

EMPLOY STATE-OF-THE-ART REPORT
Labour Market Insecurity and Family Relationships

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The aims of this state-of-the-art report are to discuss the relationship between labour market insecurity and family and review the main relevant findings in European sociological research on this matter. I focus on two main forms of labour market insecurity: unemployment and temporary work. There is a large body of literature on unemployment and its various consequences on individuals' professional, private and social lives. Unemployed individuals are more likely to experience poverty, mental health problems, repeated unemployment and lower levels of happiness than individuals who are in employment. Yet, the results regarding how unemployment affects family relationships are rather inconclusive.

The issue of temporary work and family is relatively a less charted territory, but it requires more research. Among other types of non-standard employment relationships such as part-time work and agency work, temporary work is connected to a more significant level of perceived and real job insecurity, and it brings about poorer career outcomes. Temporary work is to a great extent undesired or perceived as unwanted yet a necessary step to stable employment, and employees in temporary work feel higher levels of job insecurity. Across Europe, employees in permanent contracts enjoy better job quality, higher levels of security, and better future career prospects than those in temporary contracts. On average those who enter the labour market via temporary work will experience a wage penalty, are more likely to have further temporary work spells and are more at risk of future unemployment. Increasingly more and more labour market entrants in Europe start their working lives via this type of employment. A recent body of literature has suggested that temporary work could also have a crucial impact on family relationships and the life course.

In order to evaluate the link between labour market insecurity and family relationships, in Section One I shall discuss how unemployment and temporary work produce insecurity for the individuals. In Section Two I shall go on to review the main theories and research results on the four major family outcomes of insecurity: partnership formation, transition into parenthood, family conflict and partnership dissolution. I shall initially review unemployment and temporary work because such a review will help to clarify the nature of such insecurity experiences and the mechanisms that could mediate on family outcomes.

SECTION ONE: LABOUR MARKET INSECURITY

Unemployment and Labour Market Insecurity: An Overview of Unemployment in Europe

It is well documented that unemployment has serious negative impacts on future career prospects, job quality, social inclusion, life satisfaction, and psychological well-being. In this subsection I shall focus on the impact of unemployment on marginalization, career prospects and well-being and I shall review the findings from sociological research in Europe.

Unemployment and Marginalization

The risk of poverty is one of the most catastrophic consequences of unemployment and there is a vast amount of research on it dating back to the early 1980s (Moynan *et al.* 1984, Heady and Smith 1989, Hauser and Nolan 2000, Gallie *et al.* 2003). The main findings across European countries are that unemployment is a major factor in poverty and that for those countries where evidence exists long-term unemployment is more likely to cause poverty than short-term unemployment. Moreover, unemployed people face a higher risk of poverty than those who have no work, such as those who are out of the labour market to care of the elderly or disabled. Therefore, it is the state of being unemployed rather than being not working that carries these distinctive features that have a detrimental effect on economic well-being. For example, earlier case studies on unemployed families in the UK during the 1980s recession showed that the standard of living fell substantially and continued to decline over the duration of unemployment (Ritchie 1990). These families reported that debt was a major problem and that they used all their savings, sold their goods and took loans in order to combat their deteriorating income resources.

The experience of unemployment and the extent of the risk of poverty naturally vary between countries, and the main factors behind the variation are the level of coverage and the degree of generosity of unemployment benefits. Gallie and Paugam (2000) classify the European countries into four ‘unemployment welfare regimes’ by taking into account three criteria: coverage, level of compensation and expenditure on active employment policies. In the *sub-protective* system such as is found in Italy, both the coverage and level of benefits are very limited and active employment policies are almost non-existent. In the *liberal* (or minimal) regimes of the UK and Ireland there is only a minimum amount of coverage and the benefits are rather low. Here there is only little commitment to active employment policies. The main difference between the sub-protective and the liberal regime is actually an economic-philosophical one. In the liberal regime the unemployed are expected and encouraged to take care of themselves which is a result of the idea of non-intervention. In the *employment centred* regimes of Germany, the Netherlands and France there are substantial levels of benefit, but their duration and coverage are unevenly distributed among occupational groups. Eligibility depends on previous employment, so the extent of available benefits varies according to who has built up the greatest rights. This produces an ‘insider-outsider’ division, and vulnerability to poverty is more underlined for the unemployed who are concentrated in the secondary labour market. Finally, in the *universalistic* regime of the Nordic countries, there is a comprehensive system of replacement benefits with generous financial support and wide coverage.

Following Gallie and Paugam's typology, Hauser and Nolan examined the trends in unemployment and poverty in the 1980s and 1990s in Europe (2000). According to their findings poverty has been greater among the unemployed than the working population, and the gap between the poverty rates of the unemployed and the working population has become wider. Their findings, however, only provide limited support for the suggested unemployment welfare regime typology. Countries listed in the same type of unemployment regime yield considerably different outcomes in terms of the impact of unemployment on poverty. They observed that the Netherlands and Denmark fared best in poverty rates among the unemployed whereas the position of the unemployed weakened in the UK during 1980s and 1990s. In another comparative study McGinnity (2004) used longitudinal data to compare the poverty risks of the unemployed in Germany and the UK, and found that the risk was greater for the unemployed in the UK than for those in Germany.

Social isolation is another significant consequence of unemployment which has been examined extensively in national and comparative studies (see for example Gallie *et al.* 1994, Paugam 1996, Gallie 1999). Paugam and Russell (2000) compared the impact of unemployment on social networks in Europe using the longitudinal ECHP data. They defined three spheres of sociability. The primary sphere is defined by whether one lives alone or in a household; the secondary sphere by whether one meets friends, relatives and neighbours or not, and the tertiary sphere by one's membership of clubs and associations. The results on the primary sphere show that in Northern Europe the unemployed population is more likely to live alone than the same population in Southern European countries. They did not report a significant cross-country difference in terms of secondary sociability. In all countries the unemployed are more isolated in terms of formal (tertiary) activities than those in secure employment. Specifically the long-term unemployed (more than 1 year) are significantly less likely to be members of clubs and associations. Germany and France stand out as the countries with the sharpest effect of unemployment on social networks and the unemployed are significantly more isolated in all three spheres of socialization. Another study compared the impact of long-term youth unemployment on social and material deprivation in Scotland and the Nordic countries and found that both types of deprivation were higher in Scotland, which represents the liberal model (Julkunen 2002). Among the Nordic countries, Denmark was shown to be the most successful at including their unemployed youth in a social life and preventing them from experiencing declining living standards.

Unemployment and Future Career

Unemployment experience not only causes a loss of income but it also has two important consequences on a person's future career. It increases the risk of unemployment and it has a negative impact on wages. These consequences are called the 'scarring effect' of unemployment and, especially in the economic research, the implications of unemployment have been examined extensively. To start with, the extent to which past unemployment experience increases the individual risk of unemployment, may push some individuals into persistent poverty and social exclusion. There may be several reasons why previous unemployment might have scarring effects. For example, as a result of job loss the firm-specific or general skills of the employee may deteriorate (i.e. human capital theory Becker 1993 [1964]). Past

unemployment may also have a signalling effect and future employers may be less likely to hire previously unemployed applicants, or similarly more likely to fire them (Spence 1974). For Britain, studies using the British Household Panel Study produced findings that supported the scarring effect of past unemployment (Arulampalam et al. 2001, Gregory and Jukes 2001, Arulampalam 2002). To determine whether repeated unemployment spells are a consequence of unobserved heterogeneity or a true state dependence (when there is a causal link between past and future unemployment) it is important to disentangle the ‘scarring effect’ of unemployment. Arulampalam *et al.* (2001) controlled both the initial conditions and the unobserved heterogeneity, and found that there was a strong state dependence effect with respect to past unemployment. Layte et al. (2000) studied the cross national differences between Britain, Italy, the Netherlands and Sweden on the impact of unemployment on labour market outcomes. These countries differ significantly in terms of active labour policies. The authors found that in Sweden and the Netherlands system of active labour policies might be ameliorating the long-term effects of unemployment.

The second negative consequence of unemployment on future career is a wage loss at re-entry into the labour market. Arulampalam (2001) studied the re-entry wages of British men between 1991 and 1997 using the first seven waves of the BHPS data. She found that interruption results in substantial wage loss effect. Her estimates suggest that an unemployed individual faces a wage penalty of 5.7% during the first year of re-employment, and the risk increases to 13.5% at the end of the third year. This suggests that the unemployed not only suffer a wage drop on return to employment, but also carry the scar for a long time. She also examined the different ways of entry into unemployment and how they affect wages. Those individuals who were made redundant were found to be less scared than those who were dismissed or sacked. This might suggest that, since the employment protection legislation requires a notice period and redundancy payments, individuals might start looking for a suitable job before their redundancy takes effect.

Other European studies focussing on displaced workers’ re-employment wages find different outcomes. For example Leonard and van Audenrode (1995) found that among the Belgian workers wage loss due to re-employment after displacement was nearly zero. In a Swedish study Ackum (1991) found no significant impact of displacement on re-employment wages. Pichelmann and Riedel (1993) reported for Austria that there were wage losses but only in the short term. Another study on German workers concluded that those who were displaced in 1986 and subsequently re-employed experienced significantly less wage-growth loss than similar workers in the US (Burda and Mertens 2001). Their main finding was that wage-growth loss varied among different wage quartiles. Growth for workers in the lowest quartile was actually higher than that for other low wage workers. In contrast, high wage workers in the upper three quartiles suffered from on average 17% loss after re-employment. The differences between European countries in terms of wage losses due to unemployment can be attributed to the existing *unemployment welfare regimes* and active labour market policies in these countries.

Temporary Work and Labour Market Insecurity: An Overview of Employment Relations in Europe

Temporary work could be regarded as a better employment status than being in unemployment as it endows the individuals with a job, an income, the opportunity to develop job skills and contact with employers. However in reality temporary workers are subjected to significant job insecurity. Temporary employment is associated with lower pay, high risk of job loss, subsequent spells of precarious employment. Temporary workers also receive less work related training than permanent workers. Temporary employment can be associated with negative family outcomes as it poses insecurity on individuals regarding their financial status and future career steps. In this part I will first review how temporary employment emerged in Europe and what different forms it took in various institutional settings. Then, I will present the theories on economic outcomes of fixed-term contracts on temporary workers. Finally, I will overview the main findings from empirical studies on the financial and career outcomes of temporary employment from a comparative point of view. I will discuss the family outcomes of temporary work in Section II.

Labour Market Flexibilization and Emergence of Temporary Work in Europe

From the beginning of the 1980s many European countries went through labour market flexibilization in order to combat mass unemployment, to foster economic growth and efficiency, and to provide labour market opportunities to groups who traditionally were not considered attached to the work force, i.e. immigrants, women, the unskilled and the lower educated. The number of all types of temporary workers grew from 2,4 million to 3,5 million between 1980 and 2009 in the EU-15 countries¹. Labour market flexibilization was realized mainly through erosion of the employment protection legislation and introduction of non-standard jobs such as temporary contracts, fixed-term contracts, work-and-training contracts, agency work, and seasonal work. However, the form and overall impact of flexibilization has manifested itself differently across European countries depending on the existing welfare state structure.

Previous studies identified four main flexibilization processes in Europe. Countries such as Spain, Italy and France followed a ‘partial and targeted deregulation’ (Esping-Andersen and Regini 2000) which was *age-targeted* and de-regulated the working conditions for new entrants and/or young people. But Germany and other Central European countries followed a strategy called ‘partial reform strategy’ (OECD 2006) which focused on the *skill divide* in the workforce (skilled-protected vs. unskilled-deregulated workers). (For a detailed record of emergence and trends of non-standard employment in various EU countries see Barbieri 2007). The result of both of these strategies has been the creation of a dualistic and segmented work-force. Employees in the primary segment enjoy job protection and social benefits attached to their permanent job contracts, whilst employees in the secondary segment hold temporary contracts which offer lower wages, lower training and skill-investment opportunity and less social protection. In all these countries, labour market flexibilization came at the cost of increasing

¹ Online OECD Employment Database

social inequality between permanent and temporary workers and social risks, economic exclusion, and marginalization of the secondary segment.

A third type of labour market flexibilization can be called ‘flexicurity’ and refers to the Danish system. Denmark managed to combine high degrees of flexibility in the labour market with high levels of social protection. Denmark has become as productive as the liberal Anglo-Saxon countries, yet has managed to minimize the social costs and negative externalities of flexibilization.

Finally, in the liberal United Kingdom, while labour market flexibilization further deregulated the already weak employment protection the share of temporary contracts increased only marginally and remained unchanged at around 4.6% of all employment between 1984 and 1990². In the mid 1990s the share of temporary work grew to 6-7% levels and the increase was observed in all industries. One puzzling aspect of the British labour market flexibilization has been the expansion in the number of professional and managerial employees who enter the labour market via temporary or part-time jobs. This situation has raised the question of whether professionals and managers in temporary work also suffer from precarious work conditions such as lower wages, limited training opportunities or dissatisfaction. Some commentators argued that negative consequences of atypical work were not as prominent for high skilled employees (Cam *et al.* 2003; Tilly 1992; Tregaskis 1997). Moreover, others also argued that temporary contracts gave the opportunity to better balance the work life commitment, and gave more flexible career prospects and increased remuneration.

By contrast, other studies argued that even professionals and managerial employees in temporary contracts were disadvantaged compared to their permanent counterparts. It has been found that managerial and professional non-standard workers experience different treatment in their work place to that meted out on the full-time permanent workers in terms of access to training and development opportunities, and being consulted about various matters in the workplace (Gallie *et al.* 1998; Mallon and Duberley 2000).

Theories on prospective career outcomes of temporary work:

The issue of prospective career outcomes of temporary work has been discussed and studied widely among scholars and competing predictions are made regarding how temporary work affects one’s future career outcomes. The theories focusing on the positive impact of temporary work are called ‘springboard hypothesis’ or ‘integration hypothesis’ and refer to the idea that temporary jobs serve as entry ports to the labour market and enable the employee to then get a stable and secure job in the primary market. This line of argument suggests that stepping into the labour market with non-standard types of employment is better than not working because it provides the opportunity to acquire specific human capital and to build up work related social capital. From the employer’s point of view temporary contracts may serve as a screening process. Even though these workers receive low initial wages, once the employer decides that the temporary workers’ skills match the job the wages increase rapidly. In contrast, ‘segmentation hypothesis’ or ‘entrapment hypothesis’ underlines the negative effects of

² Source: Labour Force Survey, spring edition in Robinson (2000), pp. 32.

temporary work on future career outcomes. Temporary contract holders may send a stigma message to the employers because they are occupied in b-series types of jobs. Similarly, as a consequence of higher turnover rates in atypical employment, employers might find fewer incentives to invest in the training of their temporary employees. As they would not be able to accumulate high levels of human capital, temporary workers would have worse career prospects. This would also deepen the stigma effect. This theory predicts that the majority of workers who enter the labour market via temporary jobs would be trapped in further temporary work spells and be more likely to be subsequently unemployed.

Findings on the composition of temporary work and prospective career outcomes:

In most European countries the risk of entering the labour market via temporary jobs or having temporary contracts in consecutive job spells is not evenly distributed and certain groups are more prone to temporary employment than others. In this section I will present a summary of the findings on the composition of temporary workers in Europe. I will also discuss the negative and positive career outcomes of temporary work and support this by empirical findings from the literature.

To start with the segmented labour markets, workers in the primary labour force enjoy job security, higher wages and better career outcomes, whereas workers in the secondary labour market and those who enter the labour market via atypical jobs lack all these privileges. In Italy, for example, there is a very clear age divide in the entry into the labour market via temporary work. It has been shown that recent cohorts have become increasingly more and more likely to start their careers with temporary contracts. The risk of consecutive temporary work or unemployment spells for the entrants via temporary work has also become more prevalent among younger cohorts. Among the young entrants tertiary graduates seem to be more exposed to atypical jobs than lower educated entrants. However, the chances of getting into the primary labour market are much higher among university graduates. The lower educated tend to be trapped in atypical jobs in the long term (Barbieri and Scherer 2009). It has also been found that temporary jobs are underpaid when compared to equivalent permanent positions, given the characteristics of workers. Moreover, the wage gap is found to be far from narrowing because of the diffusion of temporary jobs. The differences between the primary and secondary labour market workforces still exist even when the individual micro characteristics are included. This suggests that the explanation lies at the institutional setting of the Italian labour market.

In France, the share of temporary work grew very rapidly after 1979 when some flexibility with the rules of permanent contracts was introduced in the Labour Code. Not only did the share of temporary work increase, but so did the level of employment protection for permanent workers. This became one of the highest employment protection systems in Europe (Jamet 2006), exceeding Germany and even Denmark (OECD 1999). It has been shown that in 2006 12% of all employees were in temporary jobs, and 52% of those under the age 25 were temporary workers. Women, younger workers and those with less than lower tertiary degrees are more at risk of atypical employment (di Paola, *et al.* 2010). Same authors also found that there was a negative duration effect of temporary work on the transition into stable employment. Those who were quick enough could leave the secondary labour market, however those who were not could get trapped in atypical employment.

Spain is an interesting case as it represents the highest share of temporary workers, and temporary employment is widespread across all occupational groups. Spanish uniqueness for having the largest share of temporary contracts among wage-earners was explained by an interaction of two institutional factors. Polavieja (2005) argued and showed that both the coincidence of high levels of employment protection in standard employment and severe unemployment shocks are the reasons behind the Spanish ‘anomaly’. Any other industrial country experienced rigid employment protection levels and unemployment shocks at the same time. In such a context, he argues, employees will have greater incentive potential for temporary work when the perceived risk of unemployment is high and when the protection offered by permanent job is also high. The effect of age and cohort was also observed for Spain. The younger people and the more recent labour market entrants have been found to be more exposed to temporary work (Golsch 2003). The same study found that temporary work increased the risk of unemployment but was still a route to stable employment. Better educated temporary workers were found to be better protected from the risk of unemployment.

Another segmented labour market can be observed in Germany, and the composition of the temporary workers and the outcomes are similar to the countries discussed above. To start with, in a recent paper Gebel and Giesecke (2009) found that during the period between 1989 and 2005 the overall proportion of temporary employment increased only slightly, even though there had been a significant relaxation of regulations controlling the use of temporary employment. However, for certain groups there had been a clear shift in the risk of holding a temporary contract. In particular young people experienced increased risk. There have also been changes in the education-related inequality patterns. Those with elementary education and those with intermediate/full secondary education with vocational training faced increasing risk of holding temporary contract and lost their advantage to people with university education. In short, individuals who belong to groups already in weak labour market positions, namely the young and low-educated, were increasingly allocated to inferior employment relations. In an earlier study Giesecke and Groß (2003) demonstrated that those with unemployment experience in the past, highly educated and unskilled workers, and young and old employees starting a new job were all more likely to be found in the temporary work category. Using the German Socio-economic Panel the same study also found that workers with fixed-term contracts were at a higher risk of having a subsequent spell of temporary work and more likely to be unemployed compared with permanent contract holders.

With respect to job quality Gebel (2009) found that there was a wage penalty for labour market entrants with temporary contracts. Comparing labour market entrants with similar individuals and jobs he suggests that labour market entrants earn significantly less in fixed-term jobs than in permanent employment. Another finding is that, tertiary education graduates in particular suffer high initial wage losses in fixed-term contracts. If these contracts in the high-skill segment of the job market guaranteed better career perspectives (such as high conversion rates into permanent contract and upward mobility), then the wage penalty in this group could be justified. In a comparison of the risks attached to part-time work and temporary work Giesecke (2009) showed that both actual and perceived risks of temporary work were more severe than those of part-time work. Temporary workers were not only disadvantaged in terms of pay and employment security, but also more inclined to higher levels of perceived insecurity.

Denmark, with a combination of high flexibility and high social protection, seems to have managed to keep the negative externalities of labour market flexibilization at a minimum. Temporary work in the Danish system actually takes the form of replacement of those employees who are on leave with the unemployed individuals. Thanks to this job rotation system, when employees leave their jobs for training, further education, or parental leave, their places are taken by unemployed workers who are hired on temporary contracts. This scheme provides flexibility for the employers, and provides the unemployed workers with training opportunities which in turn increase their employability.

From above we see that employment protection in the UK has never been as good as in Continental European countries. However, the growth of temporary employment in the UK can be considered marginal. However, the growth has been quite uneven across occupational groups. Among the occupational groups it was the professionals and managers for whom the growth of temporary work in absolute terms had been the greatest (Robinson 2000, Milward et al. 2000, Heery and Salmon 2000). What is striking is that, by the mid 1990s there was a perception that the British workforce was feeling particularly insecure. There are various reasons that might explain the increased perception of insecurity. First of all, in the 1980s unemployment was concentrated in certain regions, industries and occupation groups. By the 1990s, however, unemployment had become more evenly distributed with the London region having higher unemployment rates than Scotland. Felstead et al (1998) found that job insecurity had decreased among the workers in manufacturing, but had risen among those in finance and construction. The second factor is that job loss became more costly by the mid 1990s as a result of the unemployment system becoming less generous and the safety net provided becoming less adequate. The spread of unemployment among the previously non-risk groups and the increasing cost of job loss put temporary work in a precarious position. Thirdly, the rapid increase in the number of temporary jobs, especially among the professionals due to structural changes, contributed to the increased sense of insecurity felt by temporary employees. Dex and McCulloch showed that in 1994 more than half of men and almost half of women in full-time temporary contracts stated that the reason they held temporary jobs was because they could not find permanent jobs (1997). The mostly unchosen nature of temporary employment also indicates that the labour market flexibilization led to precarious employment relationships in the UK.

More recent studies focused on the chances of entry into and early career outcomes of temporary employment in the UK. Gebel (2010, forthcoming) compares the UK and Germany and reports that tertiary graduates in both countries were more likely to enter the labour market via temporary contracts, and that vocational school graduates were least likely to do so. While the propensity to work in temporary jobs decreased over time, the employees in large firms are found to be more likely to hold temporary contracts than those in smaller firms. In terms of initial wages, in the UK, temporary workers initially suffer from 10 percentage points difference when compared to permanent contract holders (this is much lower than initial wages in Germany) but the wage gap closes over time. In the UK, unemployment rates for labour market entrants via temporary contracts are much higher. Also those entrants are more likely to leave the job market and re-enter further education in order to develop additional skills. All these findings, he argues, suggest that in the UK temporary workers are less sharply differentiated

from the primary segment; however, this does not apply for all of them. Also, since the British education system is not highly stratified, the signalling value of education degrees is rather weak. For this reason labour market entrants in temporary work tend to go for further education options to accumulate job specific human capital.

When we look at the European level, by 2009 the share of temporary workers reached 13.5% of all employees in the EU as a result of labour market deregulation undertaken in member countries³. Moreover the sectors which employ these workers have continuously been growing. The disadvantaged working conditions for temporary employees were also pointed out by a research carried out by the European Foundation for the Improvement of Living and Working Conditions. The EU proposed a directive based on non-discrimination principle in 2002 and it was agreed as The Temporary and Agency Work Directive⁴ in 2008. This directive aims at guaranteeing temporary and agency workers equal pay and equal conditions with those who do the same job on permanent terms and laying a minimum EU-wide work standard. However, the issue of whether the directive will bring about a more equal treatment of the temporary workers within member states and across the EU needs to be addressed in the near future.

SECTION TWO: FAMILY RELATIONSHIPS

Labour Market Insecurity and Partnership Formation

In this subsection, I will overview the theories of marriage timing by focusing on economic determinants of partnership formation. I present these theories by applying them in the context of labour market insecurity and highlight the mechanisms behind how labour market insecurity might affect the timing of first marriage. Both economic and sociological research has placed great emphasis on the role of economic factors on decisions in the family domain; therefore I touch upon the theories from both schools. Below I will discuss all of these theoretical frameworks and review the empirical results supporting each of these theories most of which come from the European sociological research.

Sex-specialization theory:

This theory argues that labour market insecurity delays marriage by reducing the gains from marriage because it hinders sex-specialization. In sociological theory differentiated sex-roles have been identified as an important element for a well functioning society. The traditional male breadwinner female homemaker family model has been regarded as a functional necessity for the family as well as for the society. Durkheim used the concept of sexual division of labour as an analogy for organic society to build up his theory of occupational division of labour and interdependence in a society (Durkheim 1960). Talcott Parsons argued that sex role segregation was the key element to marital stability since competition between man and woman disrupts the family (Parsons 1949).

³ Eurostat Statistics

⁴ 2008/104/EC

Later on Becker and others developed the economic theory of marriage which emphasizes that the major gains to marriage arise from the mutual dependence of the spouses (Becker 1981; Mincer and Polacheck 1974; Schultz 1974). According to this there are different sources of gains to marriage and the most important one is satisfied when one partner has competitive advantage in the market, and the other in the household. That way the couple can maximize their gains from marriage by *specialization and exchange*. Traditionally men have the comparative advantage in the labour market whereas women have the comparative advantage in doing home-production, especially during the early months of childrearing. Since men's and women's utility functions are different due to this segregation, they are perceived as trading partners. This trade, in which men and women offer different things to each other, is the source of gains from marriage.

One of the main implications of the economic theory of marriage is that the sexual division of labour became less advantageous as women's labour market participation and earnings rose. The incentives for women to marry reduced when they became economically independent (Becker 1981). This resulted in an increase in non-marriage, in delayed marriages, in marital instability and a decline in fertility. However, the idea that women's increasing employment is associated with the deterioration of the family as an institution has been subjected to criticism (Blossfeld and Drobnič 2001; Oppenheimer 1988) in so far as it ignores the changes in men's market relations. According to critiques, the deterioration in men's earnings, especially for the new labour market entrants, is the reason behind the decline in marriage rates. Besides the drawbacks, the very logic of the economic theory of marriage suggests that labour market insecurity is associated with the loss of comparative advantage of men in the market. In a traditional family, men expect to benefit from their wives, since women are more specialized in home-production; and women expect to rely on their husbands since men are specialized in gainful employment in the labour market. When men experience job insecurity, they allocate less time to market activities, invest less in human capital, become less-specialized and less competent trading partners in the marriage market and their entry into partnership is consequently delayed. In this context, job insecurity does not have the same implication for women, since they are not expected to have comparative advantage in the labour market. Worse career prospects due to job insecurity would encourage women to early partnerships since the gains from marriage would be higher than remaining single. In short, labour market insecurity undermines the sex-specific specialization by reducing the comparative advantage of men in the market, and delaying their entry into marriage, increasing the likelihood of women's entry into partnerships.

Economic independence theory:

This theory maintains that as a result of labour market insecurity young adults postpone entry into first marriage because they cannot guarantee financial means to establish an independent household. In modern societies young couples are expected to set up an independent household when they marry. However at the early stages of their careers, young adults' earnings are relatively low, and in many countries they are more likely to experience poverty than other age groups (Aassve *et al.* 2007; Kangas and Palme 2000). Job insecurity in particular complicates their formation of stable careers and delays their development as economically independent individuals. Economic independence is not only troublesome for young adults who experience

poverty; those from higher socioeconomic classes also find it difficult to meet a socially defined minimal standard of housing (Oppenheimer *et al.* 1997). There is a threshold effect, rather than an absolute poverty effect because job insecurity in the early career years postpones the accumulation of resources required to set up an independent household at the desired standard. To sum up, young individuals from various social class backgrounds delay entry into first marriage as a result of the insecurity they experience in the labour market.

Uncertainty theory and assortative mating:

This theory claims that labour market insecurity causes a delay in the timing of first marriage because it poses uncertainty with regard to young men and women's current and future socioeconomic statuses. In the last few decades the impact of globalization on increasing levels of uncertainty, the concentration of risk on more vulnerable groups (Beck 1992; Beck 2000; Castells 1996) and the alteration in individuals' life courses (Blossfeld *et al.* 2005) have all been extensively discussed among social scientists. The flexibilization of the labour markets manifests itself in more and more precarious and lower-quality employment and in increases in incidences of irregular work contracts. Young individuals are particularly subject to job insecurity and their career development has been severely impeded. Since career development years coincide with other important life-long transitions, the uncertainty that arises as a consequence of job insecurity prevents these young people from making long term binding decisions.

More specifically, in the theory of marriage timing Oppenheimer (1988) explains the timing of entering into a marital union as an outcome of the transition into work. Work is a very important determinant of individuals' lifestyles and it is the major source of socio-economic status but, especially in young adulthood, work life is full of uncertainties. The variation in the timing of marriage, then, is affected by the extent of the difficulty people face in the transition to a stable work career. Since men's economic activity mainly determines the lifestyle and socio-economic status of the family, the uncertainties in young men's transitions to stable work careers affect the timing of their marriage. However, with increasing female labour force participation and women's increasing earning potential, the uncertainties in work transitions add another set of exogenous factors which affect the timing of marriage. This theory predicts delay in young men and women's entry into marriage as a result of increasing uncertainty in work careers, as a result of labour market insecurity.

This theory also assumes that young adults tend to marry assortatively. Young individuals postpone forming marital relationships because labour market insecurity reduces the chances of marrying assortatively. Marriage is a long term binding commitment and in order to secure a long lasting relationship individuals spend a great deal of time searching for a good match (Oppenheimer 1988). Young adults choose their marriage partners on the basis of some ascribed characteristics such as race, religion, physical appearance, parental background; and on some ascertained characteristics such as educational attainment and occupation. In the traditional male breadwinner family of Becker, the gains to marriage are highest if the partners are similar to each other in traits like physical capital, height, race, intelligence and preferences but different from each other in traits like earning potential, labour market attachment and occupation (Becker 1973). Therefore Becker's economic theory of marriage predicts that women tend to

marry men with a higher socio-economic status than themselves because men have comparative advantage in the labour market and women have comparative advantage in home production. Sociological studies on women's marital mobility also suggested that women have an incentive to look for mates with high occupational status since they share the status of the family, rather than determine the status themselves (Tyree and Treas 1974).

With increasing female labour force participation and liberalization of sex roles, the importance of exchange between spouses has become less important. Many authors believe that women's economic resources have become increasingly attractive to men (Davis 1984; Schoen and Wooldredge 1989) for various reasons. Firstly, specialization, which maximizes the gains from the marriage, can actually be a risky strategy since spouses cannot substitute for each other in the unexpected event of loss of one of the spouses' skills, such as unemployment, long-term serious health problems, or death (Oppenheimer *et al.*, 1997). Second, women's earnings may enable men to realize their career ambitions by preventing them from settling for short term career benefits. Her employment can provide networks for his career development, or similarly her earnings can subsidize his career investments (Kalmijn 1994). And thirdly, women's labour market position can help to compensate for the fall in male real wages since the oil crisis in the late 1970s. At the same time, industrialization and technological developments have increased living standards drastically in modern societies. While the opportunity cost of sole-homemaking for women has increased, the price to pay in order to enjoy the fruits of the advanced living standards via purchasing them in the market has rendered female employment unavoidable (Eggebeen and Hawkins 1990). As a consequence dual-career couples emerged and became a fundamental family structure of advanced modern societies.

Since one's position in the labour market is a very strong determinant of current and future living standards, and since social status in a household is shared; both men and women's labour market positions contribute to the socioeconomic well-being of the family, and both men and women's work are important assets that they offer each other in the marriage market. It is easy to evaluate potential candidates in terms of race, religion or physical appearance but in the early career years of career when young adults are surrounded by uncertainties, assortative mating is difficult because it is hard to predict the future socio-economic attributes of potential candidates. To summarize, job insecurity during early adulthood poses uncertainty, hinders assortative mating and results in delayed entry into marriage.

Cohabitation theory:

Cohabitation theory ascertains that in the presence of labour market insecurity young individuals tend to delay marriages and preferring to form cohabitational partnerships as an adaptive strategy. While the age at marriage has sharply increased in the last 30 years, a marked growth in non-marital cohabitation has also taken place in modern societies (Ermisch 2005; Kiernan 2002). The diffusion of non-marital cohabitation brought about debates on its nature: whether cohabitation is a substitute for marriage, or alternatively, a stage in the mate selection process. Some studies have shown that cohabiting and married couples have significant attitudinal and behavioural differences. Cohabitors hold less traditional family values and gender role ideologies than those held by married couples (Rindsfuss and Heuvel 1990). They are more likely to have an egalitarian distribution of household tasks (South and Spitze 1994). Cohabitors

are less likely to form committed or lasting relationships (Bumpass and Smith 1989), and to desire and have children (Manning and Landale 1996).

Oppenheimer suggests that cohabitation is an adaptive strategy to the delay in marriage as a result of growing uncertainties in young men and women's careers. "Cohabitation gets young people out of high-cost search activities during a period of social immaturity but without incurring the penalties of either heterosexual isolation or promiscuity, and it often offers many of the benefits of marriage, including the pooling of resources and the economies of scale that living together provides" (Oppenheimer 1994, p. 308). Cohabitation may not only be a response to delayed marriages arising from the socioeconomic uncertainties young people go through, but also may be a major factor in rising delays in marriage. First, cohabitators who are planning to marry do not feel pressure to do so soon because they already enjoy the benefits of marriage. Second, the cohabitations that do not work take a long time in one's life as cohabitators may not be fully engaged with the marriage market and not be searching alternative mates (Ermisch and Francesconi 2000). In short, cohabitation is a response to uncertainties and delayed marriage (Clarkberg 1999); and at the same time it is a crucial factor for delayed marriages.

Labour Market Insecurity and Transition into Parenthood

Empirical Findings on Labour Market Insecurity and First Child

The impact of unemployment on the timing of the first child has been studied extensively, whereas there is relatively little research on the relationship between temporary work and transition into parenthood. The studies on unemployment are yet inconclusive. Several studies found that, for women, unemployment increases the chances of having a first child (for example see Liefbroer and Corijn 1999 for the Netherlands and Flanders; Andersson 2000 for Sweden; Hoem 2000 for Sweden; Adsera 2005 for EU15 countries; Gonzalez and Jurado 2006 for Spain, Italy, Germany and, France; Ozcan *et al.* 2010 for East Germany). However some studies reported a negative relationship between unemployment and fertility (for example Witte and Wagner 1995 for East Germany). Another set of studies, in contrast, reported no effect at all for Germany (Kreyenfeld 2010; Ozcan *et al.* 2010 for West Germany) and Norway (Kravdal 2002). There are far fewer studies on men's unemployment and transition into parenthood, even these are not conclusive. While Payne's (1989), and Sullivan and Falkingham's (1991) studies on British men show that unemployment was associated with earlier entry into fatherhood, the Liefbroer and Corjin (1999) study in the Netherlands found a negative relationship between the two.

The inconclusive results of these studies can be attributed to the strength of 'income effect' versus 'price-of time effect' in each country, the family systems and employment regimes in question, and the differences in methodology and sampling strategies. In the next part I will discuss the theoretical framework of economic determinants of parenthood and the 'income' and 'price of time' effects in the context of labour market insecurity. I will also provide a general outline of family systems and employment regimes.

Theoretical Framework: Labour market supply and family formation

The New Home Economics (and Becker 1981 more specifically) uses two behavioural mechanisms to link labour market participation to family formation: the 'income effect' and the 'price-of-time effect'. It is assumed that marriage and parenthood are both valuable yet costly goods. Higher levels of human capital generally provide better labour market prospects; therefore individuals with higher education will be able to have higher earnings potential than those with lower levels of education. Better labour market prospects are not only necessary to meet the cost of family formation, they also make one an attractive candidate in the marriage market (Oppenheimer 1988). 'Income effect' therefore predicts that accumulation of human capital positively affects the timing of transition into parenthood. 'Price-of-time effect', on the other hand, suggests that there are opportunity costs attached to family formation because it leads individuals to spend less time on labour market and wage-earning. The opportunity costs are higher for those with higher educational attainment than for those with lower levels of education. 'Price effect' leads to expecting a negative effect of human capital accumulation on family formation. (For a detailed discussion of Becker's view on educational attainment and family formation see Liefbroer and Corijn 1999).

The same logic can be applied to the relationship between labour market insecurity and transition into parenthood. Those with precarious employment situations are less likely to have high earning potentials and therefore more likely to postpone first parenthood. The 'income effect' predicts that labour market insecurity and parenthood are negatively related. On the other hand, the opportunity cost of leaving the labour market is much lower for the unemployed or the temporary workers than it is for those in secure employment trajectories. Child-bearing requires a considerable amount of time; and according to the 'price-of-time effect' framework one can expect those with precarious employment trajectories to enter into parenthood earlier due to lower opportunity costs of leaving employment or reducing work hours.

As Becker's theory presumes a traditional family and sex-specific division of labour (Oppenheimer 1994), among *men* the 'income effect' will dominate the relationship between labour market insecurity and parenthood, whereas among *women* the 'price-of-time effect' will dominate the relationship. In this traditional family-system framework, men are specialized in the labour market and they maintain their breadwinner role when the baby comes. They are more likely to enter into fatherhood when they have more secure employment trajectories and the 'income effect' predicts a positive relationship between labour market status and child-bearing. Women, on the other hand, predominantly specialize on home-making and child-bearing. When they are in full-time and/or permanent employment, combining the home-maker and labour market activities become highly problematic. 'Price-of-time effect' leads one to expect that when women are unemployed or in temporary work, they are more likely to enter into motherhood because the opportunity cost of leaving the labour market or reducing their working hours is much lower.

Family system and employment regimes in Europe

The traditional family system illustrated in new home economics assumes that labour market work and child-care work are highly incompatible and that combining these roles is problematic.

However, in advanced industrial societies, due to the variation in cultural values, family and religious traditions, family policies, and employment regimes there is a variety of equilibriums in terms of family systems. The combination of all these components leads to different levels of incompatibility between paid work and domestic work. There is a vast literature on how welfare regimes reproduce gender and effect family relations and but such discussion is far beyond the scope of this report (Sainsbury 1999). I shall not go in to detail on this matter, but in order to illustrate how the ‘income effect’ and ‘price-of-time effect’ might work in different settings I would briefly like to discuss the employment regimes and family systems in Scandinavian and the liberal countries. Supportive family policies in Scandinavian countries, such as the generous income-replacement transfers during parental leave, facilitate combining parent and wage-earner roles. As we have seen in the previous section, Scandinavian unemployment replacement benefits are also generous. Generosity of benefits for those in labour market insecurity might rule out the ‘income effect’. Unemployed individuals do not suffer from wage penalty as much as they do in liberal societies with limited benefits. Public child care services are also widespread and easy to access. In the Nordic countries we can expect that ‘price-of-time effect’ might overrule ‘income effect’. In other words, labour market insecurity might not necessarily cause a delay in transition into parenthood. Empirical findings also support this idea. Andersson (2000) and Hoem (2000) both showed that when unemployed women received generous unemployment benefits they were more likely to have their first child. The risk of fertility was found to be high among low income women who received generous benefits.

With respect to market relations the UK and represent liberal market economies with low state interference in occupational and family relations (Esping-Andersen 1990). Hiring and firing of workers is not regulated by strong legal barriers and both employees and employers focus on maximisation of income on a short-term basis rather than establishing long-term relations (Hall and Soskice 2001). The welfare state provides only minimal support for economic risks such as unemployment; therefore individuals are exposed to extensive risks of poverty and insecurity. Nevertheless, due to high labour market turnover and flexibility, the problem of long-term social exclusion does not represent an excessive threat (DiPrete 2002). The volatile structure of the labour markets endows young adults’ life courses with a high level of precariousness and economic insecurity. Therefore individuals need to be well integrated into the labour market before entering into parenthood. This integration largely depends on the variation among individuals on the basis of educational qualifications, labour market status, work contract and work hours. Lack of extensive family policies encourages women to take part in the market economy and the resulting dual earner family formation works as a preventive measure against labour market insecurity. However, women's great participation in the labour market does not result in a gender-egalitarian system. In the UK the majority of the non-standard work contracts such as part-time or fixed-term jobs are held by women. In most cases their income constitutes only a contribution to the family income, and it is mostly women who reduce their working hours or withdraw from the labour market completely for child-bearing.

If we go back to the mechanisms of the ‘income effect’ and the ‘price-of-time effect’, we could expect the following outcomes for individuals experiencing labour market insecurity in the UK: Men’s entry into fatherhood would be mainly determined by the ‘income effect’ and those with insecure labour market conditions would delay the timing of having the first child compared to

those in secure employment conditions. Women's entry into motherhood, on the other hand, would be determined by both of these mechanisms. When better educated women experience labour market insecurity, the opportunity cost of withdrawal of labour supply is higher, because the wages that they give up are higher, and their future career prospects are hampered. Therefore, when highly educated women are going through labour market insecurity, they are expected to delay motherhood until they consolidate their labour market situation. In brief, 'price-of-time effect' is expected to dominate the relationship for highly educated women in precarious employment and these women are predicted to enter into motherhood later than lower educated women. On the other hand, highly educated women in secure employment can support the family better or take the opportunity to buy the childcare from the market. In line with the income effect one would expect early entries into motherhood because motherhood and wage-earner roles would be compatible for these women. Women with lower education qualifications, conversely, may prefer to compensate for occupational insecurities by concentrating on motherhood (Friedman, *et al.* 1994). They might try to gain social status via parenthood because the chances of gaining self esteem through occupational achievement are very low for poorly educated women in precarious employment (Tölke and Diewald 2003).

Labour Market Insecurity and Family Conflict

Job insecurity can pose problems among spouses for three main reasons: It may be detrimental to one's psychological well-being, it may affect partner's well-being, and it may decrease the satisfaction gained from the relationship. Most of the studies have focused on adverse effects of unemployment on family well-being, but not as many studies explored the relationship between temporary work and well-being of family. The review below covers main findings on unemployment and studies on temporary work where available.

Unemployment, temporary work and psychological well-being

Many studies have repeatedly found poorer mental health status among the unemployed, and the reported negative effect appears to be independent of pre-existing health conditions (Banks and Jackson). Alternative explanations have been suggested to describe a causal mechanism between the two. Some studies attributed health effect of unemployment to financial problems arising from joblessness. Change in family income between employment to unemployment (Jackson and Warr 1984), borrowing money during unemployment period (White 1991) and debt (Heady and Smith 1987) were found to be associated with poor well-being. Other studies defined unemployment as a stressful life event as working has a number of non-financial 'latent' benefits. According to this approach employment not only provides one with economic security, but also provides a time structure, social contacts, participation in collective purposes, status and identity, and regular activity (Jahoda 1982). Warr (1987) similarly added that employment endows individuals with income, social contact, a more structured life and opportunities for self-realization. In unemployment individuals lack these psychological functions and for this reason they suffer from mental ill-health. Loss of job or fear of becoming jobless may also contribute to stress and anxiety and the feelings of uncertainty and ambiguity which result from lack of control over these stressful events have a deleterious effect on well-being (Lazarus and Folkman 1984). For Sweden, Nordenmark and Strandh (1999) tested the power of economic and

psychological effects of unemployment and their models supported the idea that individuals with greater economic and psychological need for employment suffer from unemployment more severely. Economic need for employment is measured in disposable income, while psychological need is measured by the Work Involvement Scale which asks how employment is important for the unemployed. In another study with the same dataset Nordenmark found that unemployed individuals with strong non-financial employment commitment are more likely to experience poorer mental well-being than will be experienced by those with lower commitment.

Not only the actual job loss but also perceived threat of job loss during employment can impose the same level of stress on an individual as is experienced in job loss itself (Dekker and Schaufeli 1995; Paugam and Zhou 2007, Burchell 1994, 1999; Bohle et al. 2001). A classical study showed that threats to employment security had adverse consequences for health status, and this effect is not related to either to self selection nor health related behaviour (Ferrie et al 1998). The Whitehall II Study⁵ was conducted among London based office staff and they were interviewed repeatedly between 1988 and 1995. During this period one of the departments from which some of the sample was coming from was sold to a private firm, which ended up with a significant staff cut. 2 to 3 years prior the sale the rumor was spread among the employees and the results of the study showed that during this ‘anticipation phase’ there was a deterioration of self-reported health in this department.

Similarly, as temporary workers are in a great risk of job loss or getting trapped in precarious employment, and several studies showed that temporary work is also associated with stress and poor psychological well-being. Santin et al (2009) found that fixed term contracts in France were associated with depressive symptoms for women, but not for men. This association persisted after controlling for organizational and psychological factors. The authors argues that in France fixed-term contracts are shorter for women than men and the working conditions are worse for female fixed-term employees than their male counterparts. For this reason temporary employment has a negative psychological effect for women. Virtanen et al (2005) conducted a meta-analysis and found that temporary workers compared to permanent workers were more at risk of psychological stress.

Another study on the Catalonian region of Spain reported that some forms of temporary employment were associated with poor well-being (Artazcoz et al 2005). This study concluded that non-fixed term temporary contracts and no-contract employment arrangements were prone to poor mental health, but fixed-term contracts were not. They also found that these health effects were restricted to women and manual male workers, who are less privileged groups. Their findings suggest that poor mental health is potentially a consequence of precariousness of the some temporary work arrangements.

However some studies showed no adverse effect of temporary work arrangements on well-being. A comparative study reported a relationship between temporary employment and well-being in Germany but not in Britain (Rodriguez 2002). The study concluded that in Germany

⁵ Marmot, Davey Smith etc. Health Inequalities among British Civil Servants: The Whitehall II study. *Lancet*. 1991, 337-1387-1393

people working on fixed-term full-time contract basis were 42% more likely to report poor health status than permanent workers, even after adjusting for previous health, unemployment experience and socioeconomic characteristics. Similar findings are not observed for Britain. In Germany fixed-term contracts have become increasingly more common especially for the young labour market entrants, as a result of which temporary work became rather involuntary. The author argues that the adverse negative effect in Germany might be attributable to the forced nature of atypical jobs there, as opposed to Britain. In a longitudinal study among the British male and female workers Bardasi and Francesconi (2004) found that temporary work neither had long term detrimental health effect nor was it associated with ill mental health during the 1990s.

Gash et al (2006) compared the health status of unemployed workers exiting unemployment via permanent and those exited via fixed-term contracts in Germany and Spain. They found improved well-being after employment for German men and women, and Spanish men. Spanish men exited via fixed-term contracts showed a smaller improvement in well-being than those who exited via permanent contracts and the positive effect of fixed-term employment diminished after two years. That the type of contract does not matter for German employees is explained with the smaller share of fixed-term contracts in Germany compared to Spain, where fixed-term jobs are potentially less stigmatizing for Germans. Another study on Germany, on the contrary, showed that unemployment can have a scar effect on future well-being as well. Using the German Socio-Economic Panel, Clark et al. (2001) and Lucas et al. (2004) found that past unemployment had a negative impact on current well-being, even many years after re-employment. This can be explained by the wage penalty effect of unemployment. Similarly, those who had been unemployed in the past are more likely to be in precarious jobs and less likely to be in settings that enable them to develop themselves professionally (Gallie et al. 1998).

The results of comparative European studies also present an inconclusive picture. For instance, based on the Second European Survey of Working Conditions countries a study analyzed the relationship between employment status and various health outcomes in the EU-15 countries and found that individuals with precarious employment arrangements showed lower levels of stress than full-time permanent employees (Benavides 2000). On the other hand, a more recent study using the European Social Survey-2004 across western European countries found that temporary workers reported significantly lower levels of life satisfaction than permanent employees (Scherer 2009).

Institutional factors:

It is reasonable to expect that the relationship between job insecurity and well-being can be stronger in some countries than in others due to the differences in welfare benefits. Generosity of unemployment benefits was found to be an important mediating factor between unemployment and mental well-being. In a comparative study of Sweden, Ireland and Great Britain Nordenmark et al. (2006) tested how mental distress was mediated by different types of unemployment benefit systems. In Sweden replacement benefits are generous and cover a wider range of the unemployed, whereas in Ireland and the UK benefits are not generous and are means tested for those without unemployment experience and time-limited for those who have

been unemployed before. Their analysis suggests that receiving unemployment benefits in Sweden reduces mental distress significantly. Flat-rate benefits are not associated with positive effects either in Ireland or in the UK.

Unemployment was also found to negatively affect overall life satisfaction and to cause unhappiness (for example see Gerlach and Stephan 1996, Winkelmann and Winkelmann 1995, Kassenboehmer and Haisken-DeNew 2009 for Germany; Clark and Oswald 1994 for UK). Gallie and Russell (1998) identified four main factors that might explain why the severity of distress is much higher in some countries than others: the level of unemployment, the composition of the unemployed, the cultural importance attached to work, and, the nature of welfare provision. They analysed unemployment and distress in eleven European countries, but their findings suggest that the cross country differences cannot be explained by these four factors. However the interaction of welfare provision and the composition of the unemployed are argued to provide an explanation for cross-national differences. The negative impact of unemployment on satisfaction was greatest where low welfare provision coincided with both unemployed breadwinners and a concentration of unemployment within households. Whelan and McGinnity (2000) analysed these aforementioned factors in European countries and their main finding was that unemployment had a powerful negative impact on satisfaction, but that the impact tended to be less severe for women, for individuals younger than thirty years and for those with partners. The impact of unemployment was found to be less severe in Denmark, Spain and Greece, and for women in the UK and Ireland. However, their analysis showed that cross country differences in the impact of unemployment could not be explained by these four factors.

Partner's well-being

There are a number of studies that considered whether insecurity of one spouse effects the well-being of the other and most of these studies report that job insecurity on the part of one spouse is negatively associated with other's well-being (for a summary of findings see Strom 2003). The effect of unemployment appears to be more severe for those who are unemployed themselves than the unemployed's spouse (Liem and Liem 1988). It was also found that the effect of unemployment on the well-being of one's spouse is weaker among men living with unemployed partners than it is among women living with unemployed men. Cochrane and Stopes-Roe's study among working age English adults reported that women with unemployed husbands were particularly likely to report high levels of depression, but no reciprocal effect of wives' employment status on husbands' well-being was found (1981). However, it was shown that the 'direct' negative unemployment effect was rather weak and it was in reality mediated through other factors. Some of these mediating factors that have a greater influence on spousal well-being as follows: Mental health of the unemployed rather than the spouse (Dew 1987), previous family history of psychiatric problems, preexisting financial problems, weak social support from relatives (Penkower 1988), and preexisting family problems (Fagin and Little 1984, Liem and Liem 1988, Lobo and Watkins 1995).

Satisfaction with the relationship

Third, in addition to its negative impacts on individual and ‘spouse’ well-being, job insecurity may also reduce the satisfaction from the relationship. It is argued that, since unemployment signifies uncertainty and loss (or reduction) of income, it may make the individuals less attractive as marriage partners, thereby putting pressure on the relationship (Blood and Wolfe 1960 cited in Blekesaune 2008). Also, unemployment puts financial strain on couple’s budgets and may reduce the satisfaction they obtain from the relationship (Vinokur *et al.* 1996). According to another study auto workers who recently lost job or anticipating job loss reported more conflict with their spouses and children than employed control group. Financial hardship was shown to be the mechanism for the conflict, and it produced more conflict for men than for women (Broman *et al.* 1990⁶). Scherer’s comparative study among Western European countries reports that temporary workers perceived a remarkably higher level of economic disadvantage than permanent workers (at the household level). She also found that the former group was more likely to report disagreement with their partner than the permanent employees.

Mediating factors:

The magnitude of the negative effect of job insecurity might be mediated by some other factors such as the way household tasks are distributed among spouses, gender ideology for women, partner’s employment status or the presence of children. Regarding division of domestic work, there are two contrasting hypotheses. One suggests that when men are unemployed they might spend more time with household tasks and child care reducing the work-family conflict that their employed spouses would otherwise face. A shift to a more equal division of housework tasks after unemployment might mitigate the negative effect of job loss. Indeed, (Gallie *et al.* 1994) found that unemployed men living with full-time employed partners substantially modified the traditional gender roles. On the contrary, the “doing gender” hypothesis suggests that housework is a symbolic enactment of gender relations (Bittman *et al.* 2003; Greenstein 1996, 2000; Brines 1994; Ferree 1990; West and Zimmerman 1987), and that, for this reason, when the husband has difficulties in performing his traditional breadwinner task in the family, he will reduce the number of hours spent in housework (Gupta 1999). In short, how the division of housework after unemployment is handled may moderate or intensify family stress.

It is reasonable to expect that job insecurity affects a woman’s well-being according to her career orientations. It is argued that there is a significant variation among women in terms of their preferences regarding paid work and full-time homemaking (Hakim 2000). Work-centered women make a significant investment in qualifications and training fitting family life around their work. Job insecurity or job loss may cause major complications in their psychological well-being. Home-centered women, on the other hand, give priority to private and family life. It could be expected that unemployment and job insecurity do not undermine the well-being of

⁶ Broman, Hamilton and Hoffman (1990) Unemployment and its effect on families: Evidence from a plant closing study *American Journal of Community Psychology*, 18, 643-659: auto workers who recently lost job or anticipating job loss reported more conflict with their spouses and children than employed control group. Financial hardship was the mechanism, and it produced more conflict for men than for women.

home-centered women to the same extent that they impact upon work-centred women. Men could also be expected to differ among themselves in terms of career aspirations. However, as men are largely expected to be continuous income providers there must be, depending on their aspirations, less variation among them in terms of stress levels.

A partner's labour market status might help to alleviate economic restraint which may be caused by job loss. Similarly spouse's secure employment may also lessen the anxiety related to the fear of losing one's job. And finally, the presence of a dependent child may multiply the negative impact on well-being for male unemployment, whereas we might not observe the same mechanism for female unemployment as this can often provide the woman with time to care for her offspring.

Labour Market Insecurity and Partnership Dissolution

Theoretical debate:

The relationship between unemployment and marital stability has been examined by economists, sociologists and demographers and findings from all disciplines present a positive relationship between unemployment and marital dissolution. To start with the new home economics' analysis of marriage, the neoclassical model is based on the idea of *utility maximization* and it basically suggests that couples divorce when the expected utility from remaining married falls below the expected utility from getting divorced (Becker *et al.* 1977). An unexpected change in income due to unemployment can dramatically alter the expected utility from marriage, and hence, may lead to divorce. The mechanisms that the sociological research has provided are as follows. First, unemployment is found to lead to mental stress (Dooley *et al.* 1996), and family conflict is found to be one of the most negative consequences of unemployment (Gallie *et al.* 1994). Second, as unemployment signifies a loss of (or reduction of) income and increased uncertainty, it may make the individuals less attractive as marriage partners, thereby putting pressure on the relationship (Blood and Wolfe 1960 cited in Blekesaune 2008). Third, unemployment puts financial strain on couples' budgets and it may reduce the satisfaction they obtain from the relationship (Vinokur *et al.* 1996). The second and third explanations are in fact in line with the idea of the decrease in the expected utility from marriage as a result of unemployment.

Gender differences:

Previous studies also suggested that men's unemployment seems to put more stress on marital relationships than women's unemployment, and two explanations were given to explain the difference. The first explanation suggests that, as men are the main income providers, their unemployment puts a greater strain on the family budget, and consequently, causes a higher level of economic stress. The second explanation is derived from the role theory and suggests that when women are unemployed they do not feel as much pressure as men to find a new job because unemployment may help them solve the role conflict that they experience when they are in paid work (see Hansen 2005 for a discussion of these explanations and results for Norway). On the same line Becker *et al.* argued that any sudden change in gender roles might put psychological pressure on both partners (1977). The 'doing gender' theory can also be relevant

in explaining why men's unemployment causes a higher level of family stress. When the husband is unemployed and the wife is employed, the man might be expected to increase his contribution to housework as he has relatively more time available for these activities than she. The 'doing gender' approach, however, argues that housework is a symbolic enactment of gender relations (Bittman et al. 2003; Greenstein 1996, 2000; Brines 1994; Ferree 1990; West and Zimmerman 1987), and that the time allocated to housework is determined by gender, rather than by time availability of resources. In these unconventional families when the wife's relative resource exceeds that of her husband and the man becomes dependent, the number of hours spent on housework increases for the woman and decreases for the man. Gupta (1999) discovered that when the husband has difficulties in performing his traditional breadwinner task in the family, both spouses display more gendered roles in order to avoid violating socially expected gender norms. The reluctance of unemployed men to contribute more to domestic tasks and the employed partner's overcompensation might together cause familial problems. The impact of male unemployment on marital dissolution is rooted in the combination of the overburdened female and the un-cooperative male.

Other determinants of marital stability:

A key concept in marital stability is 'marriage specific capital' and it refers to goods that are less valuable outside the marriage than in marriage, and accumulation of marriage specific capital reduces the risk of divorce (Becker *et al.* 1977). Presence of children, home ownership, and the knowledge about partners are some examples of marriage specific capital. According to this, couples with children are less likely to divorce than couples without, and there many empirical studies that support this relationship (For a summary of findings see Hansen 2005, p 139-140). Young couples are expected to be more likely to have marital dissolution than old couples for three reasons: young couples might have a looser bond as they have not accumulated as much marriage specific capital as older couples, older people have fewer opportunities in the marriage market, and older couples tend to have negative attitudes towards divorce (for a detailed discussion see South and Spitze 1986). Another key hypothesis in the literature is that the greater the difference between partners' traits, the greater the risk of marital dissolution. It was argued that similar traits increased the consensus among partners and balanced the power structure. Dissimilarities such as difference in age, difference in labour market experience, and difference in educational attainment were used in several studies to measure the similarity of the partners; and age difference has been found to have a negative association with marital dissolution. Young age at marriage was shown to increase the likelihood of divorce, whereas duration of marital relationship had a negative effect (Hansen 2005).

Empirical findings:

There are few individual level longitudinal studies that have examined whether unemployment increased the risk of marital instability. Ross and Sawhill (1975) used the Panel Study of Income Dynamics and found that, in the US, those families where the husband experienced repeated unemployment had a divorce rate twice as high as those without repeated unemployment. Using the same data Starkey (1996) also found that husbands' unemployment increased marital instability in both black and white couples. Similarly, in a Danish study, Jensen and Smith (1990) found that male unemployment was a significant determinant of divorce. On the other

hand, Jalovaara (2003) on Finnish couples found that the unemployment of either or both of the partners increased the risk of divorce. A Norwegian study also finds support for the impact of both partners' unemployment on marital dissolution (Hansen 2005). There are a number of studies on British couples using the longitudinal approach. In a study conducted by Lampard (1994) it was found that both partners' unemployment in year one increased the odds of divorce in year two by 70 per cent. Marsh and Perry's report indicated that partnership dissolution was related to male unemployment and economic hardship (2003). Finally a recent working paper using the BHPS compared legal marriages with cohabitations reported that both male and female unemployment were significant determinants of partnership dissolution (Blekesaune 2008). Among these studies, the ones that found female unemployment significant concluded that male unemployment was related to the rise of economic problems whereas female unemployment was associated with the changes in the domestic division of labour.

Conclusion

In this report I have attempted to present an overview of two main forms of labour market insecurity, namely unemployment and temporary work. I have discussed their implications on family domain, with special emphasis on the timing of first marriages, transition into parenthood, family stress and partnership dissolution. In Section One, I first examined the social, economic, and well-being consequences of unemployment. It has been consistently reported that unemployed individuals and their families are more likely to be exposed to poverty than those with employment and that this holds for most European countries. Unemployed individuals are found to be more socially isolated, especially in Germany and France. Many studies showed that unemployment has an immediate and long term negative impact on one's career. Unemployed individuals suffer wage penalties in their subsequent jobs and an increase in the risk of future unemployment. The long-term effects of unemployment are called the 'scarring effect'. It has been found that, even when unobserved individual characteristics were controlled for, state dependency with respect to past unemployment increased the risk of future unemployment. Another conclusive finding in the literature is that unemployment is associated with lower mental well-being and decreased life satisfaction.

I then examined the evolution of temporary work in the European labour markets, the population under risk, and the labour market outcomes of temporary employment. Temporary work was introduced to the European employment regimes in the early 1980s as a result of labour market flexibilization policies. These arrangements aimed at tackling the high unemployment rates, providing access to those who were not represented in the labour market, and increasing efficiency. The facilitation of temporary contracts affected mostly the young, the unskilled and new entrants to the labour market. Two main theories have been developed with respect to the subsequent career outcomes of temporary employment. The 'integration hypothesis' suggests that temporary contracts serve as entry ports to stable careers, and entering the labour market via temporary employment guarantees integration for those who would otherwise be unemployed. In contrast, the 'entrapment hypothesis' argues that those who enter the labour market via temporary contracts will be trapped in precarious employment because employers will not offer training opportunities to temporary workers. Temporary workers might also be stigmatized for not being able to get a job in the primary labour market in the first place.

The relevance of these hypotheses has been tested in various European labour markets. In segmented labour markets such as Italy, France, Spain and Germany the studies show that temporary work deepened the insider-outsider structure. Permanent full-time employees with employment protection have a large advantage over temporary employees with minimal employment protection and a greater risk of precarious employment trajectories. In the United Kingdom employment protection legislation has never been as comprehensive as the segmented labour markets, yet by the end of the 1970s more flexibilization was brought in. A striking characteristic of the British labour market flexibilization is that young entrants from managerial and professional classes became more and more likely to start their careers in temporary work. The shift of insecurity to the traditionally more stable occupational groups was argued to contribute to the high levels of insecurity felt in the mid 1990s. In Denmark, on the other hand, flexibilization and social protection worked hand in hand. The job rotation system in the Danish labour market enabled the replacement of employees on leave with the unemployed individuals as temporary workers. In this way, temporary workers have a chance to develop their skills while this system provides the employers with flexibility.

In section Two, I discussed some important family outcomes that might be related to labour market insecurity. First, I reviewed the theories on the economic determinants of partnership formation. The main ideas in these theories are as follows. Young adults need to guarantee economic means in order to start a formal partnership. Labour market insecurity prevents them acquiring the economic means for many reasons. They are less likely to have sufficient income. They face uncertainty about their own and their prospective spouse's socioeconomic future. As a result they postpone partnership formation whilst their labour market status remains insecure. The results from empirical studies find that for men labour market insecurity is negatively correlated with the propensity to form partnership, yet for women the results are inconclusive.

Second, I explored the relationship between insecurity and transition into parenthood. Two main mechanisms were suggested in order to understand this relationship. According to the 'income effect', employment security is a prerequisite since having a child is costly. Individuals with higher earning potentials are more likely to have a first child. The 'price-of-time effect', on the other hand, proposes that child care is a time-consuming activity which leads individuals reduce the time they spend in paid work. The likelihood of having a child is higher for those for those with higher opportunity cost of leaving (or reducing the hours of) the paid work. Most of the studies found a positive relationship for women and a negative relationship for men; however, the findings are not consistent across countries. I suggested that the diverse results might be due to the differences across societies in terms of family systems and employment regimes which influence the relative weight of the 'income effect' over the 'price-of-time effect'.

Third, I overviewed the literature on labour market insecurity and family conflict. It is shown that job loss, or fear of it, has a detrimental effect on one's well-being. It is also negatively associated with the spouse's well-being, it reduces the satisfaction gained from a relationship, and it might make individuals less attractive candidates for partnership. Many factors that might mediate the impact of insecurity were also presented. Among these were the way the division of household tasks are distributed after unemployment, women's career orientations, partner's labour market status, and the presence of a dependent child.

And finally, I summarised the theories and findings on insecurity and partnership dissolution. The main theoretical idea behind divorce is called *utility maximization*. According to this, individuals end their partnership when the utility expected from union falls below the utility expected from dissolution. Labour market insecurity can easily alter the utility gained from partnership and lead to separation. The *marriage specific capital* is an equally important concept and it refers to goods which are less valuable outside of partnership such as children and property ownership. The presence of these goods might reduce the risk of partnership dissolution even under labour market insecurity. Empirical results support the idea that labour market insecurity increases the risk of partnership dissolution. Both male and females' unemployment was found positively associated with separation.

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