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# Unemployment, Social Contacts, and Well-Being During the Day

(Work in Progress!)

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# Individual cost of unemployment

- “Economics of Happiness”-literature
  - supports “disutility of unemployment”
    - Clark and Oswald (1994, *EJ*)
    - Gerlach and Stephan (1996, *Economics Letters*)
    - Winkelmann and Winkelmann (1998, *Economica*)
    - Blanchflower and Oswald (2004, *JPubE*)
    - ...
  - strong indication that unemployment is *involuntary*

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# What is “happiness”?

- overall contentment with life
  - normally called “life satisfaction”
- momentary feelings of joy and pleasure
  - in psychology: positive or negative affect
  - often referred to as “happiness” in the narrow sense
  - “experienced utility” (Kahneman et al. 1997, *QJE*)
  - *Day Reconstruction Method* (Kahneman et al. 2004, *Science* and *AER*)
    - combination of time-use survey and affect survey

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# Our survey

- we interviewed 1,055 persons
  - 366 full-time employed
  - 348 long-term unemployed
  - 341 long-term unemployed in workfare programs
- interviews conducted in Berlin and Magdeburg
  - unemployed were approached in the employment office
  - employed were recruited via letters and phone calls and interviewed face-to-face
- survey-weights based on German Socio-Economic Panel (GSOEP)

# Survey design

## 10. How did you feel during this episode?

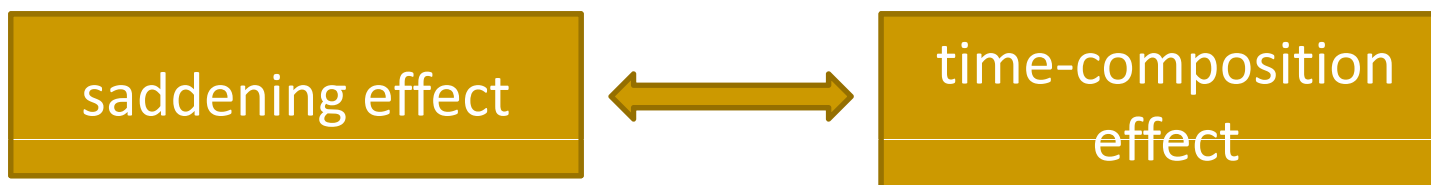
Please rate each feeling on the scale given. A rating of 0 means that you did not experience that feeling at all. A rating of 10 means that this feeling was a very important part of the experience. Please check the number that best describes how you felt.

	Not at all										Very much		
	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>		
lethargic/dull	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
enjoying myself	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
insecure/anxious	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
happy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
frustrated/annoyed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
relaxed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
stressed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
comfortable/at ease	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

# Affective Well-Being and Unemployment

Knabe et al. (2010): “Dissatisfied with Life but Having a Good Day: Time-use and Well-being of the Unemployed”, *Economic Journal* 120(547), 867-889.

Activity	Net Affect		Activity	Net Affect	
	E	UE		E	UE
Hobby/Sport	7.25	6.15	Childcare	4.42	6.96
	(0.011)			(0.000)	
Parlour/Computer Game	6.73	4.36	Travel	3.79	3.54
	(0.002)			(0.452)	
Socialising	6.71	6.54	Housework	3.58	2.42
	(0.550)			–	
Eating	6.51	4.92	Commuting	3.22	–
	(0.000)			–	
Reading/Radio/Music	6.34	4.91	Shopping	3.00	2.17
	(0.000)			(0.112)	
Relaxing/Walk	5.98	6.04	Working	2.68	–
	(0.912)			–	
Break during Work	5.30	–	Job Seeking	–1.37	–0.13
	–			(0.709)	
Watching TV	5.09	5.18			
	(0.687)				



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# Duration-weighted affect measures

	Life Satisfaction	Net Affect
Employed	7.074	4.404
Unemployed	4.385	4.572
Difference between unemployed and employed	-2.689 (0.000)	+0.168 (0.371)

*Note.* p-values for  $H_0$ : difference = 0 in parentheses.

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# The role of social contacts

- „social capital“ plays an important role for wellbeing and happiness (Putnam 2000, ...)
- narrow definition: number of friends, frequency of contact with friends & family, membership in organizations etc.
  - Phillips (1967), Burt (1987), Powdhavee (2008, JoSocioEconomics), Helliwell and Putnam (2005), Kahneman et al. (2004)
- our study
  - distinguish between time- and contact-composition effects of unemployment
  - examine how the presence and employment status of the partner affect the well-being effect of unemployment

# Contact composition

Contact with	Employed		Unemployed	
	single	with partner	single	with partner
	Share of time	Share of time	Share of time	Share of time
Spouse/Partner		36.5%		34.7%
Own Children (under age 10)	1.2%	6.7%	4.0%	13.1%
Own Children (above age 10)	9.1%	7.1%	9.9%	7.7%
Parents/Relatives	8.2%	8.5%	13.7%	7.0%
Friends	14.7%	11.6%	18.3%	15.2%
Co-Workers	29.7%	28.6%		
Clients/Customers	14.8%	11.1%		
Boss	13.7%	9.8%		
Others	10.5%	9.8%	11.1%	9.6%
No One	36.5%	21.5%	49.6%	34.5%

# Contacts and emotions

- activities: always more enjoyable with others

Activities	regular employed			unemployed		
	without contact	with contact	difference (p-value)	without contact	with contact	difference (p-value)
Eating	5.22	6.87	0.000	4.11	5.38	0.000
Work	1.14	2.82	0.000			
Break during work	4.21	5.53	0.005			
Commuting	2.51	4.56	0.000			
Housework	3.04	3.88	0.015	2.63	2.03	0.154
Shopping	2.37	3.54	0.115	2.12	2.09	0.945
Childcare		4.43			7.00	
Socialising		6.70			6.46	
Relaxe/Walk	4.40	6.75	0.000	3.76	7.72	0.000
Hobby/Sport	6.42	7.63	0.122	6.36	6.12	0.739
Read/Music	5.98	7.04	0.005	4.30	6.61	0.002
TV	5.33	4.92	0.235	4.62	5.87	0.000
Travelling	3.78	3.93	0.764	1.91	4.47	0.000
<b>All activities</b>	<b>4.10</b>	<b>4.51</b>	<b>0.000</b>	<b>3.52</b>	<b>5.26</b>	<b>0.000</b>

# Contacts and emotions

- not all contacts are equally enjoyable

Contact type	Employed		Unemployed	
	net affect	share of time	net affect	share of time
Alone	4.10 (0.09)	24.5% (1.0%)	3.52 (0.09)	40.5% (1.4%)
Spouse	5.13 (0.11)	29.2% (1.5%)	5.18 (0.16)	20.4% (1.4%)
Young kids	5.30 (0.20)	5.6% (0.8%)	5.42 (0.19)	9.3% (1.2%)
Kids	4.72 (0.17)	7.5% (0.8%)	6.24 (0.23)	8.6% (0.9%)
Relatives	5.10 (0.21)	8.4% (0.8%)	3.97 (0.28)	9.9% (0.9%)
Friends	5.61 (0.18)	12.2% (0.9%)	6.23 (0.16)	16.6% (1.1%)
Coworkers	3.08 (0.11)	28.8% (1.3%)		
Customers / Clients	2.37 (0.22)	11.8% (1.1%)		
Boss	2.26 (0.21)	10.6% (1.0%)		
Others	4.00 (0.16)	10.0% (0.9%)	4.06 (0.21)	10.2% (0.9%)
<b>All</b>	<b>4.41</b> <b>(0.05)</b>	<b>100.0%</b> <b>(0.0%)</b>	<b>4.56</b> <b>(0.07)</b>	<b>100.0%</b> <b>(0.0%)</b>

# Decomposition

effect decomposition	affects	time allocation to different activities	share of time spent alone, with friends and family, or with colleagues	avg. net affect	
				singles	with partner
loss of social contacts at work	average employed	average employed	average employed	4.88	4.31
				↓ -0.46	↓ -0.42
time-composition effect (more leisure)	average employed	average employed	average employed, but no contact to colleagues at work, leisure contact to colleagues given by $\min(\text{employed}, \text{unemployed})$	4.42	3.88
				↓ 0.18	↓ 0.71
contact-composition effect (more time with friends)	average employed	average unemployed	average unemployed, so work time is allocated to leisure; no change in time spent with friends and family, so that additional leisure is spent alone	4.60	4.59
				↓ 0.61	↓ 0.15
saddening effect	average employed	average unemployed	average unemployed	5.21	4.74
	average unemployed	average unemployed	average unemployed	↓ -0.62	↓ -0.19
				4.59	4.55

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# Partner effects of unemployment

- Does partner's unemployment alleviate or worsen the psychological cost of one's own unemployment?
- a brief look at the literature
  - Clark (2003, *JoLE*): examines general mental health
    - partner's unemployment is bad for employed women, irrelevant for employed men
    - partner's unemployment is bad for unemployed women, but good for unemployed men
    - similar effect for other household members
  - Scutella and Wooden (2008, *Social Science & Medicine*)
    - mental health effect of unemployment independent of other's unemployment in the same household

# Partner effects (men)

Well-being measure	Employed (men only)		Unemployed (men only)		Difference b/w employed and unemployed	
	single	partnered	single	partnered	single	partnered
Net affect	4.402 (0.452)	4.066 (0.481)	4.555 (0.310)	4.623 (0.276)	0.153 (0.548) (0.780)	0.557 (0.321) (0.083)
Difference	-0.336 (0.481) (0.486)		0.068 (0.415) (0.870)		0.404 (0.635) (0.525)	
Life satisfaction	6.324 (0.332)	7.058 (0.360)	4.941 (0.272)	3.678 (0.313)	-1.383 (0.429) (0.001)	-3.380 (0.343) (0.000)
Difference	0.734 (0.360) (0.043)		-1.263 (0.415) (0.003)		-1.997 (0.549) (0.000)	

# Partner effects (women)

Well-being measure	Employed (women only)		Unemployed (women only)		Difference b/w employed and unemployed	
	single	partnered	single	partnered	single	partnered
Net affect	5.258 (0.356)	4.858 (0.432)	4.616 (0.233)	4.504 (0.324)	-0.642 (0.426) (0.133)	-0.354 (0.405) (0.383)
Difference		-0.400 (0.432) (0.355)		-0.112 (0.399) (0.779)		0.288 (0.588) (0.624)
Life satisfaction	7.132 (0.247)	7.377 (0.289)	4.091 (0.245)	4.920 (0.292)	-3.041 (0.348) (0.000)	-2.457 (0.328) (0.000)
Difference		0.245 (0.289) (0.397)		0.829 (0.381) (0.031)		0.584 (0.478) (0.222)

# Partner effects (men)

Well-being measure	Employed (men only)		Unemployed (men only)		Difference b/w employed and unemployed	
	partner employed	partner unemployed	partner employed	partner unemployed	partner employed	partner unemployed
Net affect	4.063 (0.191)	3.204 (0.813)	6.543 (0.403)	3.660 (0.383)	2.480 (0.446) (0.000)	0.456 (0.878) (0.606)
Difference	-0.859 (0.813) (0.293)		-2.883 (0.556) (0.000)		-2.025 (0.985) (0.041)	
Life satisfaction	7.167 (0.163)	5.948 (0.490)	3.518 (0.569)	3.413 (0.493)	-3.650 (0.592) (0.000)	-2.536 (0.675) (0.000)
Difference	-1.219 (0.490) (0.014)		-0.105 (0.753) (0.890)		1.114 (0.898) (0.216)	

# Partner effects (women)

Well-being measure	Employed (women only)		Unemployed (women only)		Difference b/w employed and unemployed	
	partner employed	partner unemployed	partner employed	partner unemployed	partner employed	partner unemployed
Net affect	4.766 (0.263)	5.105 (0.935)	5.346 (0.481)	3.499 (0.599)	0.579 (0.549) (0.293)	-1.606 (1.078) (0.141)
Difference		0.339 (0.935) (0.718)		-1.846 (0.769) (0.019)		-2.185 (1.210) (0.072)
Life satisfaction	7.351 (0.175)	7.422 (0.396)	5.738 (0.341)	3.313 (0.445)	-1.613 (0.383) (0.000)	-4.109 (0.570) (0.000)
Difference		0.071 (0.396) (0.858)		-2.425 (0.561) (0.000)		-2.496 (0.687) (0.000)

# Partner effects (regression)

	Life Satisfaction		Net Affect	
	men	women	men	women
Unemployed	-2.321*** (0.599)	-1.195** (0.552)	3.414*** (0.648)	-0.942 (0.783)
Unemployed partner	0.168 (0.617)	0.093 (0.932)	-0.512 (0.667)	0.555 (1.321)
Unemployed * Unemployed partner	0.506 (0.778)	-1.743* (1.032)	-1.969** (0.841)	-2.009 (1.463)
Demographic controls	age and age <sup>2</sup> , health, educational attainment, number of children, (log) household income, weekend			
Observations	174	167	174	167
R <sup>2</sup>	0.572	0.502	0.306	0.222

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# Partner effects of unemployment

- life satisfaction

- men: unemployment is bad, especially if living with a partner or if partner is employed
- women: unemployment is bad, especially if single or partner is unemployed

→ life satisfaction seems influenced by traditional gender roles

- net affect

- men: unemployment might be beneficial, especially if partnered and if partner is employed
- women: no clear effects, but unemployment appears to be good if partner is employed

→ gender roles seem to matter less for emotions than for life satisfaction

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# Conclusion

- subjective well-being has several *distinct* dimensions
  - „life satisfaction“ is not identical to “emotional well-being”
  - unemployment has negative effect on life satisfaction, but not on emotional well-being
  - role of time and contact composition
    - leisure time is better than working time
    - being with friends (and even being alone) is more enjoyable than being with work contacts while at work

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# Conclusion

- partner effects
  - gender roles influence life satisfaction
  - no such effects for emotional well-being
- implications for time-use research
  - collect well-being information along with time-use data
  - check whether our findings can be replicated with other data
  - explore differences between life satisfaction and emotional well-being further