Global Happiness Council
Thematic group: Changes in Work and Workplace

Policy Brief 2
Resilience in Turbulent Times
The impacts of a crisis are rarely evenly shared. As we documented in the first policy brief of this series, the labour market effects of COVID-19 were acutely felt by those in lower-income countries, as well as low-income and low-skill workers, young people, food and accommodation workers, and women. However, even when facing similar labour market shocks, some workers have fared better than others. In this policy brief, we will consider the differential effects of unemployment, inactivity, and work stoppages for different groups of workers. Along the way, we will highlight key vulnerabilities and sources of resilience that may have served to exacerbate or attenuate labour market shocks.

(Un)employment and wellbeing during COVID-19

The negative impact of unemployment on wellbeing is considered to be one of the most robust findings to emerge from empirical happiness research. Those who become unemployed are generally less satisfied with their lives, experience higher levels of negative affect, and struggle to adapt to being out of work. In this section, we will consider the wellbeing impacts of unemployment during the COVID-19 pandemic. Moreover, as we also documented in the last policy brief, in many countries, inactivity – the share of adults out of work and not looking for a job – has outpaced unemployed. It is therefore also important to consider the impact of inactivity on wellbeing throughout the crisis. We will do so in this section using representative international data collected by YouGov and Imperial College. Finally, using the United Kingdom as a case study, we will consider how the relationship between employment and wellbeing evolved throughout the crisis in response to changing labour market conditions.

Life satisfaction, unemployment, and inactivity

Past research has shown that unemployed adults are generally 5 to 15 percent less satisfied with their lives than employed counterparts. The negative effects of unemployment can also spill-over onto partners, families, and social networks. As a result, given the high rises in unemployment observed in many countries during the pandemic, the associated consequences for wellbeing are expected to be substantial. To assess these effects, we turn to an international dataset compiled by YouGov and Imperial College. The survey captures individual characteristics, employment status, and life satisfaction for more than 200,000 respondents in 22 countries from the beginning of the pandemic in April, 2020 through until January, 2021.

In Figure 1, we plot the average life satisfaction for workers who have been employed, unemployed, and out of the labour force (inactive) in the first 9 months of the pandemic. In line with past research, unemployed adults are found to be less satisfied with their lives than employed workers in all countries in our sample. The average difference between both groups is 1.2 points on a scale from 0 to 10. To put this figure into context, it is roughly analogous to the difference between married and widowed adults.
Adults who are out of work and not looking for a job also report lower life satisfaction scores than employed counterparts in all countries except for Japan. However, this gap is about half as large. The average difference between both groups is roughly 0.6 points. In this case, there is also considerable variation between countries. While inactive adults in Italy, Japan, Mexico, the United Arab Emirates, and Singapore are almost or even happier than working counterparts, those in Australia, Canada, the Netherlands are almost as dissatisfied with their lives as the unemployed.

**Figure 1**

Life satisfaction and employment status during COVID-19

Note: The figure shows average life satisfaction differences for adults who are unemployed, inactive (out of the labour force), and employed (full-time and part-time) across 22 large economies from April 2020 to January 2021. Life satisfaction is measured using the Cantril Ladder on a scale from 0 to 10. The sample includes respondents aged 18 to 65.

Source: YouGov, Imperial College

In Table 1, we also present the results of linear regressions in which we estimate the effect of unemployment and inactivity controlling for a host of individual characteristics - age, gender, household size, parental status, trust in government, trust in healthcare system, presence of pre-existing condition, individual and household COVID-19 status, ability to isolate, and willingness to isolate - as well as country and week fixed effects. Here again we find significant negative impacts of being unemployed or out of the labour force on life satisfaction. The effect of the former is 1.3 points, while the effect of the latter is 0.7 points.
These dynamics can also vary depending on gender and age. In line with past research, we find that being unemployed or inactive affects women less severely than men. Young people (ages 18 to 25) also appear to be relatively less affected by unemployment than older cohorts. Nevertheless, both women and young people are still found to be less satisfied with their lives than other groups overall. This may suggest that even though the individual effect of unemployment is smaller for them, the aggregate effect is larger as more women and young people lost their jobs than other groups. Alternatively, or perhaps in addition, both groups may also have been more negatively affected by other impacts of the pandemic including school closures or social isolation. Nevertheless, perhaps the most important takeaway from this analysis is the significant and substantial negative impacts of unemployment and inactivity on life satisfaction for all groups of workers. From a policy perspective, these results underscore the crucial importance of protecting workers from losing their jobs in times of crisis.

### Table 1

<table>
<thead>
<tr>
<th></th>
<th>Overall</th>
<th>Male</th>
<th>Female</th>
<th>18-25</th>
<th>26-35</th>
<th>36-45</th>
<th>46-55</th>
<th>56-65</th>
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<tbody>
<tr>
<td>Unemployed</td>
<td>-1.317***</td>
<td>-1.507***</td>
<td>-1.151***</td>
<td>-1.046***</td>
<td>-1.378***</td>
<td>-1.277***</td>
<td>-1.414***</td>
<td>-1.335***</td>
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<tr>
<td>(0.064)</td>
<td>(0.074)</td>
<td>(0.063)</td>
<td>(0.076)</td>
<td>(0.106)</td>
<td>(0.065)</td>
<td>(0.081)</td>
<td>(0.078)</td>
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<tr>
<td>Inactive</td>
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<td>-1.274***</td>
<td>-0.551***</td>
<td>-0.718***</td>
<td>-0.726***</td>
<td>-0.634***</td>
<td>-0.871***</td>
<td>-0.779***</td>
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<tr>
<td>(0.096)</td>
<td>(0.091)</td>
<td>(0.081)</td>
<td>(0.098)</td>
<td>(0.113)</td>
<td>(0.095)</td>
<td>(0.140)</td>
<td>(0.119)</td>
<td></td>
</tr>
</tbody>
</table>

| Individual controls     | Yes     | Yes   | Yes    | Yes   | Yes   | Yes   | Yes   | Yes   |
| Country fixed effects   | Yes     | Yes   | Yes    | Yes   | Yes   | Yes   | Yes   | Yes   |
| Week fixed effects      | Yes     | Yes   | Yes    | Yes   | Yes   | Yes   | Yes   | Yes   |

| Observations            | 89264   | 45377 | 43887  | 6468  | 21427 | 22177 | 20863 | 18329 |
| R-squared               | 0.155   | 0.185 | 0.134  | 0.116 | 0.154 | 0.171 | 0.175 | 0.172 |

**Note:** Regressions are estimated using OLS. Heteroskedasticity robust standard errors are reported in parenthesis, adjusted for clustering at the country level. Effects estimated relative to full-time workers. Individual control variables include age (in columns 1-3), gender (in columns 4-8), household size, parental status, trust in government, trust in healthcare system, presence of pre-existing condition, individual and household COVID-19 status, ability to isolate, and willingness to isolate. *** p<.01, ** p<.05, * p<.1

**Source:** YouGov, Imperial College

### Negative affect and employment status

In the last section we considered the negative impacts of being out of work on life satisfaction. In this section, we turn to the analogous impacts on negative affect. While life satisfaction provides an indication of overall quality of life, affect relates to the frequency and intensity of emotions experienced on a day-to-day basis. In this case, using the same dataset, we consider feelings of anxiety, depression, worry, and lack of interest. Respondents are asked to report the frequency by which they experience each emotion on a scale from 0 (not at all) to 3 (nearly every day). We aggregate all four to give an overall indication of experienced negative affect on a scale from 0 to 12.
In Table 2, we present the results of regressions estimating the impact of unemployment and inactivity on negative affect. Similar trends emerge. Relative to employed adults, both unemployed and inactive workers experienced higher levels of negative affect in 2020, although the difference for the latter group is about half as large as the former. Women and young people also appear to be relatively less affected by being out of work, though both groups experience higher levels of negative affect overall.

### Table 2

<table>
<thead>
<tr>
<th></th>
<th>Overall</th>
<th>Male</th>
<th>Female</th>
<th>18-25</th>
<th>26-35</th>
<th>36-45</th>
<th>46-55</th>
<th>56-65</th>
</tr>
</thead>
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<td><strong>Employed (reference)</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Unemployed</td>
<td>1.206***</td>
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<td>1.112***</td>
<td>0.819***</td>
<td>1.240***</td>
<td>1.362***</td>
<td>1.307***</td>
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<td></td>
<td>(0.090)</td>
<td>(0.126)</td>
<td>(0.091)</td>
<td>(0.152)</td>
<td>(0.140)</td>
<td>(0.087)</td>
<td>(0.093)</td>
<td>(0.115)</td>
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<tr>
<td>Inactive</td>
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<td>1.183***</td>
<td>0.502***</td>
<td>0.443*</td>
<td>0.456**</td>
<td>0.628***</td>
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<td>0.784***</td>
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<td></td>
<td>(0.161)</td>
<td>(0.202)</td>
<td>(0.138)</td>
<td>(0.241)</td>
<td>(0.182)</td>
<td>(0.175)</td>
<td>(0.203)</td>
<td>(0.197)</td>
</tr>
<tr>
<td><strong>Individual controls</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Country fixed effects</strong></td>
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<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Week fixed effects</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Mean negative affect</td>
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<td>3.648</td>
<td>4.221</td>
<td>4.915</td>
<td>4.346</td>
<td>3.946</td>
<td>3.653</td>
<td>3.391</td>
</tr>
<tr>
<td>Observations</td>
<td>89264</td>
<td>45377</td>
<td>43887</td>
<td>6468</td>
<td>21427</td>
<td>22177</td>
<td>20863</td>
<td>18329</td>
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<tr>
<td>R-squared</td>
<td>0.126</td>
<td>0.130</td>
<td>0.115</td>
<td>0.108</td>
<td>0.105</td>
<td>0.118</td>
<td>0.121</td>
<td>0.133</td>
</tr>
</tbody>
</table>

**Note**: Regressions are estimated using OLS. Heteroskedasticity robust standard errors are reported in parenthesis, adjusted for clustering at the country level. Effects estimated relative to full-time workers. Individual control variables include age (in columns 1-3), gender (in columns 1, 4-8), household size, parental status, trust in government, trust in healthcare system, presence of pre-existing condition, individual and household COVID-19 status, ability to isolate, and willingness to isolate. *** p<.01, ** p<.05, * p<.1

**Source**: YouGov, Imperial College

Has the effect of unemployment changed throughout the crisis?

One natural question arising from the analysis so far is whether or not the effect of being out of work has changed during the pandemic. Given the profound uncertainty at the onset of the crisis and the expected difficulties in finding new work, one might intuitively imagine that losing a job during COVID-19 would have more negative effects on wellbeing than it may have in previous years. On the other hand, some research has shown that the negative effects of unemployment on wellbeing are reduced when aggregate unemployment levels are higher. This is often interpreted as evidence that there is less social stigma associated with unemployment when there is more of it around.
To address this issue, we rely on data collected on a weekly basis in the United Kingdom by the UCL COVID-19 Social Study. First, we estimate the effects of being unable to work on life satisfaction each month from March 2020 to April 2021, controlling for individual and week fixed effects. These effects are plotted on the left axis in Figure 2. Second, we estimate the percent of respondents in the dataset who report being unable to work over the same period. These averages are plotted on the right axis. We find clear evidence of parallel trends. Over the course of the first year of the pandemic, the negative effects of work stoppages seem to become more severe as fewer workers were forced to stop working. However, the effects of work stoppages become more imprecisely estimated towards the end of the year, which likely accounts for the variation in effects observed from November onwards. Nevertheless, these dynamics would appear to support the importance of social spillover effects of unemployment, suggesting that workers who were unable to work later in the pandemic were more negatively affected than those at the onset when the labour market was in considerably worse shape.
Resilience

Despite considerable declines in wellbeing observed in the first phase of the pandemic, an emerging body of evidence has also begun to demonstrate impressive levels of resilience as the pandemic wore on. In many countries, overall levels of life satisfaction remained mostly unchanged from 2019 to 2020.17 In this section, we will consider key sources of this resilience that helped protect certain groups of workers from labour market shocks. Specifically, we consider the extent to which adults with children, in white-collar professions, and strong social networks were better able to absorb the negative impacts of unemployment and work stoppages throughout the crisis.

Parenthood, inactivity, and unemployment

In this section we will look specifically at the relationship between parenthood and employment status. In the last policy brief, we also documented unequal impacts of the crisis on mothers and fathers, as women continued to do the majority of childcare and housework, regardless of employment status. Given the added burdens placed on parents as a result of lockdowns and school closures, one might imagine that adults with children would therefore have suffered larger declines in wellbeing than those without children. In fact, we find that the reality is much more complicated.

Here again we rely on international data collected by YouGov and Imperial College. Overall, we find that parents reported higher levels of happiness than non-parents after the onset of the pandemic from April to December 2020. The difference is small but statistically significant – about 0.16 points on a scale from 0 to 10 – and does not seem to depend on employment status. In a linear regression controlling for a host of individual characteristics as well as country and week fixed effects, we find the interaction between both variables to be insignificant. In other words, we do not find evidence that men or women with children were more or less negatively affected by losing their jobs during COVID-19 than those without children. These effects are represented graphically in the first panel of Figure 3.

However, we do find significant effects for inactivity. For both men and women, having children does seem to attenuate the negative impact of being out of the labour force. While the overall effect of inactivity on life satisfaction is still negative for all groups, it is relatively less severe for parents than non-parents. Specifically, the effect of inactivity is reduced by more than one third from 0.9 points for those without children to 0.5 points for those with children.18 These effects are represented graphically for both men and women in the second panel of Figure 3.19 This may suggest that parents who became inactive during the pandemic were able to spend more time with their children at home, attenuating the negative effect of not working.20 However, one important caveat to this analysis is that we are unable to distinguish between parents of children with difference
ages. The labour market impacts of the pandemic seem likely to have affected parents of young children, adolescents, and teenagers in different ways.

Figure 3

![Impact of employment status on life satisfaction by parenthood status and gender](image)

Note: Marginal effects plotted from interaction terms on employment status and age, gender, and parental status using separate OLS regressions. The reference category is full-time employment. Additional controls included in all regressions for trust in government, trust in healthcare system, presence of pre-existing condition, individual and household COVID-19 status, ability to isolate, and willingness to isolate. 95% confidence intervals displayed.

Source: YouGov, Imperial College

Does social support protect against the negative impact of work stoppage?

The results of the last section suggest that having children at home may have actually lessened the negative impacts of not working. In this section, we consider this relationship more direct by looking at the moderating effects of social support. Using the United Kingdom as a case study, here we rely again on data from the UCL Social Study, offering over 200,000 individual responses on work and wellbeing from April 2020 to January 2021. In this case, the same respondents are also repeatedly surveyed over time, allowing us to assess the differential impacts of not working depending on baseline characteristics.

In Figure 4, we split the sample by the degree to which respondents reported feeling lonely at the beginning of the study. We then follow lonely and non-lonely respondents over time to observe the impact of having to stop working on life satisfaction. For both groups, we notice a potential anticipation effect, as life satisfaction levels begin to steadily decline in the weeks before stopping work. However, for those who initially reported feeling lonely, life satisfaction declines by as much as 14 percent by the time they actually stop working. Among non-lonely respondents, life satisfaction declines by almost half as much. In a subsequent analysis, we check the validity of these results using
a fixed effects regression controlling for individual and week fixed effects. For lonely respondents, stopping work lowers life satisfaction by 0.38 points, while for non-lonely respondents the effect is 0.25 points. Both effects (as well as the difference between them) are statistically significant at a 99% confidence level. Taken together, this would seem to suggest that social networks can help to buffer against the negative impacts of hard times.

Figure 4

![Life satisfaction changes before and after work stoppage in the United Kingdom](image)

Note Happiness levels are averaged by week and normalized to a baseline level recorded eight weeks before the first work stoppage recorded in the survey period. Respondents grouped by average baseline loneliness levels in the first two survey periods. Lowess smoothed regression lines displayed using a bandwidth of 0.5.

Source UCL COVID-19 Social Study

Drivers of employee wellbeing in times of crisis

An important question for policymakers and business leaders moving forward is how to make workplaces more resilient to future crises. While some level of disruption will always be inevitable, some workers have clearly fared better than others throughout the pandemic. What lessons can be learned from these experiences to help better prepare firms to weather the next storm?

In this section, we address this issue by looking specifically at the case of the United States using data from the jobs website Indeed.com. Beginning in late 2019, the company has been tracking happiness levels of workers in the United States, as well as a host of related workplace characteristics and conditions. Since then, more than 5 million individual observations have been collected on the subjective experiences of American
workers before, during, and after the spread of COVID-19. As a result, this dataset offers perhaps the most granular look at the impact of changing workplace conditions brought on by the pandemic. In this case, we are primarily interested in eleven drivers of workplace wellbeing throughout the crisis: the extent to which workers (1) feel they achieve their goals at work, (2) have a clear sense of purpose, (3) feel appreciated, (4) feel a sense of belonging, (5) have the time and location flexibility they need, (6) work in an inclusive and respectful environment, (7) learn at work, (8) have a manager who helps them succeed, (9) are paid fairly, (10) feel supported, and (11) trust their colleagues.

Our intention in this section is not only to assess the degree to which each of these drivers are correlated with workplace happiness, but also to consider if and to what extent their importance has shifted throughout the course of the pandemic.

In Figure 5, we plot the effects of each driver on the extent to which workers report feeling happy at work. While all drivers are significantly predictive of workplace happiness, two broad developments are worth noting. First, we find that eudaimonic drivers of workplace including achievement, purpose, and learning become slightly less important over the course of the crisis. This may suggest that, while surrounded by uncertainty and insecurity in the early phases of the pandemic, workers came to value more fundamental features of their jobs. On the other hand, flexibility and managers in particular become even more important over the same period, underscoring the importance of both autonomy and leadership in a time of unprecedented shifts to remote work.

However, despite these modest changes, the overall takeaway from this analysis is that the drivers of workplace wellbeing remained remarkably constant throughout the pandemic. As a result, firms that can cultivate strong working environments to cultivate these drivers in good times, may also be better prepared to withstand labour market shocks and support employee wellbeing in times of hardship.
Figure 5

Drivers of happiness at work before and after the onset of the COVID-19 in the United States (monthly)

Effect of each driver on happiness at work (z-scored)

Note: Happiness levels are averaged by week and normalized to a baseline level recorded eight weeks before the first work stoppage recorded in the survey period. Respondent’s grouped by average baseline loneliness levels in the first two survey periods. Lowess smoothed regression lines displayed using a bandwidth of 0.5.

Source: UCL COVID-19 Social Study
Endnotes

1 For a recent review of relevant research, see Suppa (2021).
3 Schimmack et al. (2008); Krueger and Mueller (2012).
4 Clark & Georgellis (2013); Frijters et al. (2006); Rudolf & Kang (2015); Frijters et al. (2011); Anusic et al. (2014).
5 Dolan et al. (2008).
6 For partners, see: Winkelmann and Winkelmann (1995); Clark (2003); Bubonya et al. (2014); Nikolova & Ayhan (2019). For families, see: Powdthavee & Vernoit (2013); Nikolova & Nikolaev (2018); Clark & Lepinteur (2019); Bubonya et al. (2014). For social spillovers, see: Shields & Price (2005); Powdthavee (2007); Clark et al. (2008).
7 Life satisfaction is measured using the Cantril Ladder question: “Please imagine a ladder with steps numbered from zero at the bottom to 10 at the top. The top of the ladder represents the best possible life for you and the bottom of the ladder represents the worst possible life for you. On which step of the ladder would you say you personally feel you stand at this time?”
8 Dolan et al. (2008).
10 In subsequent tests, only the difference between 18-25 year-olds and older cohorts is found to be statistically significant. Differences in effect between other groups are insignificant.
11 See “Mean life satisfaction” row in Table 1.
12 For more information, see the first policy report of this series.
13 There is some evidence to suggest this is the case. For related effects on young people, see: Helliwell et al. (2020); Czeisler et al. (2020); Happiness Research Institute (2020). For related effects on women, see: Adams-Prassi et al. (2020); Andrew et al. (2020); Del Boca et al. (2020); Sevilla & Smith (2020).
14 Clark (2003); Clark et al. (2008); Powdthavee (2007); Shields & Price (2005).
15 University College London (2020).
16 The variable for work stoppage is phrased as follows: “In the last week, have you lost your job, or been unable to do paid work?”
17 Helliwell et al. (2021).
18 Author’s calculations.
19 The interaction for men is significant at a confidence level of 99%. The interaction for women is significant at a confidence level of 95%.
20 Overall, we also find that men without children were the most negatively affected by inactivity during the pandemic. For this group, the magnitude of the effect was as large as unemployment.
21 Here we consider social connection in terms of subjective loneliness assessed using the three-item UCLA Loneliness Scale. The UCLA Loneliness Scale is measured using the following three questions, scored on a three-point scale from “hardly ever,” “some of the time,” and “often”: (1) How often do you feel that you lack companionship? (2) How often do you feel left out? (3) How often do you feel isolated from others? Answers to all three questions are aggregated to give an overall indication of loneliness on a 6-point scale from 3 to 9. Respondents are classified as not lonely if they report an overall score of 3, and lonely if they report scores of 7 or higher. For more information, see: Hughes et al. (2004).
22 Each driver is again measured on a 5-point Likert scale from “strongly disagree” to “strongly agree”.
23 Workplace happiness measured as the extent to which workers agree with the following statement: “I feel happy at work most of the time.” Responses are recorded from 1 (strongly disagree) to 5 (strongly agree). This number is then rescaled by Indeed to provide an overall indication of workplace happiness from 0 to 100.
References


Policy Brief 2: Tackling the Crisis in Mental Health


University College London (2020). Covid-19 Social Study [database]. Private access data. For more information, visit: www.covidsocialstudy.org

