

The restorative effect of work after unemployment: an intra-individual analysis of subjective well-being recovery through reemployment

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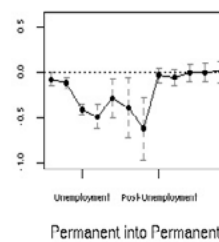
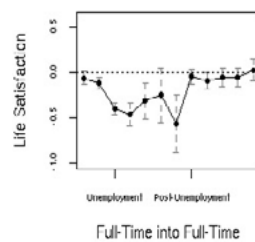
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- ▶ A large body of research shows that unemployment has enduring negative effects on individuals' subjective well-being.
- ▶ The scarring effects of unemployment have been widely attributed to the deprivation of latent benefits of work such as a clear time structure to the day, social contact outside the family, goals and purposes, personal status and identity, and enforced activity.
- ▶ Logically, reemployment should be the most effective way to repair the damage to well-being caused by unemployment.
- ▶ However, multiple studies based on large-scale longitudinal data show that the scarring effects of unemployment persist even after individuals become reemployed.
- ▶ The evidence implies that unemployment inflicts permanent and irreversible damage on individuals' subjective well-being regardless of their subsequent labour market experiences, a conclusion not only deeply pessimistic but also perplexing.
- ▶ This study re-examines the issue by using fixed effect models to track life satisfaction trajectories of those who followed different pathways out of unemployment.
- ▶ Drawing on 18 years of longitudinal data from the British Household Panel Survey, we found that the recovery of well-being upon reemployment was fast, complete and enduring, even when people took lower paid jobs to return to work.
- ▶ By contrast, transition into economic inactivity such as retirement and family care following an episode unemployment was accompanied by persistent scars on subsequent wellbeing trajectories.

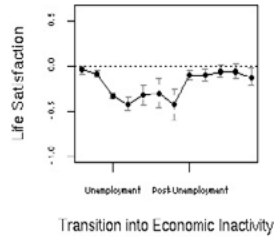
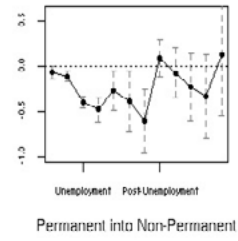
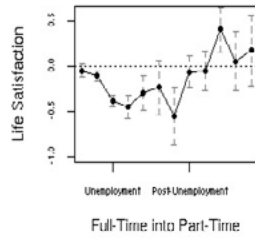
SUMMARY

Contrary to past theories on the long-term or permanent negative effects of unemployment on well-being, our study shows that reemployment does not only improve, but effectively restores subjective well-being. Our study underscores the value that work and employment bring to psychological health, and offers an optimistic, and motivating conclusion to those who experience the distress

of unemployment. In spite of the difficulty of the experience, and the struggle that many people face in seeking work following unemployment, there is reassurance in knowing that finding a new job is a key to restoring well-being, and to becoming happy, or at least as happy as one used to be, in life once more.



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Note: This paper won the "Best Overall Paper Award" at the 78th Academy of Management Conference in Chicago, Careers Division. The key message was presented to the DWP Committee in the House of Commons on 4th November 2020 (<https://committees.parliament.uk/writtenevidence/7601/pdf/>).



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