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# Social Capital: a Possible Buffer for The Negative Effects of Unemployment on Well-Being

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The COVID-19 pandemic once again shows that unemployment continues to be a risk factor for subjective well-being due to the many negative effects it can have. Multiple theories and mechanisms are proposed to explain how unemployment leads to less subjective well-being. The role of social capital as an individual resource is explored as a moderator for the relation between unemployment on subjective well-being. The study makes use of the 2008 LISS data-set, using multiple linear regression to test for several hypothesis and is of cross-sectional design. The results show that no significant effect was found between unemployment and subjective well-being. Social capital did not prove a significant moderator between this relation, but did have a significant effect on unemployment on its own. Possible explanation for not finding a relation between unemployment and lower subjective well-being are explored and possible future research projects are addressed.

Social capital; unemployment; subjective well-being; Bourdieu; self-esteem

Due to the COVID-19 pandemic unemployment is on the rise again. Although the rise of unemployment has already slowed down as seen by unemployment claims in America (U.S. Department of Labor, 2021) and the Netherlands – unemployment is still relatively higher than usual (CBS, 2021). Those who become unemployed are at risk for the many negative effects it can have for their mental well-being. Unemployment is a major predictor for unhappiness and can deplete mental resources, in turn leading to bad decision making (Clark & Oswald, 1994; Winkelmann, 2014). It is also linked to higher levels of stress, either measured through biological factors such as increased levels of urinary catecholamines (Baum et al., 1986) and using questionnaires. For example, Linn et al. (1985) used a form of the Holmes and Rahe Social Readjustment Rating Scale which identifies whether any of 41 stressful events occurred over the span of half a year and found a relation. Stress in itself is a strong predictor for various physiological and psychological health problems, such as increased chance of cardiovascular diseases and cancer, as well as substance abuse and trouble sleeping (Quick et al., 1987). Experiencing the feeling of loss of control and lower self-worth is also common among those involuntarily unemployed (Baum et al., 1986), both resulting in less subjective well-being. Furthermore, unemployment can be very isolating in a currently already isolating time, since it can feel like one does not participate in society anymore (Gallie et al., 2003).

There are a number of possible underlying mechanisms that explain the negative relation between unemployment and subjective well-being. A prominent one is the role employment has on self-worth, or confidence in one's own worth or abilities. Work can provide individuals with self-worth or self-esteem, finding that an unemployment spell damages an individual's perception of self-worth (Goldsmith et al., 1996). Higher levels of self-esteem in general are linked to higher reported levels of well-being. For example, multiple theories like the social identity theory (Tajfel & Turner, 1979) and the terror management theory posits that people strive to be positively evaluated, which promotes their self-esteem and in turn can provide a buffer against negative events (Pyszczynski et al., 2004). Losing one's job in turn can lead to feeling less self-esteem and worth. This effect is particularly strong for those who already had a previous unemployment spell, and gets worse the longer the duration of unemployment (Goldsmith et al., 1997). Being employed can also define aspects of personal status and identity and can provide a sense of purpose in life (Jahoda, 1981). As for many people their work is part of their identity, losing their job also means losing part of one's identity.

There are, however, differences in the severity of the effect between individuals based on different characteristics. Research shows that the effect of unemployment on well-being is not the same for everyone, as some people are more heavily affected and some more lightly. For instance, Van der Meer (2012) found that the effect unemployment has on subjective well-being is stronger for men than for women, as men rely more on achieving social approval through work, while women have different ways of achieving social approval. Social approval, which can be obtained by status and behavioral confirmation and affect (Ormel et al., 1999) show gendered differences, as status for men and women can be differently obtained within society; while men rely mostly on their job, women can rely on their husbands job, allowing them more freedom to find employment that satisfies approval, self-actualization and socializing (Lindenberg, 1991). Furthermore, since a woman's status is partly determined by their partner's status (Nilson, 1976), losing their job will have less of a negative impact. There have also been many studies looking at the role of age as moderator between subjective well-being and unemployment. When young people are exposed early to unemployment, this can be demoralizing, and reduce their motivation to seek work (Fagan et al., 2012). This can have a 'scarring effect', meaning that it has long lasting consequences. This is exemplified by Schmillen and Umkehrer's study, finding that on average, "each additional day of unemployment during the first eight years on the labour market increases unemployment in the following 16 years by half a day." (Schmillen & Umkehrer, 2017).

Another potentially relevant moderator is social capital. Social capital has become a much researched topic in sociology. It generally describes the networks of relationships among people who live and work in a particular society, enabling that society to function effectively. Yet it can also encompass smaller social entities, like groups, organizations and neighborhoods, as social capital can be measured on a macro-level (regional or country level), meso-level (neighborhoods, workplaces), and micro-level (Alvarez et al., 2016). The exact definition depends largely on the researcher, as many definitions have been proposed (see Fulkerson & Thompson, 2008, for an overview). Often the divide is made between seeing social capital as a collective process or an individual resource. The first sees the benefit of social capital as being part of a group and the resources membership brings such as solidarity and trust, while the latter rather sees social capital as the resources a group can bring the individual, such as social support (Alvarez et al., 2016)

Especially Putnam's definition has been popular, as Putnam himself and others have done extensive research on the topic. He states that social capital refers to "connections among individuals - social networks and the norms of reciprocity and trustworthiness that

arise from them” (Putnam, 2000, p. 19). Putnam’s definition is in the tradition of measuring social capital as a collective process rather than an individual resource. The more popular definitions that fall under social capital as an individual resource category are Granovetter, Coleman and Bourdieu. The latter, for instance, argues that social capital refers to “investments that individuals make in their networks of relationships with the expectation of some kind of future return” (Fulkerson & Thompson, 2008), pointing to a more individual concept of social capital. If viewed this way, social capital is a resource that one can employ to gain other forms of capital, such as economic, symbolic and cultural capital. This makes it a valuable resource, used to fit many needs. An example would be a celebrity using their symbolic capital to endorse a product, turning it into economic capital.

Social capital might also serve as a buffer against the negative effects of unemployment because the investments made in their network of relationships can be used to cushion the negative effects of unemployment. As unemployment can lead to lowered self-esteem and uncertainty about one’s identity without work, social capital can lessen this as individual-level social capital indicators were found to be associated with self-esteem (Han, 2015). Social capital in turn is especially helpful for those unemployed compared to those employed. Effectively using one’s social capital to improve self-esteem and well-being through the resources it can provide, it is useful for lessening the negative effects of unemployment. In that line of reasoning, the higher the amount of social capital one has, the more it can be used as a substitute for the associated benefits work brings such as self-esteem. As such, the buffering effect of social capital helps more with subjective well-being for those unemployed compared to those employed. Since losing one’s job can lower self-esteem, the possibility exists that social capital can prevent this, leading to less negative effects of job loss.

While the role of social capital as a buffer against the negative effect of unemployment has been studied before, often a more collective based, namely Putnam’s definition was used, to study the relation (see Winkelmann, 2008). In fact, Fulkerson and Thompson (2008) found that Putnam’s definition has been most frequently used in the areas of health, medicine and political sociology. Bourdieu’s definition on social capital as an individual resource is rather underrepresented in studies even though many argue its value of studying health inequalities (Carpiano, 2006). Therefore, this thesis aims to extend the knowledge available on the topic of how social capital relates to unemployment and subjective well-being by drawing upon Bourdieu his definition, and using a more individual measurable definition of social capital. This paper will use the LISS dataset to answer the

question whether social capital serves as a buffer for the potential negative effect unemployment has on subjective well-being, using regression analysis.

## **Theory**

Broadly speaking, theories explaining the mechanism behind the negative effects of job loss can be divided into two groups (Ezzy, 1993). The first are made from a sociological institutional perspective and thus focus on environmental influences. It is based on the sociological institutional theory that “considers the processes by which structures, including schemas, rules, norms, and routines, become established as authoritative guidelines for social behavior.” (Scott & Hitt, 2005). The second approaches are made from a more cognitive psychological angle that focuses more on the individual's agency and subjective experience.

A common model used to explain the negative effects of unemployment is Jahoda's functional model (Ezzy, 1993). She argues that the negative effects stem from a lack of the positive effect work gives an individual. Not only financially, or manifest functions, but also latent functions, which are deemed as equally important. The latent functions consist of (1) the time structure work provides, (2) social contact with colleagues outside of their nuclear family, (3) interaction with people holding common goals, which link them to purposes that transcend their own, (4) aspects of personal status and identity, and (5) forced activity (Goldsmith et al., 1996; Jahoda, 1981). According to Jahoda, those who lose their job all experience an abrupt exclusion from a social institution that used to be a dominant factor in their daily lives (Jahoda, 1988). Unemployment causes “psychological needs” not being met. With psychological needs, Jahoda refers to a daily structure, involvement in collective efforts and knowing where they stand in society, whilst also being active (Ezzy, 1993). As employment fulfills these needs, losing one's job lowers their subjective well-being.

Since this model cannot account for individual differences in the level of negative consequences unemployment can have, a model that can explain those was proposed by Warr (1987). Their model includes nine “vitamins” or environmental features that are deemed important to explain the negative effect on mental health caused by unemployment. Physical (1) and financial security (2), opportunities for social contact (3), a valued social position (4), control (5), opportunity for skill use (6), variety (7), environmental clarity (8) and externally generated goals (9) provide a more specific framework than Jahoda's functional model to explain both the negative effects, as well as individual differences. The main idea is that the lower the levels of these ‘vitamins’, or combinations of lower vitamin levels or

environmental effects, the lower one's mental health. Since someone might be more affected by for instance losing social contacts, individual differences can be explained.

Both models can be seen as sociological in the sense that they focus on the environment and the institution of work, and so pay less attention to an individual's agency. From a cognitive psychological perspective, Fryer and Payne (1984) argue that the personal interpretation and subjective experience by those affected by unemployment is equally, perhaps even more, important to explain the negative effects of unemployment on mental wellbeing. This is largely based on their 1984 study, where they used semi-structured interviews with several British unemployed people that can be described as 'proactive' meaning that they "choose to take the lead, initiate and intervene in situations to bring about change in valued directions and social rather than responding to imposed change passively" (Fryer & Payne, 1984, p. 285). They found that, contrary to Jahoda's theory, their psychological needs were being met, as they found those needs fulfilled in other ways, like by volunteering. Therefore, individuals can be seen as active agents, and their perceptions matter.

Another possible theory is that by Erikson (1959), who developed the life span developmental theory. He argues that humans go through eight consecutive states in their lifetime. When one successfully completes a life stage, this is positive for their psychological development. Each stage has their own challenges, conflicts and possible crises. The emotional maturity one gains enables them to proceed to the next stage (Rosenthal et al., 1981). In the adolescent stage developing their own identity becomes important, of which attaining an occupational identity is part of. During the 'middle age' stage much of the challenges and attainment is gained through employment and their careers. Since much of their ego and thus self-worth is tied up in their career and occupation status, losing their job would mean a decrease in their self-worth (Erikson, 1959; Rosenthal et al., 1981).

A model that places importance on the individual's agency is O'Brien's analysis of personal control and previous working conditions (1985). His theory, based on Bakke's studies about unemployment, is that many negative effects that unemployment has on one's subjective well-being – like apathy, depression and feeling that it is outside their own control – can actually be attributed to past working experiences and economic deprivation (Ezzy, 2001). These past experiences are mostly on the lives of those considered working class, who harbor feelings of powerlessness as many aspects of their lives are 'controlled' by others, like managers or bosses. Continued exposure to such patterns turn into habits, which breeds

attitudes, explaining why people can experience such feelings of powerlessness when losing their job, and the negative effects of feeling powerless causes (Ezzy, 2001).

A theory that takes both angles into account – individual orientations and environmental factors – is the theory proposed by Ezzy (1993), namely that unemployment can be seen as a status passage. This theory describes unemployment, or job loss, as a divestment passage meaning a transitional phase filled with uncertainty as one's social structure and identity is suddenly disrupted and the job that used to provide them the legitimization needed for a positive self-concept is lost, leading to a lowered subjective well-being (Ezzy, 1993)

There is a distinct focus on the interaction between one's social environment and their interpretation of it. The severity of a status passage thus depends on how severe one perceives it. A distinction can be made between integrative and divestment passages, i.e. new status attainment through a ceremonially specified process or the separation from a status and extended transitional phase of uncertain duration respectively. When one loses their job, a status passage ensues, meaning one's “moment into a different part of a social structure, or a loss or gain of privilege, influence, or power, and a changed identity and sense of self, as well as changed behaviour.” (Ezzy, 1993).

How a divestment passage of unemployment leads to lower mental health is, according to Ezzy, based on social identity theory. This theory by Tajfel and Turner (1979) has four central concepts, namely social categorization, social identity, social comparison and psychological group distinctiveness. Social categorization is the process of using characteristics available, even trivial, to cluster social objects or events into groups. Social identity is the internal realization that one belongs to a certain social category and the positive and negative evaluations accompanying that membership. Within their group, they want to be distinct. Through social comparison with other groups, people try to evaluate their group's relative status. People strive for a positive self-concept and this needs to be constantly legitimized (Tajfel & Turner, 1979). As a result, strategies or ‘life-plans’ are made to accomplish this, often through work and the contact it provides. Losing your job, or another divestment passage will cause a major disruption of strategies to sustain consistent and positive self-images (Ezzy, 1993). According to social identity theory, people constantly compare themselves with others to evaluate and validate their status. If the status of their identity is not validated, this can lead to psychological issues like anxiety, self-doubt and a lowered self-esteem, which in turn have substantial negative implications for one's subjective

health (Pyszczynski et al., 2004). Lowered self-esteem in itself can be harmful, as Ryff (1989) found that self-esteem can be an important variable to measure general health in itself.

Based on status passage and identity theory, the first hypothesis is that *unemployment results in a lower subjective well-being*.

Individual variation in the severity of the effect can be explained by several of the theories, like Warr's vitamin model. Since someone might be more affected by certain environmental effects, i.e. a single individual might be more affected by losing their financial security than someone who has their partner's income to fall back on, this theory is better from explaining why some are more affected by unemployment than others.

Based on those theories, we can also explain some of the moderations found in the literature. One of those potential moderators is social capital. Social capital is a popular term within sociological literature, as the study by Fulkerson and Thompson (2008) found that the amount of articles about social capital sometimes doubled per year. It is also frequently used as a moderator (for example, see Winkelmann, 2008; Delaruelle et al., 2021). Its popularity can also be seen by the many definitions it has, as well as the use of social capital in other fields of study, like economics. As mentioned before, social capital definitions can generally be divided into two meanings: those who see it as a collective process (i.e. Putnam et al., 1994) or those who look at it as an individual resource (Alvarez et al., 2016; Fulkerson & Thompson, 2008; Portes, 2000).

One of the first definitions in general and as an individual resource kind of social capital was coined by the French sociologist Pierre Bourdieu. Together with Coleman and Granovetter, Bourdieu saw social capital as a concept meant to analyze individuals or small groups (Portes, 2000). While Bourdieu's definition was at its height of popularity around the early 1990s (Fulkerson & Thompson, 2008), it is still a valuable way of measuring social capital today to study health (Carpiano, 2006).

Bourdieu measured social capital as the benefits an individual has by virtue of their connections (Portes, 2000). In *The Forms of Capital* (1986) Bourdieu describes that capital can be either economic, cultural and social. He describes social capital as "made up social obligations, which is convertible, in certain conditions, into economic capital and may be institutionalized in the form of a title of nobility" (Bourdieu, 1986). One of the key elements of Bourdieu's definition of social capital is that all the types of capital can be used to gain another kind of capital. Central to this idea is that certain effort or investment in the capital is needed or even required. One must have a certain awareness of the kinds and amount of capital of others, in order to access it (Portes, 2000). As such, it is both the actual and

potential resources one gains from membership to a group that one contains in their network. Bourdieu even notes that people specifically enter and maintain relationships for the value they could bring later on (Bourdieu, 1986). Furthermore, the definition of social capital by Bourdieu can be seen as composed of two parts. First are the social relationships themselves, that people need to potentially benefit from the resources their relationships have. Second is the quality and the quantity of relationships.

In light of this study, social capital is seen as a person's capacity to use their social network for the resources they contain. In line with Bourdieu, social capital can thus be used in a plethora of ways. One possible way is to utilize their social capital to legitimize their self-identity, and improve their self-esteem. In a study by Kawachi et al., (1999) they suggest that social capital can be utilized as a support system, and can provide mutual respect and self-esteem. Self-esteem by Rosenberg's definition (known for the Rosenberg Self-Esteem Scale) defines self-esteem as a person's feelings of self-worth, adequacy or generalized feelings of self-respect (Rosenberg, 1965). Ezzy's theory about a positive self-identity being disrupted when losing one's job due to the lack of legitimization of their identity can also be tied to self-esteem. One of the sources of self-esteem is the feedback one receives from others (Baumeister, 1997). Since people strive for a positive self-concept and this needs to be legitimized, social capital can fulfill this purpose by providing a way for individuals to utilize their network, and use it as a support system. When work does not legitimize their self-concept anymore and the strategies they had for maintaining a positive self-concept through work due to job loss, social capital can provide a buffer for the negative effects if the individual is able to access the resources they can provide. In that sense, the social support one's social capital can provide is especially useful for those who went through the divestment passage of involuntary unemployment. More social capital, and thus more support to legitimize their identity and improve their self-esteem is then more beneficial than those who still have work that will fulfill that task.

Therefore the second hypothesis is that *social capital can serve as a buffer for the potential negative effect unemployment has on subjective well-being.*

## **Methods**

### **Design and Procedure**

To study the relation between unemployment, social capital and subjective well-being, the LISS (Longitudinal Internet studies for the Social Sciences) data set is used. It

consists of approximately 7,500 individuals. The LISS data set consists of multiple core studies. For this study three are used: background variables, health, social integration & leisure. The questionnaires were administered in Dutch.

### **Participants and Sampling**

Using a true probability and stratified sample, households were drawn with help of Statistics Netherlands from the population register. To gain a representative sample, they used oversampling to get more difficult to reach groups which had a below-average response rate during the recruitment. Since the survey is made online, households that did not have a computer or internet connection were provided one. For completing the survey, participants were paid €10,-.

They were approached first by letter. After that, either a phone call and/or house visit followed, asking the individuals to participate. To participate you have to be a Dutch citizen and permanently reside in the Netherlands. The sampling and survey units of the LISS panel only included independent, private households, as to ensure no institutions and other forms of collective households participated. Households that were not proficient in the Dutch language were also excluded (CentERdata, 2021)

### **Data Collection and Operationalization**

***Dependent variable.*** In this study subjective well-being will be used as the dependent, outcome variable, as it is obtained by self-report in the LISS questionnaire. For this variable the core study of health will be used, specifically the 2008 wave, as this wave is available for all relevant core studies within the LISS dataset, and has the most cases. To operationalize subjective well-being, the question “How would you describe your health, generally speaking?” will be used. This variable was measured on a 5-point Likert scale, ranging from poor (1), moderate (2), good (3), very good (4) and excellent (5).

***Independent variable.*** The independent variable of unemployment comes from the background information every participant needs to provide, asking about employment status. This question called Principal occupation asks “Please indicate in the list below what best describes the members of your household.”. It then asks to provide the most fitting answer for yourself. Fourteen options are available, namely: (1) paid employment, (2) works or assists in family business, (3) autonomous professional, freelancer or self-employed, (4) job seeker following job loss, (5) first-time job seeker, (6) exempted from job seeking following job loss, (7) attends school or is studying, (8) takes care of housekeeping, (9) is pensioner

(voluntary), early retirement, (10) has (partial) work disability, (11) performs unpaid work while retaining unemployment benefit, (12) performs voluntary work, (13) does something else and (14) is too young to have an occupation.

For the independent variable of unemployment a distinction is made by those who work, and those who lost their paid work. As such, only those currently employed, either regularly, self-employed, or in a family business are used to form the reference group (RG=0). The fourth description - job seeker following job loss - is used as job loss, as it only includes those who involuntarily lost their job, and not for instance retired, getting the score of 1 on the dummy variable. The rest of the options are excluded as they are not relevant to the comparison between work and losing work.

***Moderator variable.*** As discussed in the theory section, social capital can provide a moderating role in the effect of involuntary unemployment on subjective well-being. This study has focused on social capital as an individual resource rather than a collective process. As such, it is closely inspired by the definition by Bourdieu, namely that social capital is an individual's resource, that one can use for the benefits it contains. This definition has two parts: the social relationships themselves and their possible resources, and the quality and the quantity of relationships.

As such, social capital will be constructed using multiple questions, building a scale ranging from low social capital to high social capital. The following statement questions are used: “there are enough people I can count on in case of a misfortune”, “I know a lot of people that I can fully rely on” and “there are enough people to whom I feel closely connected”. These statements all have three options: yes (1), more or less (2) and no (3). This will be recoded so that the lowest score is 0, more or less is 1 and no is 2 to make the results more interpretable. The statements where a low score indicates high social capital will be reverse coded, so that all statements give a high score when it corresponds with high social capital. This will create a range from 0 to 2. The questions will be combined, and the mean of the three questions will indicate how high someone scores on social capital.

These statements indicate that the person in question feels that they have a sizable network and have a number of connections they can ‘mobilize’ (e.g. ask for help when in case of a misfortune). All refer to the availability of their social capital, which is used as a support system. Social capital also depends on the types of capital (e.g. cultural, economic or symbolic) that these connections possess (Bourdieu, 1986). While this does not exactly match Bourdieu’s definition of social capital, it does measure social capital as a resource that can provide social support. As mentioned, social capital can provide an individual with a support

system, and lift their self-esteem they likely lost since the divestment passage occurred caused by their involuntary unemployment. When you feel you can rely on your friends, and that they can provide help when you are in misfortune, the assumption is made that these friends contain the capital needed, in this case social capital in the form of a support network.

***Control variables.*** To avoid confounders, multiple control variables were included in the analysis: sex (male, female) and age. Only those of working age are included, excluding everyone either below the age of 18 or over the age of 65. Since the older one is, the further in one's career, so those older are likely to be more affected by job loss than those just starting on the labour market. People also gain more resources and experiences when they age, yet at the same time, social support networks tend to shrink as people age (McDonald & Mair, 2010). They also found that, “both the quantity and quality of occupational networks tend to increase with age.” Furthermore, with age comes more health problems as health deteriorates over time, causing the probability that they would rate their health lower than younger individuals. As such, this group with a higher amount of social capital could rate their well-being as lower, and so be confounding the buffering effect of social capital as it is both associated with the predictor and the outcome variable.

As the LISS data is collected in the Netherlands, sex or gender is also needed as a control variable. In the Netherlands, the amount of women working part time is high: 73% compared to the European average of 31%. In fact, Dutch women work more part-time than any other country in the world, while their male partner often still works full-time (Portegijs et al., 2018). Resultantly, the man's job carries more weight, as losing that job will cause more financial difficulties than the woman losing her job. Van der Meer (2012) found that the effect of unemployment has a stronger impact on men, as women have other ways of legitimizing their self-identity. Rather, women enjoy more kin-based networks and maintain those relationships better than men (McDonald & Mair, 2010). Subsequently, women can have a higher amount of social capital, even when unemployed or working part-time. Winkelmann (2014) even found that unemployed women tend to report higher levels of life satisfaction compared to unemployed men. Accordingly, this can mean that there is a false positive effect on subjective well-being even if the mechanism, in this case that social capital buffers the negative effect of unemployment, is not true.

### **Data Management and Data Analysis**

The statistical analysis was done using IBM SPSS Statistics 25. The analysis is a cross-sectional design. First, the association between independent variable (involuntary

unemployment) and dependent variable (subjective well-being) was assessed, to test for the first hypothesis. The assumptions of linearity and normal distribution are tested. Using a boxplot, possible outliers were found. On closer inspection using a scatter plot, it showed that the possible outliers were within reason, as all possible outliers fell between 1 and 5 and not of the outliers skewed the line. A histogram shows that for both the employed and unemployed the scores on well-being are relatively normally distributed.

Following is looking at the interaction effect between involuntary unemployment and social capital in association with subjective well-being. All variables will be centered to reduce multicollinearity and ease interpretation. Then, using multiple regression the whole model is assessed.

## Results

In table 1 the descriptive statistics are shown, using only cases that had no missing values on all used variables, as well as only entries from February 2008.

**Table 1**

*Descriptive Statistics*

	N	Minimum	Maximum	Mean	Std. Deviation
Social Capital	679	,00	2,00	1,5999	,49494
Unemployment	679	,00	1,00	,0177	,13189
Subjective well-being	679	1	5	3,17	,775
Gender	679	1	2	1,45	,498
Age	679	18	65	42,790 3	11,09196
Valid N (listwise)	679				

The average age is around 42 years old, indicating that most participants are of an age that they are more likely to have built up their network or have experienced job loss. Yet the

mean of 0,017 indicates that most fall into the working categories (0) rather than currently jobless and seeking a job (1). To be exact, the current sample includes 667 people at that time in employment, and 12 who lost their job and are looking for a new one. Most participants feel subjectively well, with a mean of 3,17 out of 5. The mean of social capital is rather close to the maximum value of 2, indicating that most participants have a high amount of social capital. Regarding gender, the mean is close to 1,5 which would indicate that men and women are equally represented. Currently, just a little more men are included in this analysis.

The first hypothesis as stated before read that unemployment will result in a lower subjective well-being. This assumption is made since unemployment can be considered a divestment passage, causing disruption of their identity that work previously provided, and as such a negative relation is expected. Using a linear regression, and controlling for age and gender, the results are shown in table 2 (model 1).

The regression model as a whole does not appear to be significant ( $R^2 = 0,006$ ,  $F(df3,df675) = 1,372$ ,  $p = 0,250$ ). This means that all independent variables, namely employment status and the two control variables (age and gender) together do not have a statistically significant effect on subjective well-being. The  $R^2$  indicates that the entered variables only explain 0,6% of variance within subjective well-being, and so the influence is rather low. Furthermore, the regression analysis indicates that only the relation between age and subjective well-being appears to be significant, and not the independent variable, unemployment (see table 2, model 1).

Between subjective well-being and unemployment there appears to be no significant relation. When one is unemployed, the score on well-being is 0,249 points lower than the reference group ( $b = -,249$ ,  $t = -1,102$ ,  $p < 0,271/2$ ). Therefore the null hypothesis cannot be rejected. Age, while significant, only seems to have a small effect on subjective well-being ( $b = -,004$ ,  $t = -1,658$ ,  $p < 0,098/2$ ). The other control variable, gender, is also not significant ( $b = ,019$ ,  $t = -,316$ ,  $p < 0,752$ ).

The second hypothesis is whether social capital can serve as a buffer for the potential negative effect unemployment has on subjective well-being. Based on theoretical grounds, social capital can be used to supply support and so compensate for lost self-esteem and positive identity due to involuntary unemployment.

According to third regression model, adding the interaction term of unemployment and social capital is not significant, meaning there is not enough evidence to support that social capital acts like a buffer for the negative effect unemployment has on subjective well-being ( $R^2$  change = ,000;  $F$  change = ,176;  $p = .675$ ). It does not seem that well-being depends

on their employment status. Without enough statistical evidence, the null hypothesis thus cannot be rejected.

**Table 2**

*Regression models*

	Model 1		Model 2		Model 3	
	B	s.e.	B	s.e.	B	s.e.
Constant	3,389***	,148	3,195***	,033	3,194***	,033
Unemployment	-,249	,226	-,263	,225	-,286	,232
Age	-,004**	,003	-,005*	,003	-,005*	,003
Gender	-0,19	,060	-,020	,060	-,019	,060
Social Capital			,158**	,060	,161**	,061
Social capital * unemployment					,253	,603
R <sup>2</sup>	,006		,016*		,016	
Valid N (Listwise)	679		679		679	

p < .001 \*\*\* p < .01 \*\* p < .05 \*

According to the second model, without the interaction term (see table 2, model 2), the predictors together have a significant effect on subjective well-being ( $R^2 = ,016$ ,  $F(df4, df674) = 2,766$ ,  $p = ,027$ ). The explained variance of the whole model is 1,6%. Just like in the first model, job loss does not appear to be a significant predictor of subjective well-being, controlling for social capital, age and gender ( $b = -,263$ ;  $t = -1,171$ ,  $p > ,242/2$ ). Age, one of the control variables also tests as significant ( $b = -,005$ ;  $t = -1,787$ ,  $p > ,074/2$ ), although the effect is rather small; controlling for the other variables, the well-being only decreases with  $-,005$  points for each passing year. For instance, over a period of 20 years subjective well-being would only decrease by 0,1. Again, gender does not appear to influence the results as it is found to be insignificant (see table 2). Social capital as a predictor for subjective well-being does seem to have a larger and positive effect ( $b = ,158$   $t = 2,629$   $p > ,009/2$ ). Controlling for the other variables, this means that the higher the social capital, the higher one's subjective well-being is; an 1 point increase in social capital raises the subjective well-being score with  $,158$  points.

## Discussion

This study looked at whether social capital can be a buffer for the negative effect of unemployment on subjective well-being. Theoretically, many studies support the idea that unemployment has a negative effect on subjective well-being, although many scholarly opinions exist on the exact mechanism. Ezzy's (1993) middle range theory considers losing your job a divestment passage, which can cause a disruption in the strategies used to sustain a positive self-image and so self-esteem. A negative self-image in turn is linked to issues that have substantial negative implications for one's subjective health, like low self-esteem. As such, finding no support for the first hypothesis, namely that unemployment has a negative effect on subjective well-being was unexpected.

The second hypothesis this study assessed was whether social capital can provide a buffer against the negative effects of unemployment on subjective well-being. The results indicate that significant evidence was found that social capital could act as a predictor on subjective well-being in the expected direction, yet involuntary unemployment again stayed insignificant. Based on the literature, social capital was thought to weaken the loss of a positive social identity associated with losing your job. In line with Bourdieu's definition of social capital, namely that social capital is an individual resource that an individual can use to gain other kinds of capital, this study found that those with more social capital are able to utilize it, resulting in a higher score in subjective well-being if social capital is higher.

This analysis also supports the notion that age is a significant influence on subjective well-being, as the older one gets, the more their health deteriorates. In none of the carried out analysis did gender prove to be significant, even though similar amounts of women and men participated. That while Dutch women often have more life-satisfaction while unemployed while also having more social capital due to their relationships outside of the workforce.

Contrary to the hypothesized association, unemployment does not seem to predict subjective well-being. This contradicts the claims of Winkelmann (2008) that did find that relation. It also goes against the literature about the negative relation between unemployment and well-being. Many scholars have proposed theories about this relationship. For instance, Jahoda's (1981) functional model was mentioned, which assumes that the abrupt exclusion from work causes psychological needs not being met. Likewise, Warr's vitamin model (1987) also assumes certain elements work provides are not being met anymore. Erikson's life span developmental model, just like O'Brien's (1985) individual agency theory and lastly Ezzy's (1993) status passage theory all assume a relation between unemployment and negative well-

being. That is why, while the results of this study suggest that no such relationship exists, a more plausible explanation is that simply not enough unemployed participants were included in the sample. Although the data does not support the idea that social capital has a moderating role, it does suggest that social capital is positively associated with well-being. This is important since oftentimes social capital is either operationalized from a community approach, rather than an individual resource like this study does. Kawachi et al., (1999) already suggested that social capital can be utilized as a support system, and can provide mutual respect and self-esteem and the findings of this study support this notion.

As mentioned, the amount of unemployed participants in the sample is rather low. With only twelve individuals out of the total sample of 679, this likely is the biggest limitation of the study, as finding a significant effect on such a small sample is unrealistic. It is also plausible that another limitation in the operationalization exists, namely that of the outcome variable. For subjective well-being, the question how one would generally rate their health was used. This is a question that is rather open for interpretation. As an example, someone who just broke their leg could rate their health as poor, while mentally being perfectly fine. Other variables like life-satisfaction were looked at, but no one with data on that variable was unemployed resulting in the choice of general health that was used.

Another possible limitation of this study is its cross-sectionality. The cross-sectional design means all data comes from one specific point in time, in this case February 2008. As such, it cannot determine behavior over a period of time. Resultantly, the temporal precedence is uncertain which is a condition for causality. Hypothetically, it could be that those with a lower subjective well-being have more difficulty keeping a job instead of the other way around. This would imply a reverse causality bias. It being cross-sectional also means that the time at which the survey was administered could not be representative. The year 2008 fell right between the duration of the Great Recession that spanned from 2007 till 2009. During that time, the housing market crashed, the stock market reported devastating losses and unemployment began to rise. Winkelmann (2014) found support that the amount of harmful effect unemployment has on life-satisfaction depends largely on social norms. The more deviation from the social norm, the larger the negative effect. This implicates that during a time where the unemployment rate is high - like during the Great Recession - one does not deviate much from the social norm, and such unemployment does not have such a large effect on one's well-being. This could explain why the time point found no effect between unemployment and well-being, yet it is curious seeing how many people lost their

jobs in the Netherlands during this time, only a small sample of unemployed individuals were in the sample.

Based on this study's findings and limitations, there are multiple interesting new avenues and improvements for future research. The most obvious one is a replication with a larger unemployed sample, to make a more accurate estimation of the effect unemployment has on subjective well-being. Likewise, the time at which the data is obtained should be during no economic crisis, since that could confound the results due to different social norms surrounding unemployment. Even better would be a longitudinal study, so causality can be established. Further research could also strengthen the use of a more Bourdieu inspired definition of social capital, in which it is treated as an individual resource based on the capital of their network. More studies are needed to definitely establish a more individual way of measuring social capital in the field of unemployment and well-being relations. Still, the results of this study provides interesting results and leaves ample room for further studies into this topic.

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