

Job Security: Unemployment. In J.M. Stellman (Ed.), *ILO Encyclopaedia of Occupational Health and Safety*. (pp. 34.31-34.32) 4th ed. Geneva: International Labor Office, July 1997.

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The term *unemployment* describes the situation of individuals who desire to work but are unable to trade their skills and labour for pay. It is used to indicate either an individual's personal experience of failure to find gainful work, or the experience of an aggregate in a community, a geographic region or a country. The collective phenomenon of unemployment is often expressed as the *unemployment rate*, that is, the number of people who are seeking work divided by the total number of people in the labour force, which in turn consists of both the employed and the unemployed. Individuals who desire to work for pay but have given up their efforts to find work are termed *discouraged workers*. These persons are not listed in official reports as members of the group of unemployed workers, for they are no longer considered to be part of the labour force.

The Organization for Economic Cooperation and Development (OECD) provides statistical information on the magnitude of unemployment in 25 countries around the world (OECD 1995). These consist mostly of the economically developed countries of Europe and North America, as well as Japan, New Zealand and Australia. According to the report for the year 1994, the total unemployment rate in these countries was 8.1 per cent (or 34.3 million individuals). In the developed countries of central and western Europe, the unemployment rate was 9.9 per cent (11 million), in the southern European countries 13.7 per cent (9.2 million), and in the United States 6.1 per cent (8 million). Of the 25 countries studied, only six (Austria, Iceland, Japan, Mexico, Luxembourg and Switzerland) had an unemployment rate below five per cent. The report projected only a slight overall decrease (less than one-half of one per cent) in unemployment for the years 1995 and 1996. These figures suggest that millions of individuals will continue to be vulnerable to the harmful effects of unemployment in the foreseeable future (Reich 1991).

A large number of people become unemployed at various periods during their lives. Depending on the structure of the economy and on its cycles of expansion and contraction, unemployment may strike students who drop out of school; those who have been graduated from a high school, trade school, or college but find it difficult to enter the labour market for the first time; women seeking to return to gainful employment after raising their children; veterans of the armed services; and older persons who want to supplement their income after retirement. However, at any given time, the largest segment of the unemployed population, usually between 50 to 65 per cent, consists of displaced workers who have lost their jobs. The problems associated with unemployment are most visible in this segment of the unemployed partly because of its size. Unemployment is also a serious problem for minorities and younger persons. Their unemployment rates are often two to three times higher than that of the general population (US Department of Labor 1995).

The fundamental causes of unemployment are rooted in demographic, economic and technological changes. The restructuring of local and national economies usually gives rise to at least temporary periods of high unemployment rates. The trend toward the globalization of markets, coupled with accelerated technological changes, results in greater economic competition and the transfer of industries and services to new places that supply more advantageous economic conditions in terms of taxation, a cheaper labour force, and more accommodating labour and environmental laws. Inevitably, these changes exacerbate the

problems of unemployment in areas that are economically depressed.

Most people depend on the income from a job to provide themselves and their families with the necessities of life and to sustain their accustomed standard of living. When they lose a job, they experience a substantial reduction in their income. Mean duration of unemployment, in the United States for example, varies between 16 to 20 weeks, with a median between eight to ten weeks (US Department of Labor 1995). If the period of unemployment that follows the job loss persists so that unemployment benefits are exhausted, the displaced worker faces a financial crisis. That crisis plays itself out as a cascading series of stressful events that may include loss of a car through repossession, foreclosure on a house, loss of medical care, and food shortages. Indeed, an abundance of research in Europe and the United States shows that economic hardship is the most consistent outcome of unemployment (Fryer and Payne 1986), and that economic hardship mediates the adverse impact of unemployment on various other outcomes, in particular, on mental health (Kessler, Turner and House 1988).

There is a great deal of evidence that job loss and unemployment produce significant deterioration in mental health—see the review by Fryer and Payne (1986). The most common outcomes of job loss and unemployment are increases in anxiety, somatic symptoms and depression symptomatology (Dooley, Catalano and Wilson 1994; Hamilton et al. 1990; Kessler, House and Turner 1987; Warr, Jackson and Banks 1988). Furthermore, there is some evidence that unemployment increases by over twofold the risk of onset of clinical depression (Dooley, Catalano and Wilson 1994). In addition to the well-documented adverse effects of unemployment on mental health, there is research that implicates unemployment as a contributing factor to other outcomes (see Catalano 1991 for a review). These outcomes include suicide (Brenner 1976), separation and divorce (Stack 1981; Liem and Liem 1988), child neglect and abuse (Steinberg, Catalano and Dooley 1981), alcohol abuse (Dooley, Catalano and Hough 1992; Catalano et al. 1993a), violence in the workplace (Catalano et al. 1993b), criminal behavior (Allan and Steffensmeier 1989), and highway fatalities (Leigh and Waldon 1991). Finally, there is also some evidence, based primarily on self-report, that unemployment contributes to physical illness (Kessler, House and Turner 1987).

The adverse effects of unemployment on displaced workers are not limited to the period during which they have no jobs. In most instances, when workers become re-employed, their new jobs are significantly worse than the jobs they lost. Even after four years in their new positions, their earnings are substantially lower than those of similar workers who were not laid off (Ruhm 1991).

Because the fundamental causes of job loss and unemployment are rooted in societal and economic processes, remedies for their adverse social effects must be sought in comprehensive economic and social policies (Blinder 1987). At the same time, various community-based programs can be undertaken to reduce the negative social and psychological impact of unemployment at the local level. There is overwhelming evidence that re-employment reduces distress and depression symptoms and restores psychosocial functioning to pre-unemployment levels (Kessler, Turner and House 1989; Vinokur, Caplan and Williams 1987). Therefore, programs for displaced workers or others who wish to become employed should be aimed primarily at promoting and facilitating their re-employment or new entry into the labour force. A variety of such programs have been tried successfully. Among these are special community-based intervention programs for creating new ventures that in turn generate job opportunities (e.g., Last et al. 1995), and others that focus on retraining (e.g., Wolf et al. 1995).

Of the various programs that attempt to promote re-employment, the most common are job search programs organized as job clubs that attempt to intensify job search efforts (Azrin and Beasalel 1982), or workshops that focus more broadly on enhancing job search skills and facilitating transition into re-employment in high-quality jobs (e.g., Caplan et al. 1989). Cost/benefit analyses have demonstrated that these job search programs are cost-effective (Meyer, 1995; Vinokur et al. 1991). Furthermore, there is also evidence that they could prevent deterioration in mental health and possibly the onset of clinical depression (Price, van Ryn and Vinokur 1992).

Similarly, in the case of organizational downsizing, industries can reduce the scope of unemployment by devising ways to involve workers in the decision-making process regarding the management of the downsizing program (Kozlowski et al. 1993; London 1995; Price 1990). Workers may choose to pool their resources and buy out the industry, thus avoiding layoffs; to reduce working hours to reduce the workforce in a more uniform way; to agree to a reduction in wages to minimize layoffs; to retrain and/or relocate to take new jobs; or to participate in outplacement programs. Employers can facilitate the process by timely implementation of a strategic plan that offers the above-mentioned programs and services to workers at risk of being laid off. As has been already indicated, unemployment leads to pernicious outcomes at both the personal and societal level. A combination of comprehensive government policies, flexible downsizing strategies by business and industry, and community-based programs can help to mitigate the adverse consequences of a problem that will continue to affect the lives of millions of people for years to come. *PSY180.V00*

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NO SUGGESTED FURTHER READING