

## Chapter 9

# Linked Lives and Well-Being

Glen Elder (1994: 6) pointed out that individuals' lives are highly interdependent – or in other words *linked* – and that social regulation and support come about through these relationships. Consequently, the analysis of economic and social processes needs to account for the social relationships in which individuals are embedded. In this light, we argue that plant closure usually does not affect only the displaced workers but also their spouses, families, friends and perhaps even the larger community in which they live. The mechanisms behind this phenomenon are on the one hand that the job loss of a relevant breadwinner affects the financial situation of a household. On the other hand, reduced well-being is likely to harm the quality of social relationships within and outside the household. Moreover, how the displaced workers cope with job loss critically depends on how their significant others respond to this critical event.

Job displacement is known to affect workers' well-being. A large body of scholarship has documented on the basis of longitudinal data that becoming unemployed is associated with a substantial decrease in general life satisfaction (e.g. Winkelmann and Winkelmann 1998; Clark et al. 2008). The previous literature has also shown that job loss is likely to lead to persistent tensions in social relationships and in particular between spouses. We therefore expect that changes in workers' marital relationships crucially determine changes in their well-being, more strongly than changes in their financial situation (hypothesis H8, see Sect. 1.4).

In this chapter we examine how plant closure affects the relationship between the displaced workers and their significant others. We first focus on coping strategies developed on a household level and second analyze how the quality of the workers' relationships has changed. Third, we describe the impact of plant closure on their subjective well-being and discuss how changes in well-being are linked to changes in their social and occupational situation.

## 9.1 Coping Strategies

If job loss is followed by an episode of unemployment, it goes along with financial insecurity. Although in Switzerland most workers are entitled to unemployment insurance benefits, the replacement rate is only 70–80 % of the pre-displacement earnings. Moreover, the uncertainty about the duration of job search and about the chance of finding a job may lead workers to deal more cautiously with their expenditures. As we have seen in Chap. 7, even if the workers find a job, they may experience income losses and subsequently an impairment of their quality of life. However, Kalleberg (2009: 14) highlights that workers are not passive victims of their situation but active agents who can develop strategies to cope with their hardship.

The analysis of our data reveals that a substantial proportion of workers adapted their spending and saving behavior. To begin with, 61 % of the workers indicated that in the aftermath of their displacement they had become more cautious in their handling of expenditures. When we asked workers about the domains where they cut their spending, it turned out that vacations were the budget item where the largest proportion of workers (77 %) reduced their expenditure as compared to transportation (51 %), food and drinks (49 %) or housing (21 %). With respect to the workers' post-displacement labor market status there are pronounced differences between the unemployed and reemployed workers in being more cautious in their handling of expenditures (84 % vs. 56 %).

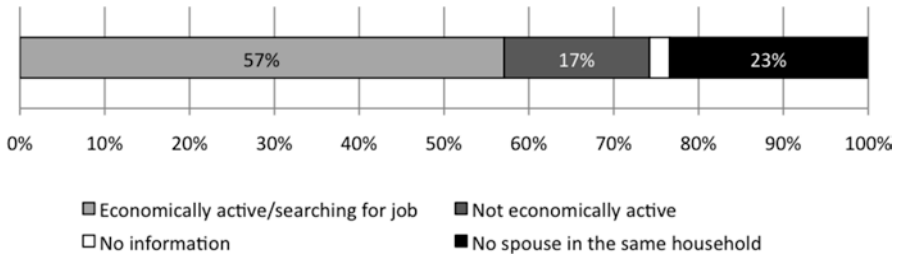
A key factor that influences which strategies workers use is whether they experience a substantial change in their wage. Our data suggests that workers' wage change is linearly associated with measures taken to save money. Not surprisingly, 80 % of the workers who experience a *strong wage loss* of over 20 % were more cautious with their expenditures (e.g. spending less on holidays) while among workers who experienced a *wage increase* of over 20 % only 33 % were more cautious with their expenditures. The saving behaviour slightly differs by gender: Women seem to save less on food and housing but more on transportation than men. Moreover, the women in our sample borrowed money significantly more often than the men.

An alternative strategy on the household level for workers with a spouse may be that the spouse increases her/his employment activity. To expect spouses to adopt this strategy seems plausible since a large share of our sample is male and in Switzerland the majority of women work part-time.<sup>1</sup> Spouses – in most cases wives – thus potentially enter the labor force or increase their activity level in order to improve the household income (Engen and Gruber 2001: 571).

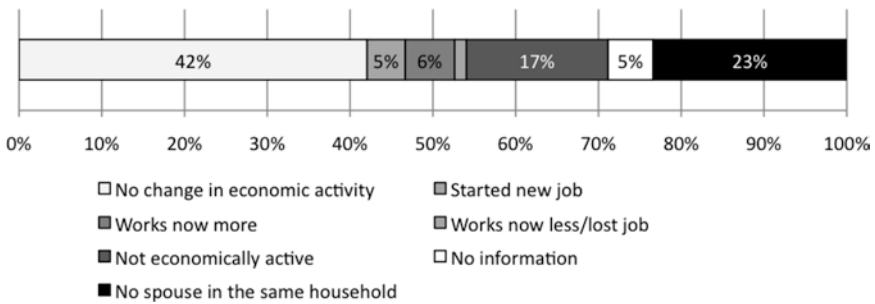
It has been pointed out that the household type is an important determinant of the risk of entering poverty (Vandecasteele 2011: 253). Although the household type is evidently not a strategy, it affects the way in which the household members can cope

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<sup>1</sup>In 2011, the year when our survey was conducted, 58 % of the women employed in Switzerland worked part-time, part-time being defined as the respondents' perception of their main job (OECD Statistics).



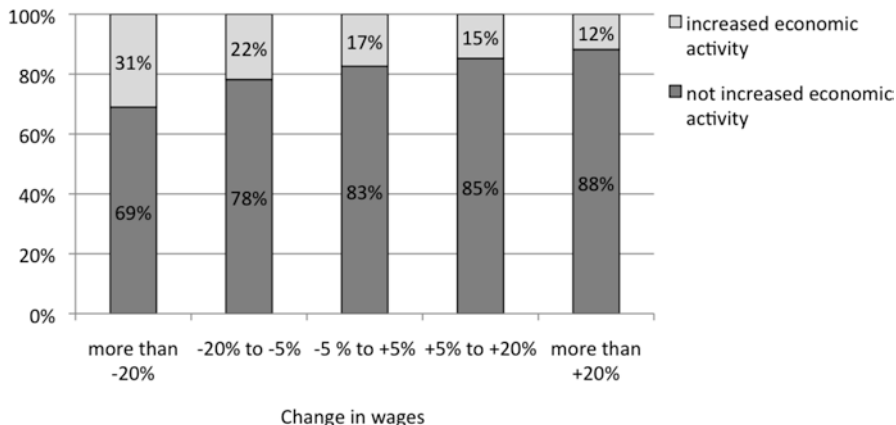
**Fig. 9.1a** Economic activity of the spouse living in the same household. N=718. Reading example: 57% of the spouses of displaced workers were economically active or searching for a job



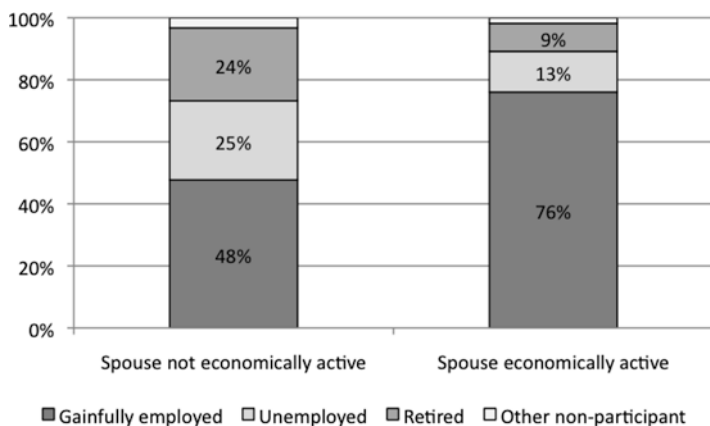
**Fig. 9.1b** Changes in economic activity of the spouse living in the same household. N=718. Reading example: 5% of the spouses started a new job after the displaced workers lost their job

with a particular situation. Accordingly, whether workers live with a spouse or alone and whether they have a partner who has a job probably affects how they cope with a drop in income. In our sample, 77% of the workers live with a spouse and, as Fig. 9.1a shows, 57% of all workers indicated that their spouse was economically active. For 17% of all workers the partner was not active, for 2% there is no information available and 23% had no spouse in the same household. With respect to changes in spouses' economic activity (see Fig. 9.1b), 42% of the workers had an economically active spouse who did not change their level of activity subsequent to the worker's job loss. In contrast, the spouses of 5% of the workers started a new job and the spouses of 6% increased their level of economic activity.

Which factors favor workers' spouses adapting to the job loss by starting a new job or increasing their working hours? In a descriptive analysis we find that among the reemployed workers there is a link between the magnitude of changes in wages and the likelihood of the partner adapting their hours of employment. Figure 9.2 shows that the spouses of reemployed workers who experienced wage losses are more likely to increase their economic activity relative to the spouses of the workers who experienced wage increases: Among displaced workers who experienced a wage *decrease* of more than 20%, 31% of the spouses increased their economic activity as compared to 12% of the spouses of displaced workers who experienced a wage *increase* of more than 20%.



**Fig. 9.2** Reemployed workers' change in wage and change in economic activity by the spouse. N=227. Reading example: Among displaced workers who experienced a wage decrease of more than 20%, 31% of the spouses increased their economic activity



**Fig. 9.3** Labor market status of the displaced workers by economic activity of spouse. N=541 (N spouse not economically active=153, N spouse economically active=388). Reading example: Among workers whose spouse is economically active, 76% were gainfully reemployed after job displacement

If we test this association in a bivariate logistic regression analysis, using a continuous variable of wage difference as independent variable but no other control variables, we find a significant effect. However, if we then add unemployment duration and gender of the spouse to the model, we find that neither of these variables is associated with increased economic activity.

If we take into account all workers – not only the reemployed – there seems to be an association between the labor market statuses of the displaced worker and the labor market status of their spouse. Figure 9.3 highlights that the workers who have

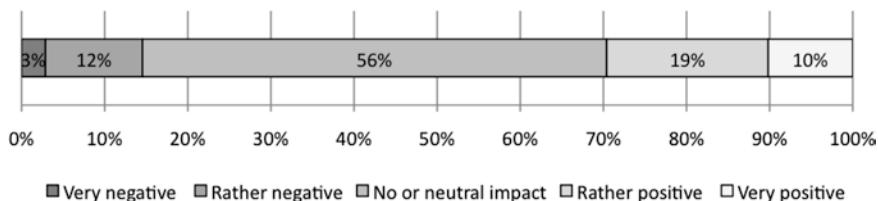
an economically active spouse were much more likely to be reemployed at the moment of our survey (76 %) as compared to the workers who have an economically inactive spouse (48 %). This difference may be due to the fact that the workers with an economically inactive spouse were more likely to go into retirement (24 %) than the workers with a working partner (9 %). However, the difference was also substantial with respect to unemployment. In fact, 25 % of the workers with non-working spouses were unemployed when we surveyed them versus 13 % of the workers with working spouses. This result goes in the same direction as findings from earlier studies that point to a polarization between dual-earner and no-earner couples (Gallie et al. 2001: 46). Two studies from Sweden and the UK even show that wives decreased their employment level as their husbands became involuntarily unemployed (Eliason 2011: 609; Davies et al. 1994). This pattern may be due to voluntary reduction of employment or due to involuntary job loss by the spouses. The latter seems to be more plausible since from a financial point of view one would not expect spouses to welcome reductions in income during phases of unemployment of their spouse. If individuals lose their jobs while their spouses are unemployed this may indicate that they are employed in the same economic sector or in sectors that are similarly prone to job contractions. This in turn would be an indicator for homophily, a concept designating the fact that individuals with a similar socio-economic background are more likely to mate.

## 9.2 Sociability

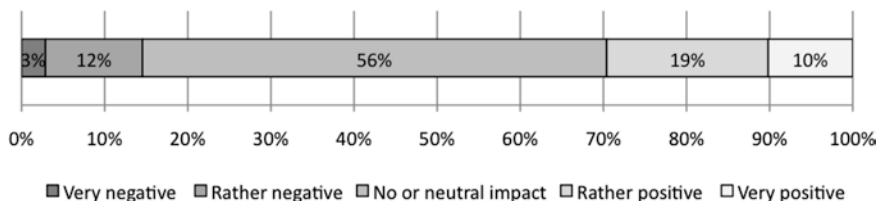
Workers losing their job may experience substantial changes in their sociability. One strand of the literature highlights that workers undergoing a critical event may receive emotional and practical support from spouses, family or friends (Sweet and Moen 2011: 181; Gallie et al. 2001: 47). Another strand of the literature contends that unemployed workers may experience tensions within their couple or become socially isolated as they lose contact with their former co-workers (Atkinson et al. 1986: 320; Larsen 2008: 11).

Empirical evidence suggests that there is no general positive or negative effect of job loss on sociability but instead that the outcome depends on the workers' social roles. It has been shown for Sweden and Norway that the effect of job loss on social relations tends to be more detrimental for male workers (Eliason 2012: 1392; Rege et al. 2007: 18). Men may experience tensions in their social relationships since job loss prevents them from fulfilling their traditional main-breadwinner role. Having children also seems to trigger more pressure on displaced workers to find a new job (Leana and Feldman 1995: 1383).

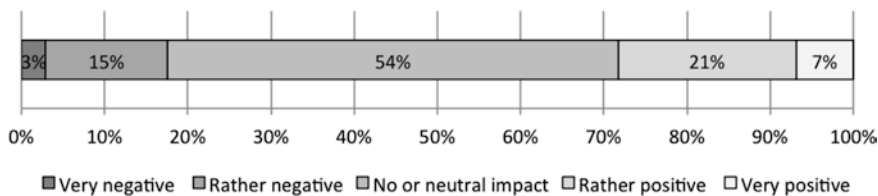
We start with a descriptive analysis of how workers experienced the change in their relationships with their spouse, family and friends for all workers together and then proceed with a regression to identify potential determinants. Figs. 9.4a, 9.4b and 9.4c show that 3 % of the workers suffered a very negative effect of the displacement on their relationship with their *spouse* and 12 % a rather negative effect. 56 %



**Fig. 9.4a** Impact of displacement on relationship with the spouse. N=659. Note: the sample size of the workers who responded to the question about the relationship with the spouse is larger than the number of workers who indicated that they have a partner living in the same household (as presented in Figs. 9.1a and 9.1b) since partners living outside the household are also considered



**Fig. 9.4b** Impact of displacement on relationship with the family. N=671



**Fig. 9.4c** Impact of displacement on relationship with friends. N=683

of the workers experienced no or a neutral impact. 19% indicate that the job loss had a rather positive impact and 10% a very positive impact on their relationship with their *spouse*. The outcomes are very similar with respect to the workers' relationships with their *family* and their *friends*. This result suggests that rather more than half of the workers were not affected in their sociability by the plant closure. Among the 45% of workers reporting changes in their social relationships, those

who experience positive changes are twice as numerous as those who experience negative changes. Our results thus suggest that the experience of plant closure leads to the consolidation of social ties.<sup>2</sup> A possible explanation for this finding may be found in the results from the study by Charles and Stephens (2004: 516–9). The authors show that spouses did not blame their displaced partners if they lost their job because of plant closure (as compared to individual layoff). Accordingly, if spouses know that their partner did not lose their job because of their own fault they rather seem to provide them with support and solidarity.

The similarity of the patterns of Figs. 9.4a, 9.4b, and 9.4c is striking. This outcome may be biased: the survey respondents were possibly primed by the answer they gave to the question about the impact of plant closure on their marital relationship and then checked the same answers for the subsequent questions on family and friends. This would imply that workers accurately answered the first question about the impact of displacement on the relationship with their spouse but inaccurately gave the same answer to the following questions. However, an analysis of the correlation in the three answers reveals that only the answers on relationship with the spouse and relationship with the family are highly correlated (0.81). The correlations between the relationship with spouse and friends (0.51) as well as that with family and friends (0.55) are intermediate. These correlations seem plausible as the strong link between relationship with spouse and family is not surprising, given that the spouse is a central part of the family.

The literature suggests that displaced workers who assume the main-breadwinner role are more likely to experience hardship in their social relationships with their spouses (Eliason 2012; Rege et al. 2007). As men still tend to be the main breadwinner in Switzerland, we tested this argument by examining whether the workers' sex determines how their marital relationship is affected (Joye and Bergman 2004: 88; Bernardi et al. 2013). With respect to relationships with friends, a study based on the European Community Household Panel has shown that unemployed workers tend to see their friends more frequently than employed workers (Gallie et al. 2003). It is however unclear whether there exists a causal effect or whether this finding is due to selection bias.

We compute three models – one for each type of sociability – using the independent variables sex and labor market status, and additionally control for age, education and plant. The results are presented in Table 9.1. We observe strongly negative effects on social relationships for the age group of the 50–54 year olds. The effects are significant for relationships with the family and relationships with friends. With respect to education, our results show that higher levels of education are associated with positive changes in workers' social relationships even though the effects are not statistically significant with the exception of relationship with the family. Contrary to our expectation, we find that men are not significantly more likely than women to experience negative changes in any type of social relationship.

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<sup>2</sup>However, it is possible that our results are biased as a consequence of non-response in the survey. Workers who were more negatively affected in their relationships may have been less likely to respond to our survey and thus be underrepresented among the respondents.

**Table 9.1** Coefficients for an OLS regression for changes in social relationships

	Changes in relationship with spouse	Changes in relationship with family	Changes in relationship with friends
	Coef. (SE)	Coef. (SE)	Coef. (SE)
Age (ref. < 30)			
30–39	–0.05 (0.14)	–0.06 (0.14)	–0.15 (0.14)
40–49	–0.14 (0.13)	–0.13 (0.12)	–0.17 (0.12)
50–54	–0.19 (0.14)	–0.28** (0.14)	–0.36*** (0.13)
55–59	0.04 (0.15)	0.03 (0.14)	–0.19 (0.14)
>59	0.14 (0.17)	–0.02 (0.17)	–0.13 (0.16)
Education (ref. less than upper secondary)			
Upper secondary	0.12 (0.11)	0.16 (0.11)	0.05 (0.10)
Tertiary	0.17 (0.12)	0.20* (0.12)	0.02 (0.11)
Plant (ref. Plant 1)			
Plant 2	0.19 (0.13)	0.23* (0.13)	0.04 (0.12)
Plant 3	0.05 (0.12)	0.03 (0.12)	0.07 (0.12)
Plant 4	–0.001 (0.13)	–0.0004 (0.12)	–0.03 (0.12)
Plant 5	0.07 (0.14)	0.15 (0.14)	0.02 (0.14)
Sex (ref. women)			
Men	–0.005 (0.10)	0.04 (0.09)	0.04 (0.09)
Labor market status (ref. reemployed)			
Unemployed	–0.23** (0.11)	–0.09 (0.11)	–0.25** (0.11)
Retired	0.14 (0.16)	0.42*** (0.16)	0.15 (0.15)
Out of the labor force	–0.19 (0.22)	–0.05 (0.21)	–0.03 (0.21)
Constant	3.11 (0.20)	3.05 (0.19)	3.25 (0.19)
R <sup>2</sup>	0.04	0.06	0.04
N	645	658	668

Note: The dependent variables are the impacts of displacement on relationship with (a) spouse, (b) family and (c) friends with the outcome options (i) very negative, (ii) rather negative, (iii) no or neutral impact, (iv) rather positive, (v) very positive. Significance levels: \*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Reading example: As compared to women, men experienced a decrease in quality of family relationship of 4 percentage points

The workers' labor market status turns out to be highly relevant with respect to changes in their social relationships. In fact, being unemployed is associated with substantially higher chances of experiencing deterioration in the *marital* relationship as compared to being reemployed. This may indicate that unemployed workers are particularly prone to tensions within the *couple*. In contrast to earlier findings in the literature we also find that unemployed workers are more likely to suffer negative changes in their friendships than the reemployed, possibly because long-term unemployment acts as a stigma.

Finally, being retired seems to positively influence changes in *family* relationships. This result is possibly due to the time additional that the retirees have for



social activities, in particular with their family. Indeed, retirees are more likely to enjoy their leisure time than the unemployed workers since they do not suffer from the stigma that goes with being out of work and do not have to search for jobs, and possibly also because the value of time available depends on whether significant others have a similar schedule of available time (Young and Lim 2014).

### 9.3 Subjective Well-Being

Studies based on longitudinal data show that those workers who become unemployed experience a short-term decrease in their subjective well-being (Winkelmann and Winkelmann 1998; Lucas 2007; Clark et al. 2008; Oesch and Lipps 2013). A Swedish study comparing the different labor market outcomes after job loss shows that the workers' long-term life satisfaction depends on how they overcome this critical situation (Strandh 2000). Workers who remain unemployed are more likely to suffer lasting harm. Conversely, those who return to the active labor force are expected to regain their pre-displacement level of subjective well-being.

However, recent evidence contradicts the view that reemployment alone allows unemployed workers to regain their former level of life satisfaction. In fact, a study on unemployed workers who find a job shows that on average they have a lower level of well-being after reemployment than before they lost their job (Young 2012: 14). This leads to the question whether factors such as the characteristics of the new job or a lasting depression triggered by the job loss explain the decline in well-being (Brand 2006: 287; Burgard et al. 2009: 376).

Another explanation may be that job displacement affects other domains of workers' lives besides their occupational situation and leaves long-lasting scars. Even if workers are reemployed, job loss may involve status loss (Kalleberg 2009: 9; West et al. 1990: 127). Moreover, as we have seen, their social relationships may be affected.

Based on previous findings, we expect that changes in workers' financial situation affect their well-being. In particular, workers' life satisfaction decreases if they experience wage losses or have to be more cautious with their daily expenditures. The literature about underemployment and commuting gives rise to the prediction that changes in time budget are crucial for workers' well-being. If workers have to work at activity levels below their preferences or are compelled to commute longer distances, their life satisfaction is impaired. We furthermore expect that the achievement of social recognition is associated with life satisfaction. We predict that lower levels of social recognition – for example in the case of reemployment in a job of lower job authority – lead to lower scores of life satisfaction. Finally, we hypothesize that changes in social relationships – in particular marital relationships – following job loss and job change are the most important predictor for changes in well-being.

The concept of subjective well-being as a dimension of individuals' lives has some disadvantages such as the possibility that survey respondents adjust their

reported well-being, either because in the context of the study an event is mentally particularly present – a bias that is called substitution – or in order to appear consistent (Lucas 2007: 76; Kahneman and Frederick 2002). Substitution is likely to be an issue in our survey since the question about overall life satisfaction was placed *after* the questions about the characteristics of the reemployed workers' new job. Accordingly, substitution probably leads to an overestimation of the correlation between workers' well-being and their new position. In contrast, the association between the workers' life satisfaction on the one hand and their social relationships or dealing with expenditures on the other hand are likely to be correctly assessed since the life satisfaction question was asked *before* the questions about changes in social relationships or dealing with expenditures.

Despite its flaws, we consider the concept of life satisfaction to be a meaningful indicator that complements objective measures such as wage or contract type. The combined assessment of subjective and objective measures seems crucial in order to shed light on the individuals' experience of critical life-course events (Dieckhoff 2011: 237).

Our data is cross-sectional and we rely on retrospective information about workers' *pre*-displacement well-being. Even though longitudinal studies are always to be preferred, cross-sectional studies using retrospective recall constitute a second-best as this method allows for measurement of within-individual changes (Hardt and Rutter 2004: 261). In addition, the use of data from plant closures addresses the problem of reverse causality that is often present in studies on well-being (Eliason and Storrie 2006: 1402; Brand 2015: 15). Consequently, if we find that job loss goes along with a decrease in workers' well-being, it is legitimate to assume that plant closure caused the drop in well-being and not the other way round (i.e. that the decrease in well-being caused the job loss).

As with wages, a problem that is likely to arise in our data is that we assess the workers' *pre*-displacement well-being directly before their displacement. As scholars have pointed out with respect to workers' *pre*-displacement wages, this way of calculating probably underestimates the workers' wage losses as many companies reduced their workers' wages when they first encountered having economic difficulties (Jacobson et al. 1993: 691; Arulampalam 2001: F587; Carneiro and Portugal 2006: 13). Likewise, we can assume that workers' subjective well-being was already starting to decrease in the months before they lost their job (Oesch and Lipps 2013: 959). Accordingly, if the *pre*-displacement level of well-being is lower than the workers' baseline level, we are likely to underestimate the drop in well-being that they experienced as a consequence of job loss.

Table 9.2 presents a descriptive analysis of the workers' life satisfaction by labor market status before and after displacement. The table reveals that displaced workers who were *reemployed* at the moment of our survey indicate an average life satisfaction of 7.7 points before displacement and 7.5 after displacement. Accordingly, this worker subgroup experienced a slight but statistically significant decrease in well-being. At both time points their well-being is lower than the average of the employed individuals in Switzerland which was – according to calculations based on the Swiss Household Panel – 8.0 points in both 2009 and 2011.

**Table 9.2** Average life satisfaction by labor market status before and after displacement

	Before displacement	After displacement	N
Reemployed	7.7	7.5	480
Retired	8.3	8.4	89
Unemployed	8.2	5.4	115
Out of the labor force	8.4	5.7	20

Note: A Student’s t-test was run to assess the significance of the change in life satisfaction between before and after displacement. The difference is significant for the reemployed ( $p < 0.05$ ), the unemployed ( $p < 0.001$ ) and the labor force dropouts ( $p < 0.01$ )

With respect to the *retired* workers we find that they experienced a slight but not significant increase in well-being from 8.3 points to 8.4.<sup>3</sup> For displaced workers who were *unemployed* in 2011 we find an average life satisfaction of 8.2 before displacement and 5.4 after displacement. These workers thus experienced a strong and highly significant decrease in life satisfaction. It has been argued that there exists a mechanism of self-selection of less happy workers into unemployment. However, our analysis shows that even if this phenomenon exists there is an additional drop in well-being at the moment when workers become unemployed. Comparing this result to the average unemployed individual in the Swiss Household Panel in 2011 with a life satisfaction of 6.8 points, workers in our sample indicate a lower well-being. A possible reason for this finding is that while the data from the SHP includes data from individuals with a large variety of unemployment durations – most of them probably of only some months –, our data includes unemployed workers who have been unemployed for more than 1 year. Intriguingly, the unemployed displaced workers indicate a pre-displacement life satisfaction that is higher than that of the average Swiss employed worker in the Swiss Household Panel (which was 8.0 in 2009). This finding probably points to an overestimation of the life satisfaction before displacement if the workers’ post-displacement situation is difficult. Since the pre-displacement life satisfaction is a retrospective measure, it is likely to be subject to recall bias. In order to rule out a possible recall bias, we proceed with multivariate analyses that are run separately for the reemployed and the unemployed workers.<sup>4</sup>

<sup>3</sup>If we further distinguish between workers who retired regularly and those who retired early (not shown in the figure), we find that the regularly retired experienced a strong increase in well-being from 7.8 to 8.6 points and the early retired a slight decrease from 8.4 to 8.3 points. Whereas the strong increase in well-being for the regularly retired supports earlier findings (Calvo et al. 2007), the stability in well-being of the early retirees reflects an apparently voluntary rather than forced exit from the labor force (as discussed in Chap. 4).

<sup>4</sup>Our analyses were not run for the retirees and the labor force dropouts, the sample sizes being too small.

The labor force dropouts exhibit a similar pattern to the unemployed, expressing a significant decrease in life satisfaction from 8.4 to 5.7 points. However, the confidence intervals are very large for the labor force dropouts and the unemployed and the results thus need to be interpreted with caution.

Within each worker subgroup there is substantial variance in change in life satisfaction. For the reemployed and the retired the pattern of the distribution takes a form that is close to a normal distribution; for the unemployed and labor force dropouts the distribution in contrast is clearly not normal but skewed to the negative values. For instance, among the unemployed about 7% of them have experienced the maximum decrease of  $-9$  or  $-10$  points. A minority of 10% experienced an increase between 2 and 7 points, which may reflect the fact that some workers were relieved to lose their former job, which was marked by instability (Sweet und Moen 2011: 24–5).<sup>5</sup>

## 9.4 Unemployed Workers' Changes in Life Satisfaction

We try to explain displaced workers' changes in well-being by resorting to a multivariate analysis. More precisely, we analyze the effect of changes in dealing with money and changes in social relationships on unemployed workers' changes in subjective well-being. The results are presented in Fig. 9.5. Our model includes the variables changes in dealing with expenditures, changes in social relationships sex, education, civil status, age, language, duration since displacement, and plant.<sup>6</sup>

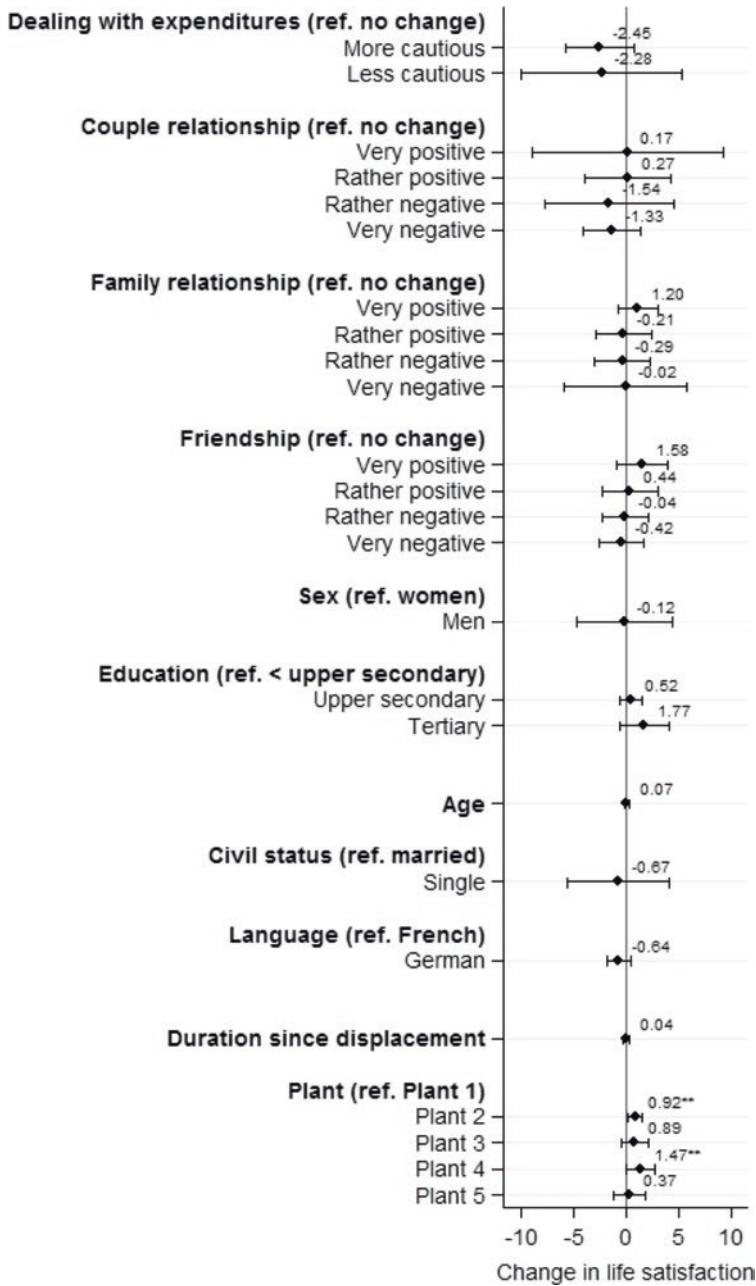
We find that the experience of financial restrictions has a very strong negative impact on workers' well-being. As we will see later, the effect of changes in expenditures is much larger for the unemployed workers than for the reemployed, which is little surprising. We also find a strong negative effect for being less cautious with spending, which is counterintuitive. However, the effects of this variables are not statistically significant. Regarding changes in workers' social relationships we find that marital relationships and relationships with friends affect workers' subjective well-being in an intuitive way, i.e., positive changes lead to positive effects, while negative changes lead to negative effects.<sup>7</sup> Interestingly, workers seem to be particularly sensitive to positive changes. This finding may indicate that workers who received ample empathy and support from their friends were spared the negative effect that unemployment usually has on workers' well-being. With respect to edu-

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<sup>5</sup> Figures presenting the distribution can be found in a paper related to this analysis (Baumann 2015).

<sup>6</sup> We also tested whether receiving unemployment benefits or not affected the outcomes. However, since this was not the case and the inclusion of this variable considerably reduced the size of our sample, we dropped it.

<sup>7</sup> If we test the same model only on workers who have a spouse, the effects for marital and family relationships are not significant. In contrast, for workers with a spouse, changes in relationships with *friends* are even more important than for all workers together.



**Fig. 9.5** Coefficients for an OLS regression analysis for the change in life satisfaction for the unemployed workers. Note: N=100. Significance levels: \*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Standard errors are clustered at the plant level. Reading example: As compared to unemployed women, unemployed men experienced a decrease in life satisfaction of 0.12 points

cation, workers with tertiary education experienced a much more positive evolution of their subjective well-being than workers with less than upper secondary education, although the effect is not statistically significant. Education thus may have a cushioning effect on workers' well-being. The only statistically significant result in this analysis is revealed for the variable 'plant'. We find that unemployed workers in all companies experienced a more positive development in their well-being than workers in Plant 1 in Geneva. This is possibly due to the more competitive labor market of Geneva with much higher rates of unemployment than in the other regions examined. The workers from the plant in Geneva experienced the longest durations of unemployment (see Figs. 5.6 and 5.7 in Chap. 5) which probably had detrimental effects on workers' well-being.

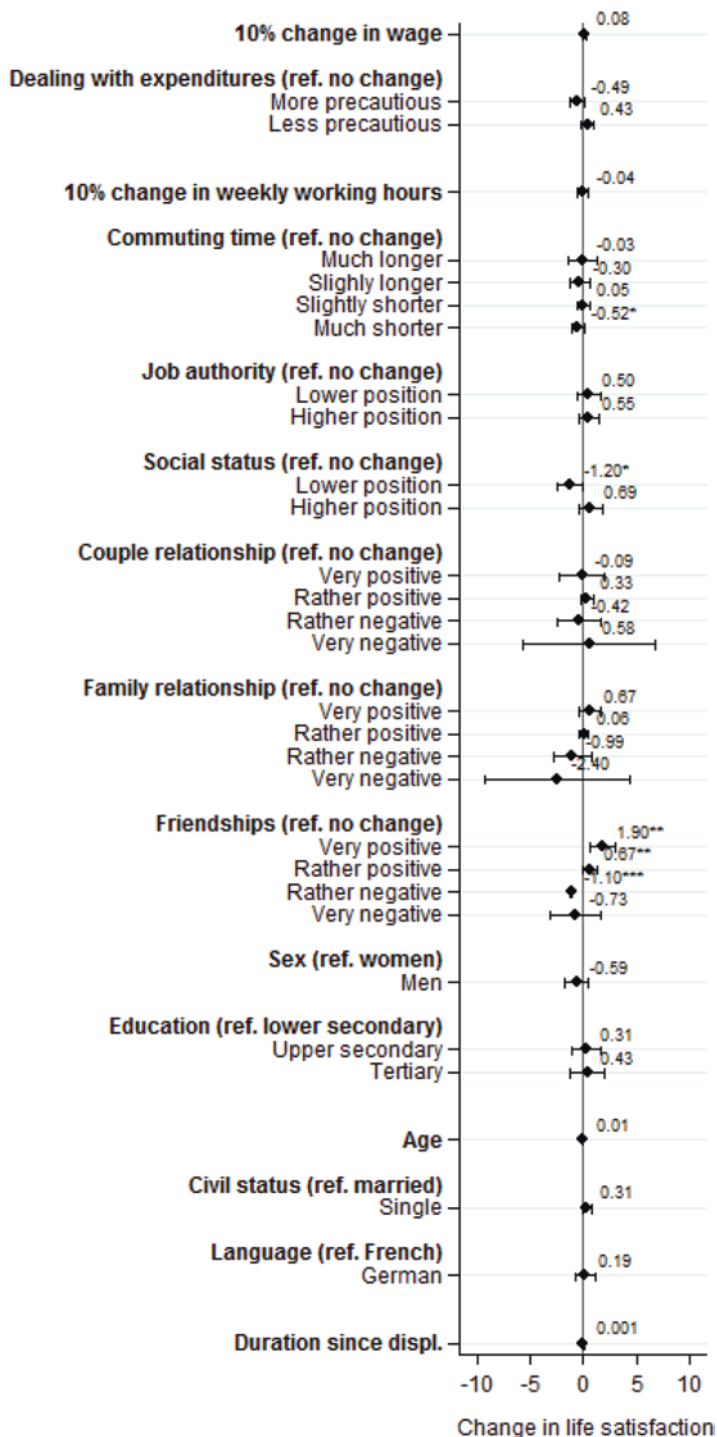
## 9.5 Reemployed Workers' Change in Life Satisfaction

We proceed with a multivariate analysis to estimate the impact of changes in economic and social factors on changes in *reemployed* workers' well-being. We run an OLS-regression model with the covariates change in wages, dealing with expenditures, change in weekly working hours, change in time spent commuting, change in job authority, change in relationships with spouse, family and friends, sex, education, civil status, age, survey language and duration since displacement. The coefficients are presented in Fig. 9.6.

We begin with the discussion of our expectation that an increase in workers' wages and being less cautious in dealing with expenditures is positively linked to changes in workers' life satisfaction. Although the effects go in the expected direction, the coefficients for both variables are not statistically significant.

We predicted that workers who work fewer hours per week and workers who have to commute longer distances than before displacement tend to experience a decrease in well-being. The analysis of the effect of changes in weekly working hours does not reveal statistically significant results. Nor are the results with respect to commuting time in line with our expectations. Although we find a negative effect of longer commuting distances on workers' well-being and a positive effect of *slightly* shorter commuting distances, we also find the counterintuitive result that *much* shorter distances are associated with a strong and significant *decrease* in life satisfaction. A possible explanation for this result may be that a much shorter commuting time is a proxy for an unobservable variable. For instance, workers who have to commute much shorter distances may be unhappy about being obliged to work in a different city than before displacement and need time to get used to their new environment.

Based on the previous literature we predicted that changes in social recognition are important for workers' well-being. With respect to job authority however, we do not find significant results and both being reemployed in a higher and a lower hierarchical position go along with an increase in life satisfaction. In contrast, workers'



**Fig. 9.6** OLS-regression analysis for change in life satisfaction for the reemployed workers N=307. Note: \*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . 95% confidence intervals shown. Standard errors are clustered at the plant level. Each dependent variable represents a change. Reading example: Workers who were reemployed in a job with a lower social position experienced a decrease in life satisfaction of 1.2 points



job-related social status seems to be relevant. We find that being reemployed in a job with a lower social status is associated with a strong and significant decrease in life satisfaction by 1.20 points.

We hypothesized that deterioration in couple, family and friendship relationships as a consequence of plant closure has a harmful effect on workers' well-being. While the effect of changes in the workers' marital relationship neither goes in the expected direction nor is linear, the effect of changes in family relationships is more intuitive. As expected, positive changes go along with an increase in well-being and negative changes with a decrease. Very negative changes in family relationships are even associated with a 2.40 points decrease in life satisfaction. However, the standard errors for effects of couple and family relationships are too large to enable the coefficients to be statistically significant.<sup>8</sup> In contrast, changes in friendships are significantly linked to workers' satisfaction with their life. Both deterioration and improvement of these relationships coincide with substantial changes in workers' well-being, the positive effect being even stronger than the negative effect. With respect to the control variables sex, education, age, civil status, survey language and duration since displacement, we do not find statistically significant results.

How do these results compare to earlier studies? The finding that changes in wages are only weakly associated with changes in workers' life satisfaction coincides more strongly with evidence from Germany as compared to evidence from the UK (Ferrer-i-Carbonell and Frijters 2004: 656; Winkelmann and Winkelmann 1998: 12; Gardner and Oswald 2007). This is not surprising since the unemployment insurance in Germany – as in Switzerland – represents a stronger buffer against financial strains than in the UK. As a consequence, changes in the workers' financial situation probably affect workers in Switzerland less than workers in other countries.

Regarding changes in social status a British study on a large sample of managers shows that downward occupational mobility had even more detrimental effects on their life satisfaction than unemployment (West et al. 1990: 132). The authors explain this finding by contending that the expected direction of mobility of managers is upward and a failure strongly affects their well-being. This argument can be extended to workers in general, at least for those who are not close to the end of their career. Brand (2015: 17–18) claims that if hardship caused by job loss was mainly financial, reemployment would have the potential to re-establish workers' well-being. In contrast, if displacement alters workers' place in society more profoundly, regaining the former level of life satisfaction may be difficult.

We find that changes in couple relationships matter little for workers' changes in well-being contradicts earlier research. A recent literature review has shown that deteriorations in marital relationships affect individuals' well-being particularly negatively (Dolan et al. 2008). It is thus surprising that the effects in our analysis are not significant and rather small. A potential explanation may be that changes in

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<sup>8</sup>If we calculate the effect of changes in relationships with family and spouse only for those workers who have a spouse (there is no information available about workers' children), the results are basically the same but have the downside that the number of observation is smaller.



couple relationships tend to be gradual rather than sudden and that individuals thus have time to adapt to the changes (VanLaningham et al. 2001: 1316–8).

Our finding that relationships with friends are more strongly associated with subjective well-being than relationships with spouses and the family is in line with the meta-analysis by Pinqart and Sørensen (2000: 194) and with a study by Helliwell and Putnam (2004: 1439) on the US and Canada.

How can we interpret this finding? Although we know that reverse causality between job loss and change in well-being is unlikely (i.e. that a decrease in well-being has caused workers to lose their job), it is possible that we are confronted with reverse causality between our dependent and independent variables. Although this interpretation is possible, it seems more likely that the correlation that we found expresses an effect of changes in social relationships on changes in workers' well-being because the wording of our question was causal ("How did plant closure affect your relationship with your spouse/family/friends?").

A more plausible interpretation is that our measure of relationships with friends actually assesses workers' relationships with their former co-workers. If this is the case, positive changes in these relationships may have positive effects on workers' well-being as a consequence of solidarity expressed among former colleagues. As the workers' occupational career is falling apart, they may find and provide important mutual support from and to their former colleagues. The negative effect of deterioration in friendship relationships on workers' well-being may be an expression of suffering over the loss of appreciated former co-workers.

In sum, our analysis provides us with the insight that finding a job after displacement does not guarantee that workers overcome the shock of displacement and restore their pre-displacement level of life satisfaction – even though being unemployed is even a much stronger burden. This suggests that hitherto theories for loss in well-being after job loss do not fully explain the mechanism behind this phenomenon. Our results in fact indicate that additional processes are at stake. Indeed, it seems that workers' lives are enduringly affected by job loss and that these effects persist even after reemployment. This is particularly true for social relationships, which are likely to be affected by job loss and which in turn have paramount consequences for workers' subjective well-being.

## 9.6 Changes in Workers' Health

A substantial body of evidence from the US suggests that job displacement goes along with decreased health conditions, even after controlling for selection effects. Burgard et al. (2007: 379) show, based on longitudinal data, that workers losing their job are more likely to be affected by depression. In line with these findings are the results of Gallo et al. (2006: S225), who report for older workers who experience involuntary job loss that they have an increased likelihood of exhibiting depressive symptoms. However, these effects were usually present only in the mid-term after job loss and disappeared in the long term. Sullivan and von Wachter (2009:

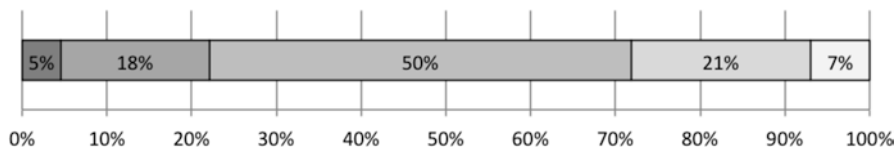


Fig. 9.7a Impact of displacement on physical health. N=687

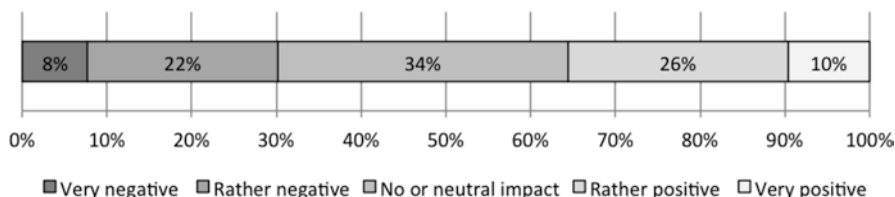


Fig. 9.7b Impact of displacement on psychological health. N=686

1278–9) find that displaced workers have a substantially higher risk of mortality than non-displaced workers.

Although in our study we did not assess extensive health indicators, we surveyed the self-reported impact of job displacement on workers' physical and psychological health. As we can see from Figs 9.7a and 9.7b, half of all workers indicated that job loss had no effect on their *physical* health. However, 23% of the workers indicated that they experienced negative effects and 28% report positive effects.

With respect to *psychological* health, only about a third indicated that there was no or a neutral effect. Slightly less than a third experienced a negative impact and slightly more than a third a positive impact. Overall, the two figures point to a stronger impact of plant closure on workers' mental health than on their physical health and, surprisingly, workers reporting a positive health impact outnumber those indicating a negative impact. This finding probably needs to be interpreted in the context of having worked in plants troubled by instability and tensions – hence a particularly stressful context – which ultimately led to plant closure.

## 9.7 Conclusion

Although workers implemented several coping strategies such as reducing expenditures, the strategy that we had assumed to be largely used did not prove to be particularly important, namely the spouses increasing their economic activity. Indeed,

a substantial proportion of workers' spouses were not employed and did not change their occupational situation in order to cope with the job loss of their partner. Moreover, workers who were unemployed at the moment of our survey were more likely than the reemployed workers to have spouses who were not working. This points to a pattern of polarization between dual-earner and no-earner families.

With respect to sociability we find the interesting result that plant closure rather strengthens than weakens the workers' social relationships. This suggests that a critical event that disrupts workers' careers need not similarly disrupt their social lives. However, a small proportion of workers still experienced very negative effects on their relationships and thus have experienced hardship not only in their occupational, but also their private life.

The workers' general life satisfaction strongly depends on their labor market status, reemployed and retired workers having much higher levels of life satisfaction than unemployed workers and labor force dropouts, who experienced strong decreases in well-being. With respect to the determinants of the change in well-being, financial issues seem for the unemployed workers to be more consequential for their well-being than their social relations. This finding may be explained by the unemployed workers' financial vulnerability. Although Switzerland's unemployment benefits system offers comparatively high financial security with a benefit replacement rate of 70–80% for 18 months, workers are likely to be impaired in their life style and may experience uncertainty about whether they will find a job.

Our hypothesis H8 that changes in social relationships following job loss decisively predict changes in workers' well-being does seem to be more pronounced among the reemployed workers than among the unemployed. In general, contrasting with earlier findings in the literature we do not find clear evidence for the link between change in *marital* relationships and well-being. But we observe that changes in relationships with *friends* are strongly linked to changes in well-being. This finding has been corroborated for both reemployed and unemployed workers. For unemployed workers, a possible explanation for this finding may be that workers have had more time for their friends while they were unemployed and accordingly were happier in this period. An explanation for this result for reemployed workers may be that relationships with friends actually represent workers' relationships with their co-workers. Positive changes in these relationships may either be a sign that they appreciated solidarity and mutual support among former colleagues or that they are happy with their new colleagues. The negative effect of a deterioration in friendship relationships may be an expression of disappointment in the case of loss of appreciated former co-workers.

In sum, our analysis confirms that unemployment is a highly unpleasant experience. We show that finding a job after displacement does not guarantee that workers will immediately overcome the shock of the displacement and regain their pre-displacement level of life satisfaction. It seems that individuals experiencing an occupational transition from one job to another need time to adjust to their new workplace. It is thus not unemployment alone that is arduous but also the period coming after the spell of unemployment. Factors that seem to mitigate potential hardship are social relationships. We show that relationships with friends and

colleagues have the most important consequences for workers' subjective well-being – apparently often in a positive way.

The contribution of this chapter is to illustrate how other domains of workers' lives are affected through job displacement. Our analysis adds to the scholarly literature by highlighting the dimensions of unemployment that are beyond the economic sphere. In addition, in this chapter we focus on non-objective indicators such as satisfaction with life. The use of the life satisfaction measure in the analysis of objective outcomes such as the post-displacement labor force status emphasizes that complementing objective indicators with subjective ones provides us with a more comprehensive understanding of the phenomenon of job displacement.

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