Subjective Well-Being of Atypically Employed across Europe

Tatiana Karabchuk, Natalia Soboleva

3rd LCSR International Conference “Cultural and Economic Changes under Cross-National Perspective”
Moscow, November 12-16, 2013
Problem and Motivation

- In the end of 20th century the economic changes and value transition lead to a lot of deviations from standard labor relationships.
- Non-standard contracts (part-time, self-employed, seasonal work, daily work, casual work,) are very widespread now.
- Previous research proved that in many cases atypical employment means low qualified work, lower wages, lack of social benefits and guarantees, ends up in feeling of inferiority and uncertainty in the future (Houseman, 2001; Kalleberg et al., 2000; Guell, 2000; Booth et al., 2002; Lindbeck & Snower, 2002).
- We assume that subjective well-being depends to large extent on work a person has.

Does the type of employment contribute to subjective well-being?
Are there any countries’ difference in this?
Temporary employment – labor contract of limited or specified duration with no guarantee of continuation.

Informal employment – includes all remunerative work (i.e. both self-employment and wage employment), that is not registered, regulated or protected by existing legal or regulatory frameworks, as well as non-remunerative work undertaken in an income-producing enterprise. Informal workers do not have written employment contracts.

Part-time employment – employment on a regular and voluntary basis for hours substantially shorter than the standard hours (less than 29 hours).

Self-employment – jobs where remuneration is directly dependent upon profits, and incumbents make operational decisions or are responsible for the welfare of the enterprise. Not hired employment.
## Literature Review

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variables</th>
<th>Control Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>Job Satisfaction</strong></td>
</tr>
<tr>
<td>Part-time</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-employment</td>
<td>+ (Andersson 2008)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ (Binder &amp; Coad 2013)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Control Variables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>+ (Binder &amp; Coad 2013)</td>
<td></td>
</tr>
<tr>
<td>Gender (Male, bc=female)</td>
<td>- (Green, Kler &amp; Leeves 2010)</td>
<td></td>
</tr>
<tr>
<td>Lower secondary/Junior high school (bc=Primary)</td>
<td>+ (Brereton et al. 2008)</td>
<td></td>
</tr>
<tr>
<td>Upper secondary/Senior high school (bc=Primary)</td>
<td>+ (Brereton et al. 2008)</td>
<td></td>
</tr>
<tr>
<td>Degree (bc=Primary)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married (bc=Single)</td>
<td>-(Marital status, cv=Married; Green, Kler&amp;Leeves 2010)</td>
<td></td>
</tr>
<tr>
<td>Co-habiting (bc=Single)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Widowed (bc=Single)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Separated and Divorced (bc=Single)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Child in the household (bc=no children)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Children in the household (bc=no children)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 or more children in the household (bc=no children)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Contribution of the paper

- Evaluation of the impact of four types of non-standard employment
- Broad range of European countries
- Taking into consideration macro-indicators of the rigidness of the labor market (EPL, long-term unemployment rate) and testing the interaction effect on countries level
Hypotheses on Individual Level

H₁. Informal and temporary employment negatively affect subjective well-being, because workers have no guarantees and social benefits and because of uncertainty in future.

H₂. Self-employment positively affects subjective well-being, because workers are more independent in their job and show their creativity.

H₃. Part-time employment positively affects subjective well-being mainly through women’s subjective well-being, because it allows them to combine work and family care.
Countries differ in labor market regulations (strictness or openness)

Strong overregulation leads to the increase of atypical employment

If we assume that atypical employment (in particular, informal and temporary) negatively affects subjective well-being, so that general well-being of employed in the country will be lower

$H_5$. The stricter the labor law is the lower subjective well-being of temporary and informally employed is.
Database and Key Variables

European Social Survey 2010
- Sample size (19 605) – only employed
- 20 countries

Main dependant variable:
Subjective well-being (SWB) is the sum of
- Life satisfaction – 11-point scale
- Happiness – 11-point scale

(http://www.oecd.org/std/47917288.pdf)
Independent Variables

**Individual level**
- temporary
- informal
- part-time
- self-employed

*Control:* gender, education, age, living in a big city, household income, marital status, children,

**Country level**
- EPL (produced by OECD, ranking from 0 to 6 based on evaluation of individual dismissal of workers with regular contracts, additional costs for collective dismissals and regulation of temporary contracts)
- Long-term unemployment rate (% of total unemployment)

*Control:* HDI
Countries

1. Belgium
2. Bulgaria
3. Switzerland
4. Czech Republic
5. Germany
6. Denmark
7. Estonia
8. Spain
9. Finland
10. France
11. United Kingdom
12. Hungary
13. Israel
14. Netherlands
15. Norway
16. Poland
17. Portugal
18. Russian Federation
19. Sweden
20. Slovenia
Basic Model

**Type of employment:**
temporary, informal, part-time and self-employment

**Social demographics:**
gender, education, occupational status, age, domicile, household income, marital status, children,

**Subjective well-being:**
(life satisfaction + happiness)

**Strictness of labor market regulation:**
(EPL index / long-term unemployment)

**Country development level:**
HDI
SWB of permanent and temporary employed
SWB of formally and informally employed
SWB of full-timers and part-timers

[Bar chart showing SWB comparison between full-time and part-time workers across various countries, with specific data points for Denmark, Switzerland, Sweden, Norway, Finland, Netherlands, Belgium, Poland, Spain, Israel, Slovenia, Germany, United Kingdom, Czech Republic, Estonia, France, Portugal, Hungary, Russian Federation, and Bulgaria.]
SWB of Hired and Self-employed

- Denmark
- Switzerland
- Sweden
- Norway
- Finland
- Israel
- Netherlands
- Belgium
- Spain
- Germany
- United Kingdom
- Poland
- Slovenia
- Czech Republic
- Estonia
- Russian Federation
- Portugal
- Hungary
- France
- Bulgaria

employed | self-employed
### Zero model (without country differences), OLS

<table>
<thead>
<tr>
<th>SWB</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary</td>
<td>-0.009484*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informal</td>
<td></td>
<td>0.01099*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part-time</td>
<td></td>
<td></td>
<td>0.01518***</td>
<td></td>
</tr>
<tr>
<td>Self-employed</td>
<td></td>
<td></td>
<td></td>
<td>0.007033*</td>
</tr>
<tr>
<td>N</td>
<td>13999</td>
<td>16897</td>
<td>16098</td>
<td>17104</td>
</tr>
<tr>
<td>R2</td>
<td>0.206</td>
<td>0.202</td>
<td>0.198</td>
<td>0.220</td>
</tr>
</tbody>
</table>
## Coefficients in OLS–regression models. Individual level indicators

<table>
<thead>
<tr>
<th></th>
<th>Specification 1</th>
<th>Specification 2</th>
<th>Specification 3</th>
<th>Specification 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>0.6716***</td>
<td>0.6545 ***</td>
<td>0.6597***</td>
<td>0.6663***</td>
</tr>
<tr>
<td>temporary</td>
<td>-0.009484*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>informal</td>
<td></td>
<td>0.01099*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>part–time</td>
<td></td>
<td></td>
<td>0.01518***</td>
<td></td>
</tr>
<tr>
<td>self–employed</td>
<td></td>
<td></td>
<td></td>
<td>0.007033*</td>
</tr>
<tr>
<td>R² adjusted</td>
<td>0.2067</td>
<td>0.2026</td>
<td>0.1976</td>
<td>0.1996</td>
</tr>
<tr>
<td>N</td>
<td>13999</td>
<td>16897</td>
<td>16098</td>
<td>17104</td>
</tr>
</tbody>
</table>
Control variables

- Occupational status: managers and professionals (+), technicians and associate professionals, and workers (+), Agricultural craft and plant workers (not significant)
- Male (−)
- Income group (4 dummies) (+)
- Age (−)
- Age squared (+)
- Education (3 dummies) (lower and middle) (−)
- Married (+)
- Living with children (+)
- Living in big city (−)
EPL (2008)

Countries:
- Spain
- France
- Portugal
- Slovenia
- Norway
- Germany
- Belgium
- Poland
- Estonia
- Czech Republic
- Finland
- Netherlands
- Hungary
- Sweden
- Denmark
- Israel
- Russian Federation
- Switzerland
- United Kingdom

Values:
- Spain: 3.11
- France: 3.00
- Portugal: 2.84
- Slovenia: 2.76
- Norway: 2.65
- Germany: 2.63
- Belgium: 2.61
- Poland: 2.41
- Estonia: 2.39
- Czech Republic: 2.32
- Finland: 2.29
- Netherlands: 2.23
- Hungary: 2.11
- Sweden: 2.06
- Denmark: 1.91
- Israel: 1.88
- Russian Federation: 1.84
- Switzerland: 1.77
- United Kingdom: 1.09

Date: 19.11.2013
Long-term unemployment (2010)
## OLS regression models (with EPL and HDI)

<table>
<thead>
<tr>
<th></th>
<th>Specification 1</th>
<th>Specification 2</th>
<th>Specification 3</th>
<th>Specification 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>intercept</strong></td>
<td>0.2298***</td>
<td>0.1875***</td>
<td>0.2019***</td>
<td>0.1852***</td>
</tr>
<tr>
<td><strong>temporary</strong></td>
<td>-0.01019*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>informal</strong></td>
<td></td>
<td>0.00277</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>part-time</strong></td>
<td></td>
<td></td>
<td>0.0009587</td>
<td></td>
</tr>
<tr>
<td><strong>self-employed</strong></td>
<td></td>
<td></td>
<td></td>
<td>0.007338*</td>
</tr>
<tr>
<td><strong>HDI</strong></td>
<td>0.6163***</td>
<td>0.6539***</td>
<td>0.6471***</td>
<td>0.6678***</td>
</tr>
<tr>
<td><strong>EPL</strong></td>
<td>-0.01854***</td>
<td>-0.02210***</td>
<td>-0.02319***</td>
<td>-0.02295***</td>
</tr>
<tr>
<td><strong>R2</strong></td>
<td>0.2324</td>
<td>0.2327</td>
<td>0.2246</td>
<td>0.2302</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>13997</td>
<td>16895</td>
<td>16096</td>
<td>17102</td>
</tr>
</tbody>
</table>
# OLS regression models (with long-term unemployment rate and HDI)

<table>
<thead>
<tr>
<th></th>
<th>temporarily</th>
<th>informal</th>
<th>part–time</th>
<th>self–employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>intercept</td>
<td>0.3020***</td>
<td>0.2679***</td>
<td>0.2966***</td>
<td>0.2699***</td>
</tr>
<tr>
<td>temporary1</td>
<td>-0.01199**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>informal</td>
<td></td>
<td>0.003507</td>
<td></td>
<td></td>
</tr>
<tr>
<td>part–time</td>
<td></td>
<td></td>
<td>0.003966</td>
<td></td>
</tr>
<tr>
<td>self–employed</td>
<td></td>
<td></td>
<td></td>
<td>0.00753*</td>
</tr>
<tr>
<td>HDI</td>
<td>0.5170***</td>
<td>0.5390***</td>
<td>0.55127***</td>
<td>0.5447***</td>
</tr>
<tr>
<td>Long–term unemployment</td>
<td>-0.00093***</td>
<td>-0.001033***</td>
<td>-0.001119***</td>
<td>-0.001088***</td>
</tr>
<tr>
<td>R2</td>
<td>0.2336</td>
<td>0.258</td>
<td>0.2256</td>
<td>0.2311</td>
</tr>
<tr>
<td>N</td>
<td>13997</td>
<td>17978</td>
<td>16096</td>
<td>17102</td>
</tr>
</tbody>
</table>

**Notes:**
- **N:** Number of observations.
- **R2:** R-squared value.
- *****:** Statistical significance at the 0.01 level.
Control variables

- HDI (+)
- Male (-)
- Income group (4 dummies) (+)
- Age (-)
- Age squared (+)
- Education (3 dummies) (lower and middle (-)
- Married (+)
- Living with children (+)
- Living in big city (-)
# OLS regression model with interaction effect (for self-employed)

<table>
<thead>
<tr>
<th></th>
<th>Specification 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>intercept</td>
<td>0.2672***</td>
</tr>
<tr>
<td>self-employed</td>
<td>0.03096**</td>
</tr>
<tr>
<td>HDI</td>
<td>0.5475***</td>
</tr>
<tr>
<td>(lt_unempl_rate)</td>
<td>(-0.001007***)</td>
</tr>
<tr>
<td>(lt_unempl_rate)*self–employed</td>
<td>(-0.0006693*)</td>
</tr>
<tr>
<td>R2</td>
<td>0.2313</td>
</tr>
<tr>
<td>N</td>
<td>17101</td>
</tr>
</tbody>
</table>
Findings

Our hypothesis 1 about the negative effect of temporary informal employment upon subjective well-being has been confirmed. Temporary employed feel less secure in their future in their jobs. Informal employment positively affects subjective well-being although this effect blends with the addition of macro-variables. It could be due to lower share of informally employed.

The hypothesis 3 concerning the part-time employment was partly supported. Part-time employment has a positive effect upon subjective well-being and it mostly concerns the well-being of women.

The hypothesis 4 about self-employment was supported. Self-employed are happier than hired. This could be explained by a higher on-the-job freedom and independence of self-employed.
Findings

- The strictness of the labor market regulation affects SWB: the higher is EPL and long-term unemployment rate, the lower is SWB in the country.

- The effects of temporary and self-employment remain significant, while informal and part-time employment become insignificant.

- The only significant interaction effect concerned the self-employed. In the countries with higher long-term unemployment rate self-employed are less happy than in countries with more flexible labor market legislation.
Findings

Why is the effect of employment type on subjective well-being weak but significant?

- With the spread of self-expression values the role of job in person’s life is weaker
- Non-standard employment is a way to realize other preferences in job besides income maximization (on-the-job freedom, more free time, interesting activity)
Thank you for your attention and comments!