research methods

We use data from the German Family Panel (Panel Analysis of Intimate Relationships and Family Dynamics, pairfam) launched in 2008/2009, which consist of ten waves. This longitudinal study provides annually collected panel data from a nationwide random sample of more than 12,000 individuals (anchors), their partners, children, and parents (Huinink et al., 2011). For our analyses, we focus on the anchor data and supplement it with information on the employment status of the partner. Apart from restricting the sample to person-years of anchors with partners, we only use data from wave 2 onwards, require anchors and partners to be at least 15 years old, to be of opposite sex, and to have no missing values on the variables of interest.

Our main interest is in the effects of partner's transitions into unemployment on the well-being of the anchor. To have a benchmark for judging the size of these effects, we also examine how anchor's unemployment affects their own life satisfaction. Our units of analysis are all employment spells that potentially may result in unemployment. An employment spell of any individual starts with an observation in employment and continues if the individual remains employed or experiences a transition into unemployment and remains unemployed. Accordingly, two kinds of employment spells are distinguished. Treatment spells consist of all consecutive years in employment before and all consecutive years of unemployment after a transition into unemployment. Control spells consist of all consecutive years in employment. Employment spells are censored if individuals experience any other changes in labor market status, (temporarily) drop out, or separate. For our analyses, the sample is restricted to couples where the anchor or partner experiences at least one employment spell. In total, it includes 27,725 person-years from 5,565 couples. It includes 4,970 employment spells of anchors (22,085 person-years) and 5,411 employment spells of partners (23,320 person-years).

Our key independent variables of interest reflect whether an anchor or partner is still employed or experienced a transition into unemployment and remained unemployed. Our main dependent variable is the life satisfaction of the anchor (scale 0-10, very dissatisfied to 10 very satisfied). Global life satisfaction scales have been shown to be valid, reliable, and sensitive to change making them well-suited for our analyses (Diener et al. 2013). They capture the so-called cognitive component of well-being, that is, people's judgments about their life as a whole.

Following our interest in the mediation of spillover effects through relationship quality and financial situation, we use the following indicators. For relationship quality we make use of the Network Relationship Inventories (NRI) consisting of four dimensions (scales 1-5): intimacy (e.g., share secrets and private feelings with partner), esteem (e.g., partner shows that he/she appreciates you), dominance (e.g., partner gets his/her way), and conflict (e.g., annoyed or angry with each other). We further look at conflict styles and conflict behavior measured in three dimensions (scales 1-5): verbal aggression (e.g., yelled at partner), constructive behavior (e.g., listened to and asked questions to understand), and withdrawal (e.g., refused to talk about the subject). Next to these specific measures of relationship quality, we use the anchor's satisfaction with the relationship as a more general and subjective measure (scale 0-10). To capture the financial situation objectively and subjectively, we draw on the household net income (in 1000 Euros) adjusted by the modified-OECD scale and the anchor's satisfaction with the household's financial situation (scale 0-10).

To further control for time-varying confounding, all models include age and period effects as well as the state-level unemployment rate at the month of the interview. The latter is an important control as contextual economic conditions have been shown to have independent effects on the well-being of individuals (Ananat et al., 2017; Burgard & Kalousova, 2015; Catalano et al., 2011) and affect the risks of becoming unemployed.

We estimate fixed-effects (FE) models, as they allow to control for confounding that is due to time-constant observed and unobserved heterogeneity. We first estimate the total effects of anchor's transition into unemployment on their own life satisfaction, before investigating the effects of partner's transition into unemployment on the life satisfaction of the anchor. Afterwards we conduct mediation analyses by implementing Baron and Kenny's (1986) product method within our fixed-effects panel models. For this, we estimate the effects of partner's unemployment on indicators of relationship quality and financial situation (path 1) and the effects of the latter on the life satisfaction of the anchor (path 2). The products of these paths reflect the indirect effects and their standard errors are based on the conservative version of the Sobel test (Baron & Kenny, 1986). All analyses are conducted separately for women and men to assess to what extent the total and indirect effects of partner's unemployment differ.

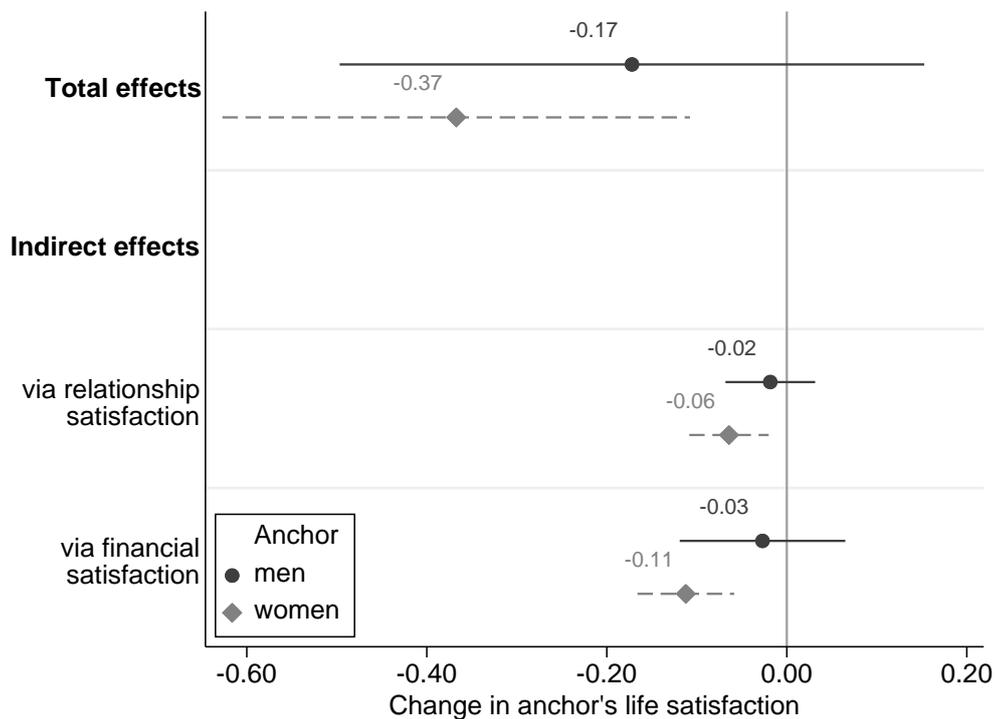
Preliminary findings

In the following we present selected results in detail and discuss other findings in the text. We first estimated how the anchor's transition into unemployment affects their own life satisfaction. In line with previous studies (Paul & Moser, 2009), we find substantial negative effects. These are larger for men (-0.72; 95% CI: -1.05, -0.39) than women (-0.43; 95% CI: -0.72, -0.14), although the difference is not statistically significant.

Figure 1 shows the total and indirect effects of partner's transition into unemployment. The top row presents the total effects. For men, it is revealed that unemployment of their female partners has only a small (a fifth of the effect of own unemployment) and statistically insignificant negative effect on their life satisfaction. In contrast, for women the negative spillover effect is more than twice the size and amounts to about 88% of the effect of own unemployment. Thus, for women, the own and partner's unemployment appear to have comparable negative impacts.

Concerning the mediation analyses, the bottom rows in Figure 1 present selected results for the subjective indicators of relationship and financial satisfaction. For men, both indirect effects are close to zero meaning that they do not explain any of the total negative effect of women's unemployment. The results for the separate paths of the indirect effects (not shown) reveal that this is due to women's unemployment having only small effects on men's relationship and financial satisfaction, as the effects of the latter on life satisfaction themselves are substantially and statistically significant. Similar results are found for men when concerning the different dimensions of relationship quality as well as household income as an objective measure of the financial situation. While the different aspects of relationship quality have substantial effects on men's life satisfaction in the expected directions, they are not altered by their female partner's losing their jobs.

Figure 1 Total and indirect effects of partner’s transition into unemployment on anchor’s life satisfaction, 95% CI



Notes: Men: N=2,155 spells/8,383 person-years, Women: N=3,256 spells/14,937 person-years. The indirect effects are based on the product method (Baron & Kenny, 1986) and their standard errors are based on the conservative version of the Sobel test. The 95% CI are based on standard errors clustered by anchors. Source: pairfam, waves 2-10, own calculations.

Turning to the results for women, Figure 1 reveals that both relationship and financial satisfaction are significant mechanisms in explaining the total negative spillover effects of men’s unemployment. While the indirect effect via relationship satisfaction (-0.06) amounts to about 16% of the total effect, satisfaction with the household’s financial situation (-0.11) explains almost a third (30%). For the other indicators of relationship quality, the picture is similar (not shown). Partner’s unemployment decreases women’s experience of intimacy and esteem in the relationship as well as increases conflicts between partners. While women also employ more constructive behavior which itself increases their life satisfaction, they also report increases in negative conflict styles including verbal aggression and withdrawal. Interestingly, the large indirect effects via financial satisfaction are not matched by those for household income. The latter has only a substantially small and statistically insignificant indirect effect. This highlights the importance of distinguishing between objective financial hardship and subjective financial distress (Gassman-Pines & Schenck-Fontaine, 2019) and for women only the latter seems to translate into lower life satisfaction. The results on the separate paths suggest that unemployment by partners triggers large losses in household income, but that additional household income has only small positive effects on the life satisfaction of women.

In the next steps, we will make additional substantial and methodological refinements to the presented analyses. For example, it can be argued that the mechanisms of relationship quality and financial situation are not independent, and their relationship should be further investigated

empirically. The financial situation is often seen as the first stressor, while changes in relationship quality are assumed later in the chain from the partner's unemployment to life satisfaction (McKee-Ryan & Maitoza, 2018; Lavee, 2013). For example, Gibson-Davis et al. (2018) point out that there is an economic bar to marriage and that the latter can improve relationship quality. The loss of employment and the associated financial stress can lead couples to delay marriage, which could be understood as another mechanism, and given that the couples in our data are still young, this might be a relevant factor. A related mechanism concerns the separation of couples due to unemployment. If couples who experience the most negative consequences in terms of relationship quality and potentially life satisfaction split up, we currently likely provide lower bound estimates of the negative effects of partner's unemployment. A weighting approach to deal with non-random separation of couples can be used to address these issues (Jones et al., 2013). Finally, both psychological family stress and economic health capital models suggest that the effects of the partner's unemployment are heterogeneous, pointing to the importance of examining how they might differ depending on couples' functioning before job loss, which could be explored by moderation analyses.

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