



Finding and keeping work: impact of low wellbeing

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Key for evidence lock system



strong

We can be confident that the evidence can be used to inform decisions.



promising

We have moderate confidence. Decision makers may wish to incorporate further information to inform decisions.



initial

We have low confidence. Decision makers may wish to incorporate further information to inform decisions.

Strong, promising and initial evidence refer to high, moderate and low quality evidence / confidence as per GRADE and CERQual guidance. For further information on these classifications, please see the Centre's [Methods Guide](#).

All evidence should be considered alongside questions of possible benefits and risks, affordability, acceptability, feasibility and wider impacts, including equity issues, in the user setting. Where the evidence is less strong, these other considerations become even more important.

Key Messages



Poor mental health may decrease the likelihood of employment for working age adults.
references [1], [2], [4], [8], [12], [16] [19], [21]



Mental health of young individuals may adversely affect their employment trajectories in the future.
references [13], ([20], [22], [24]



Experiencing mental health issues might lead to early retirement.
references [9], [23]



Mental health is associated with an increased likelihood entry into receipt of welfare payments.
references [6], [14], [17]



Low levels of life satisfaction may lead to unemployment. But, once unemployed, people with low life satisfaction are more likely to search actively for jobs.
references [5], [11], [12]

Introduction

We know that unemployment leads to a drop in wellbeing, from causal evidence. But what about the impact in the other direction? Are people with lower wellbeing more likely to lose their jobs, or move into long-term sick-leave, care or early retirement? Are they less likely to get back into work if unemployed? While a large body of research has investigated these links (and possible channels such as the stigma surrounding mental health issues), relatively few studies have succeeded in isolating the causal impact of wellbeing from other factors affecting work transitions. A lack of causal evidence makes it difficult to assess the benefits of interventions to improve wellbeing against other employment-related interventions. This briefing aims to summarise this causal evidence.

Our key research questions were:

- 1) What are the impacts of wellbeing on worklessness, duration of worklessness and the subsequent transitions?
- 2) Are workers with lower levels of wellbeing more likely to transition into a workless state of unemployment, long-term sick-leave, care or early retirement?
- 3) Do improvements in wellbeing increase the possibility of returning to work?
- 4) Does the effect of wellbeing on worklessness outcomes vary across sub-groups of population?

Wellbeing measures how people feel about their lives, their own report of how things are going. The wellbeing measures considered in the studies in this review include life satisfaction, job satisfaction and, assessments of mental health.

The information in this briefing is not based on a single study, which can only give information that holds for a specific group, in a certain context. Instead it is based on a systematic review - which pulls together the global evidence base, taking in published evidence from Germany, Netherlands, Sweden, Canada, Australia, the United States and the United Kingdom. The studies are longitudinal, allowing the authors to trace the impact of levels in wellbeing in the base year upon labour market status in subsequent years.

We use GRADE to rate the quality of the body of evidence¹. We conclude that much of the evidence is promising or initial rather than strong, this reflects the relatively small number of studies conducted and some of the difficulties in capturing a causal link from wellbeing and transitions in and out of work. For example, studies which were conducted over a short time period, were less likely to report significant effects than those with longer follow-up periods. Similarly, those which investigated the link between a very specific measure of mental health were less likely to find an effect than those using broader or multiple measures. A further limitation is that not all studies were able to control for ongoing treatment of mental health problems, an element which can influence the responses of the individuals as indicators of presence/severity of their mental health problems. Finally, attitudes towards mental health, any stigma associated with reporting mental health problems and legislation to protect against discrimination on the grounds of mental health differ across countries and are evolving over time, therefore findings based on the most recent data is likely to provide more relevant evidence looking forward.

An initial sift of 5,797 studies led to 22 being included: 16 on mental health, 5 on satisfaction with life or jobs, and 1 on both life satisfaction and mental health. Therefore, whilst the vast majority of the evidence was on mental health, our review brought about further evidence on satisfaction with life or jobs and their association with subsequent work transitions. We were able to differentiate between:

- 1) Mental health and work transitions (mainly unemployment, re-employment, retirement and receipt of some form of welfare payments)
- 2) Life satisfaction and work transitions (mainly job search and re-employment)

¹ Following the Centre's Guide to Review Methods, available at <https://whatworkswellbeing.files.wordpress.com/2016/02/what-works-wellbeing-methods-guide-july-2016.pdf>

How is wellbeing and mental health measured?

The findings reported here depend on the measures used by available studies. Studies included used both diagnosed and self-reported measures for depression, distress or more general mental health. For example [16] and [19] use whether individuals are diagnosed with having distress and mental illness respectively as measures for mental health. There are studies using self-reported measures based on several scales such as the Mental Health Inventory [21] (MHI-5, a subscale of the Short-Form Health Survey) or CSED [9] or a variant of GHQ-12 (for example [19], and [22] uses a Dutch version of GHQ). Other measures for wellbeing included life satisfaction (see [5], [11], [12]) and job satisfaction (see [3], [7]).

Further information on key messages

- ***Poor mental health may decrease the likelihood of finding or keeping a job and it can also lead to early retirement***

Research in detail

Using US data² **Baldwin and Marcus (2014)** analysed a sample of around 22,000 individuals of whom 2,730 had serious mental health problems. Their study investigated the future employment status of individuals who were diagnosed with serious mental illnesses (SMI).

Being diagnosed with a SMI reduced the probability of unemployed individuals finding a full-time job in the future by 3.7 percentage points. The penalty for finding a part-time job was lower, at 1.0 percentage point.

Having an SMI also reduced the probability of full-time employees keeping their full-time jobs in the future by 2.7 percentage points.

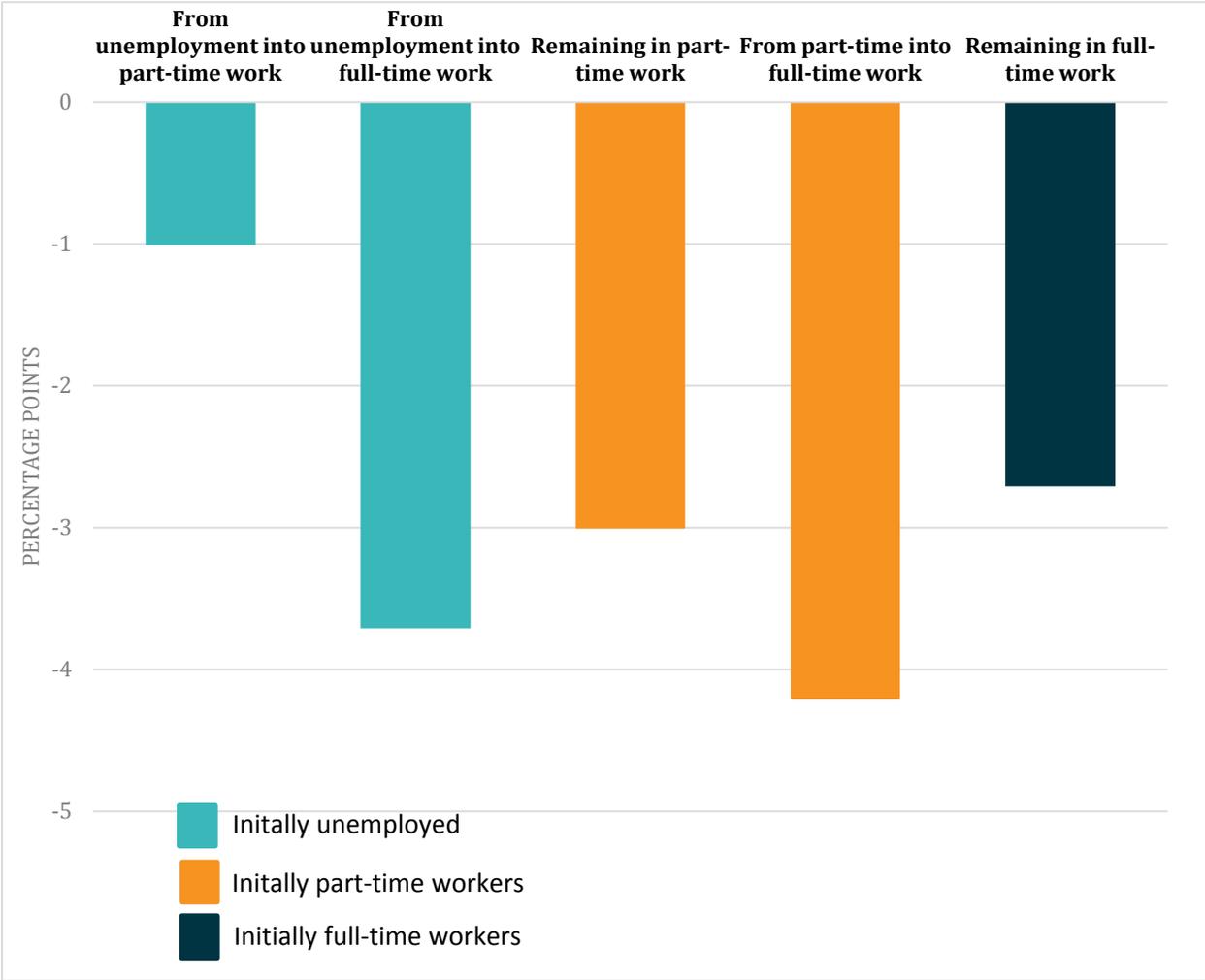
For part-time workers, having an SMI reduced their probability of keeping their part-time jobs by 3.0 percentage points and the chances of moving to a full-time job by 4.2 percentage points.

² National Epidemiologic Survey of Alcoholism and Related Conditions (NESARC): two waves corresponding to 2001-2002 and 2004-2005

Baldwin and Marcus (2014) emphasised that, even though the US economy was in an expansionary period (given the data capture the years 2001 to 2005), the chances of being employed remained slim for people diagnosed with SMI. The authors pointed to the strong stigma that is persistently faced by the people with SMI as being one of the most important reason behind the unfavourable employment outcomes.

Illustration:

Effects of mental health problems on employment transitions (changes in probabilities)



Reference: Baldwin, M.L.M., Steven C., The Impact of Mental and Substance-Use Disorders on Employment Transitions. Health Economics, 2014. 23(3): p. 332-344.

- ***Mental health of young adults may negatively impact future employment prospects***

Depression and high distress levels have the potential to increase young peoples' chances of experiencing unemployment throughout their lives. Evidence also suggests that having mental health problems increases the frequency of sick-leave amongst young employees.

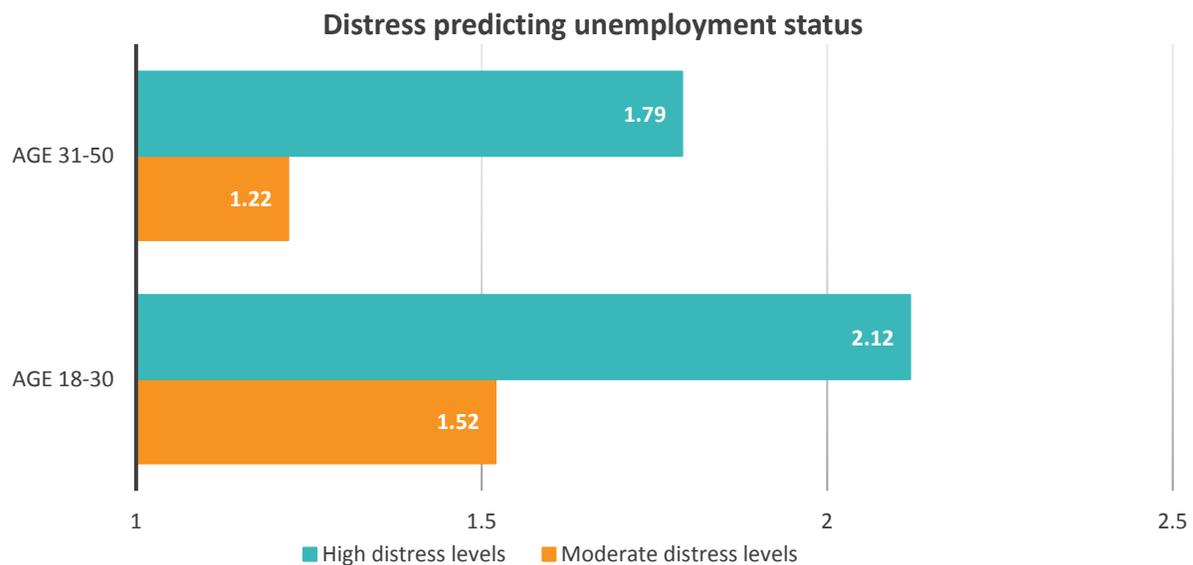
Research in detail

Based on a sample of 1,868 young adults (aged 18-30) and 4,228 older adults (aged 31-50) living in Canada³, **Breslin and Mustard (2003)** showed that high distress levels amongst young adults were associated with almost a two-fold rise in their odds of being unemployed in the follow-up. Although this negative association also held for those aged 31-50, the extent was greater for younger adults.

Breslin and Mustard (2003) noted motivational and coping deficits associated with stress and depression as potential elements behind the increased risk of unemployment and prolonged sick-leave amongst individuals with mental health problems.

³ National Population Health Survey, baseline data collected in 1994-1995 and follow-up data collected in two years later

Illustration:



The graph shows the increase in the odds of being unemployed for the individuals with high/moderate distress levels compared to those with low distress levels (no change corresponds to a level of 1).

Reference: Breslin, F.C. and C. Mustard, Factors influencing the impact of unemployment on mental health among young and older adults in a longitudinal, population-based survey, *Environ Health*, 2003. 29(1): p. 5-14.

- **Poor mental health increases the likelihood of receiving welfare assistance**

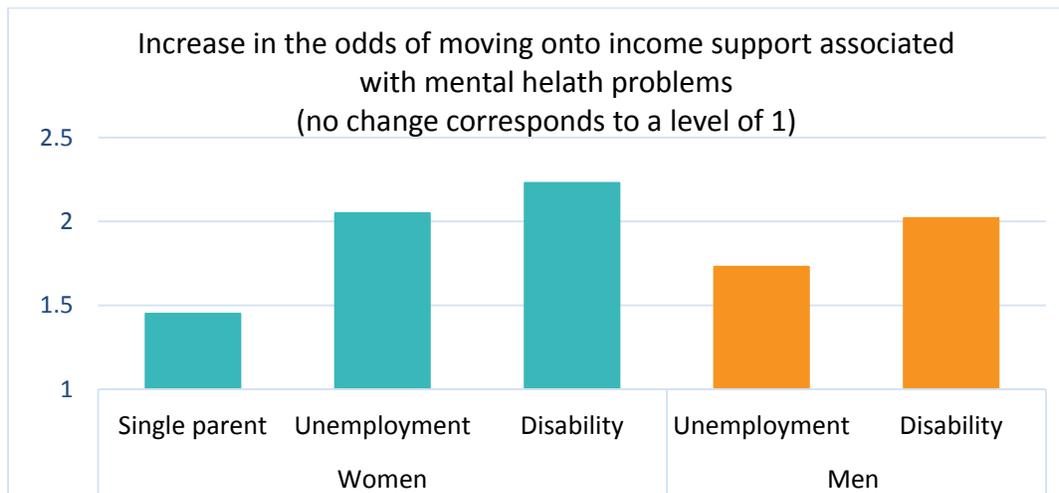
Studies noted a higher likelihood of receiving disability benefits, unemployment or single parent payments.

Research in detail

In a study of 9,406 working age Australians, over a nine year period, **Kiely and Butterworth (2014)** explored the extent to which poor mental health was associated with entry into three different types of welfare payments: unemployment, disability and single parent support. Their results show that those with a mental health problem are more likely to enter and re-enter into welfare support, they conclude that “Mental health problems were associated with increased risk of entry and re-entry to disability, unemployment and single parenting payments for women, and disability and unemployment payments for men”.

Kiely and Butterworth (2014) stressed the higher job insecurity and further difficulties in finding or keeping a job faced by individuals with mental health problems. Poor performance during job interviews or being stigmatised as being low-quality job applicants were noted as the potential factors hindering their employment trajectories. People with mental illnesses may also be at greater risk of losing their jobs in the event of downsizing and may be more likely to be exposed to workplace harassment and bullying.

Illustration:



Reference: Kiely, K.M. and P. Butterworth, Mental health selection and income support dynamics: multiple spell discrete-time survival analyses of welfare receipt. *J Epidemiol Community Health*, 2014. 68(4): p. 349-55.

- ***Life satisfaction and unemployment***

We know that becoming unemployed makes people unhappy and reduces their satisfaction with life⁴. Likewise, this review provided evidence that not being satisfied with life can lead to subsequent unemployment. The studies reviewed did not capture the reasons for this subsequent unemployment, i.e. whether it stemmed from the employee or employer. Research also shows that worsening life satisfaction may motivate unemployed individuals to actively search for jobs. However this does not always lead to greater success in finding a job.

Research in detail

Based on a sample of 2,674 individuals living in Germany, **Gielen and van Ours (2014)** show that whilst unhappiness following unemployment is associated with a more active search for a job (with a statistically significant probit coefficient of 0.26 for men, 0.31 for women), this does not translate into increased chances of finding a new job.

The authors consider several possible explanations for this. Firstly, are those who are unhappy about being unemployed perhaps hoping for a better wage? They test for this and find no difference across levels of happiness in the wage that the unemployed are prepared to work for. A second possibility, relates to the availability of jobs and that despite engaging in more intensive job search, those who are most unhappy being unemployed are 'searching in vain'. A final explanation might be that, although the unemployed who experience a big loss in happiness when they lose their job and could feel that they ought to engage in more intensive job search, this may not be reflected in their actual job-search activities.

Reference: Gielen, A.C. and J.C. van Ours, Unhappiness and Job Finding. *Economica*, 2014. 81(323): p. 544-565.

⁴ See What Works Centre for Wellbeing briefing on (un)employment and wellbeing, available at <https://www.whatworkswellbeing.org/product/unemployment-reemployment-and-wellbeing/>

Policy implications, next steps?

While there is good evidence that transitions into and out of work affect wellbeing⁵ the evidence base on the causal impact of wellbeing on subsequent (un)employment and future job prospects is much sparser. Moreover, attitudes towards mental health and its treatment are evolving and the effects found in older studies may no longer apply.

Nevertheless, there is international evidence to show that those with poor mental health are at greater risk of worklessness and therefore more likely to be in receipt of disability or unemployment welfare support. We also find some evidence that poor mental health may be particularly damaging for the employment prospects of young adults. This evidence therefore reinforces the importance of provision of and access to good quality mental health services for all age groups.

Although some studies showed that unemployed individuals who experience a bigger loss in wellbeing engage in more intensive job search activities, the evidence from Germany suggests that this does not always lead to greater employment prospects. Acknowledging that our evidence on the suggested employment prospects is based only on a single study, this might still mean that there could be scope for support in more effective job search techniques for the unemployed, in order to prevent those who are searching hard becoming disheartened by the lack of positive outcomes. In this regard, organisations also have a crucial role in helping unemployed people back into work by providing a supportive working environment and preventing stigma towards people with poor wellbeing.

More generally, a larger evidence base is needed on whether targeting wellbeing itself is better than targeting other factors (such as employability skills) which might lead more directly to finding a job. The causal evidence reviewed tends not to consider possible channels such as stigma and discrimination, which are difficult to measure. This suggests a need for more detailed trials looking at the different mechanisms aimed at boosting wellbeing (possibly CBT or

⁵ See What Works Centre for Wellbeing briefing on (un)employment and wellbeing, available at <https://www.whatworkswellbeing.org/product/unemployment-reemployment-and-wellbeing/>

other therapies⁶), interventions intended to address skills and those aimed at enhancing effective job search. Moreover, studies investigating the effect of political/legal actions (for example, the Equality Act) upon the employment levels of those with mental health problems could be valuable.

Finally, the general body of evidence on wellbeing suggests that we should not look at objective factors (such as employability) in isolation, it is also important to consider their impact on wellbeing. There is evidence that high quality job designs, training to improve employees' skills and abilities and motivating them to use those abilities can improve employees' wellbeing along with their performance (Daniels, Gedikli, Watson, Semkina and Vaughn, 2017, <http://www.tandfonline.com/doi/full/10.1080/00140139.2017.1303085>).

⁶ See What Works Centre for Wellbeing briefing: Wellbeing Learning at work – what works? Available at <https://www.whatworkswellbeing.org/product/learning-at-work/>

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