REGARDS

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Job insecurity worsened for 25% of the residents as a consequence of the COVID-19 crisis.

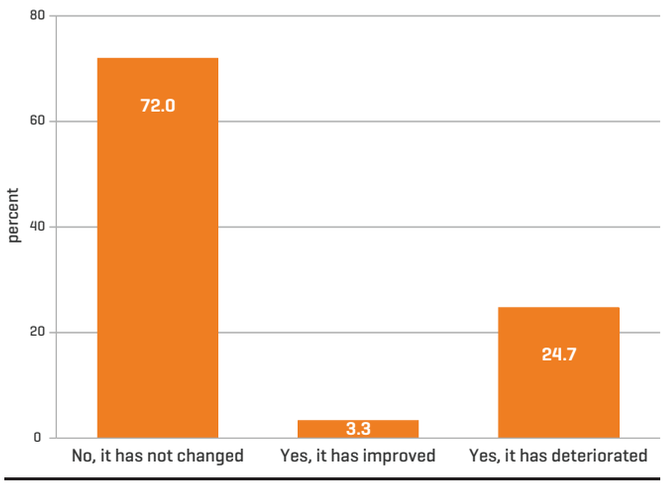
Results of the COVID-19 Social and Economic Impact Survey

STATEC conducted a national survey on the social and economic impact of COVID-19 in Luxembourg. Discover the results of the survey in this special series of Regards portraying life in lockdown, changes in perceptions, and in the employment and financial situation of Luxembourg's residents. This survey, launched by STATEC, was carried out in collaboration with TNS Ilres. Since the beginning of the lockdown nearly a quarter of the resident population in Luxembourg experienced an increase in job insecurity. The fear about the future of one's own job concerns mainly people with secondary (45.1%) and tertiary (36.4%) education, people in the age bracket between 35 and 54, and those working from home (53.5%). The short working time imposed by the pandemic is a source of job insecurity for 1 out of 16 residents. A decrease in income and in the ability to save money, as well a deterioration of mental and physical health are among the main correlates of job insecurity.

There are few things that can be as destructive for people's well-being as unemployment and the fear of losing one's job, i.e. job insecurity[1]. Social stigma, difficulty to make ends meet, feelings of failure, uncertainty about one's own future, re-employment opportunities, and the difficulty to provide for loved ones are some of the reasons why worldwide unemployed people are usually less satisfied with their lives than people in employment . This emphasizes the importance of social policies to shelter people against unemployment and to foster job security. Indeed, the well-being consequences of job insecurity constitute a psychological cost for those in fear, but they also negatively affect the prospects of those who are still in employment[2]. Additionally, job insecurity can have adverse effects on an employee's health, absenteeism, and work engagement which, in turn can lead to decreased organizational performance. Gallup, a renowned analytics and advice firm, found that the odds of engagement on the workplace decrease by 37% among employees who are insecure about the stability of their job[3].

How did the COVID-19 pandemic affect the job security of residents in Luxembourg? The lockdown period forced many companies to temporarily shut down, forcing people into temporary or full unemployment. Additionally, the heavy (expected) economic recession that will follow the pandemic might decrease the chances of re-employment, increase the share of people in long-term unemployment, and worsen the perspectives about the future for those still in employment. A recent survey conducted by STATEC on the socio-economic conditions of the lockdown allows a more in-depth analysis of job insecurity during the hard times of the pandemic in Luxembourg.

FIGURE 1 : FOR MOST RESIDENTS JOB SECURITY DID NOT CHANGE



Source : STATEC

For 75% of residents, job security either improved or did not change since the start of the lockdown. The dark side of what sounds like good news is that the uncertainty about the future of jobs worsened for 25% of respondents (see figure 1). As a reference, in 2015 the European Working Conditions Survey – a high quality survey administered by Eurofund – placed Luxembourg among the European countries in the lowest tier for job security (see figure 2). The new figures by Eurofund should be released in 2020, but probably the pandemic did not change the international ranking, as COVID-19 affected all countries in similar ways and imposed similar measures[4] on all of them. At present it is impossible to evaluate

1 Luechinger, S., Meier, S., & Stutzer, A. (2010). Why does unemployment hurt the employed?: Evidence from the life satisfaction gap between the public and the private sector. Journal of Human Resources, 45(4), 998–1045. doi:10.3368/jhr.45.4.998

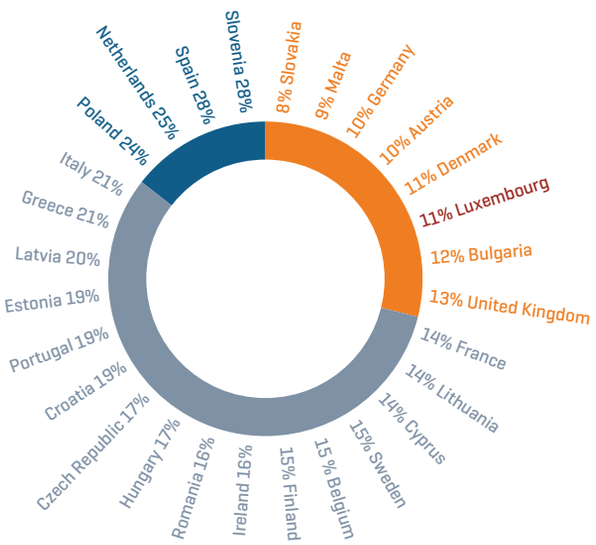
2 Clark, A. E. (2018). Four decades of the economics of happiness: where next? Review of Income and Wealth, 64(2), 245–269. doi:10.1111/roiw.12369

3 Abay, G.A., & Chang, C. C. (2019). The association between job insecurity and engagement of employees at work. Journal of Workplace Behavioral Health, 34(2), 96-110.

4 Netherlands, United Kingdom and Sweden are notable exceptions.

how much job security will change. However, it is possible to identify the characteristics of people most insecure about their jobs and how the pandemic might have changed the probability to be job insecure.

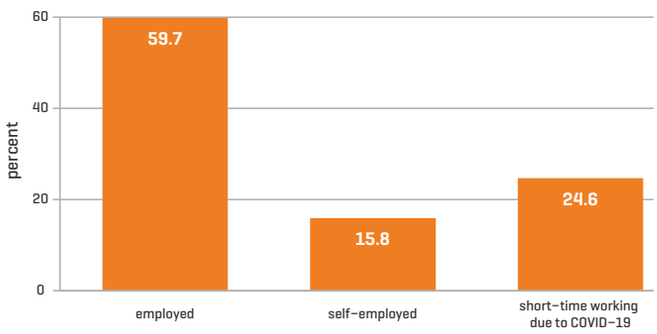
FIGURE 2 : JOB INSECURITY ACROSS EUROPE IN 2015. EUROPEAN WORKING CONDITIONS SURVEY DATA



Source : Eurofund

60% of those who fear for the future of their jobs are people in employment, whereas an additional 25% are working short-time as a consequence of the COVID-19 pandemic (see figure 3). In other words, the increased job insecurity of 1 out of 16 residents is associated to the short working time imposed by the pandemic.

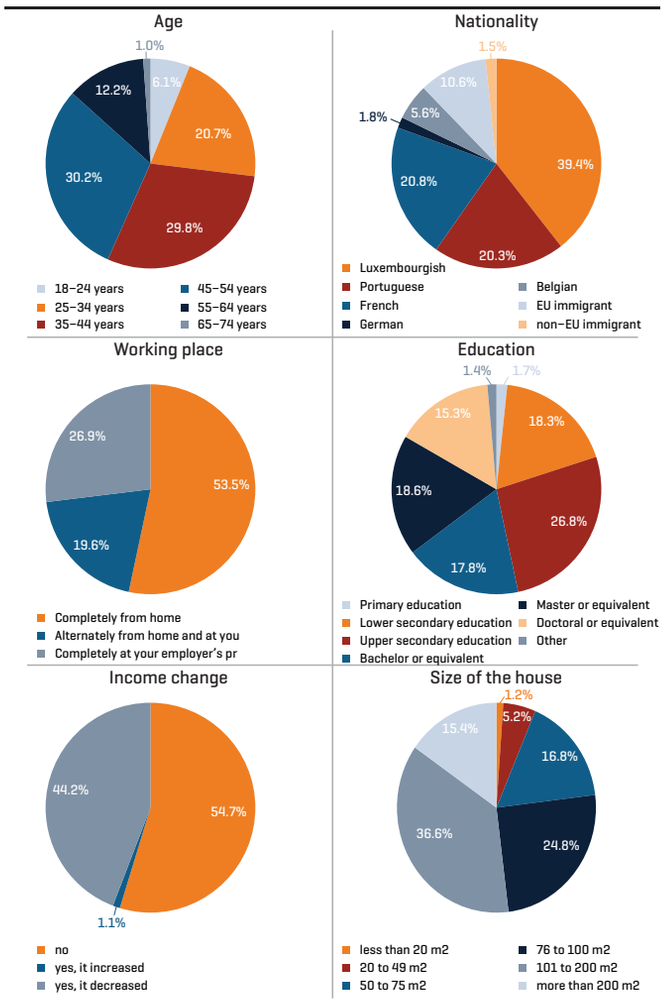
FIGURE 3 : NEARLY 60% OF THOSE WHO FEAR FOR THE FUTURE OF THEIR JOB ARE EMPLOYED



Source : STATEC

Figures also indicate that job insecurity is equally distributed between men and women. It mainly concerns nationals, followed by French and Portuguese immigrants. When it comes to education, job insecurity affects people with secondary (45.1%) and tertiary (36.4%) education the most. In terms of age, people in the age bracket between 35 and 54 are most affected by job insecurity. Finally, people working from home (53.5%), people with large houses (larger than 76 and smaller than 200 square meters) and people whose income did not change since the beginning of the pandemic (see figure 4) are also affected by this phenomenon. These figures match the evidence from previous studies only partially. For instance, de Bustillo and de Pedraza (2010)[5] document states that people's fear about the future of their job increases with age, for women and for people with temporary jobs. On the other hand, high education and wages reduce the probability of insecurity. The mismatch between previous studies and the evidence from Luxembourg can be the result of national specificities or of a peculiar impact of COVID-19. To sort out this discrepancy we will need more data, possibly comparable across countries.

FIGURE 4 : DISTRIBUTION OF JOB INSECURITY BY SELECTED SOCIO-DEMOGRAPHIC CHARACTERISTICS

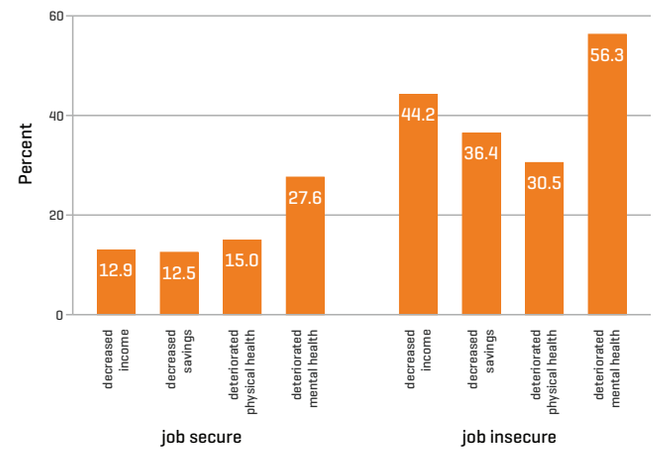


Source : STATEC

5 Muñoz de Bustillo, R., & De Pedraza, P. (2010). Determinants of job insecurity in five European countries. European Journal of Industrial Relations, 16(1), 5-20.

The data available at STATEC shows that since the beginning of the crisis, about 13% of residents in Luxembourg experienced a decrease in income, and in the ability to save money; 15% report worsened physical health and 28% report deteriorated mental health. For job insecure people these shares increase by nearly three times (for the financial measures) and two times (for the health related ones) (see figure 5).

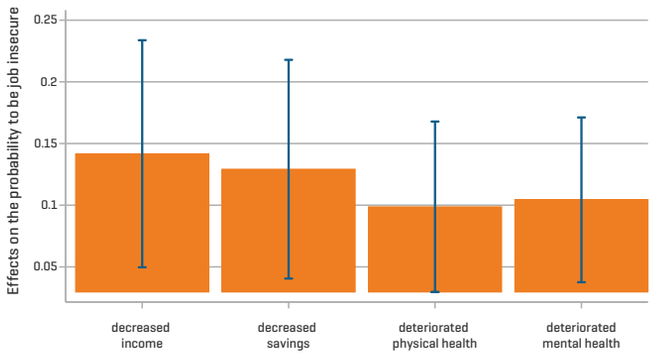
FIGURE 5 : SHARE OF PEOPLE WITH CHANGING FINANCIAL AND HEALTH CONDITIONS BY JOB SECURITY



Source : STATEC

After accounting for individual aspects, such as gender, age, education, nationality, sector of activity, and the dimension of the house, the decrease in income, the worsened ability to save money and the deteriorated physical and mental health are the main factors affected by the pandemic that can explain the increase in job insecurity. On the other hand, there is no statistically significant association between teleworking and job insecurity. Figure 6 indicates that experiencing income loss and a lower ability to save money increase the probability to be job insecure by nearly 14 and 13 percentage points, respectively. Similarly, the probability to be job insecure increased by about 10 percentage points for people who experienced worsened physical and mental health, respectively.

FIGURE 6 : THE CHANGES IN THE FINANCIAL AND HEALTH DOMAINS OF PEOPLE'S LIVES PREDICT AN INCREASE IN PEOPLE'S JOB INSECURITY



Source : STATEC

The available data do not allow to say anything conclusive on the causal relation among the considered variables. However, job insecurity affects a quarter of the resident population in Luxembourg and it concerns employed as well as unemployed people. COVID-19 made things worse: the decrease in people's income and ability to save money, and the decline in mental and physical health that took place since the beginning of the pandemic increased the probability of job insecurity.

Cette publication n'engage que le STATEC
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