Copyright is owned by the Author of the thesis. Permission is given for a copy to be downloaded by an individual for the purpose of research and private study only. The thesis may not be reproduced elsewhere without the permission of the Author.
The Influence of Social Support on the Psychological Effects of Unemployment.

A thesis presented in partial fulfilment of the requirements for the degree of Master of Arts in Economics at Massey University.

Andrew Marshall
2000
Abstract

Over the past two decades the proportion of people suffering long-term unemployment has risen in the developed countries. It is agreed that transitory shocks to aggregate demand initially contributed to the high rates of unemployment but there are divergent views as to why these high rates have persisted. Some suggest that these shocks may influence structural factors on the supply-side of the economy. Darity and Goldsmith (1993; 1996) propose a labour market model in which the deleterious psychological effects of unemployment cause contractions in labour demand and supply to persist thus exacerbating unemployment. The model is outlined and the psychology literature concerning its tenets is reviewed. The literature is reviewed as to whether and how social relationships and support ameliorate the psychological distress associated with unemployment. To determine whether unemployment is psychologically deleterious and whether this may be offset by certain types and sources of social support, an exploratory survey examined a small cross-section of people registered with Work and Income New Zealand (WINZ) as unemployed a year before the study. The respondents included people who remained unemployed throughout the entire period, people who had experienced recurrent spells of unemployment and people who had re-entered paid employment and were employed when surveyed. No difference in psychological wellbeing was found on the basis of employment status but differences were found in perceptions of the availability of different types of support from different sources. Those who were re-employed when they were surveyed gained psychological benefits from support derived from the immediate family and associative relationships (e.g. neighbours, workplace and leisure associates). Emotional and socialising support derived from the immediate family appeared to be particularly psychologically beneficial. The analysis further indicates that psychologically healthy and distressed individuals differ in their perceptions of the availability of support from the immediate family and in the availability of financial support from the overall network.
Acknowledgements

Thanks to my father and mother, Lindsay and Lucy for the awesome love, guidance and financial support you have invested in me over the years. Thanks to my supervisor, Cushla Paice, for the invaluable expertise, patience, time and support. Thanks also to Katie Pincham for all her love, support and encouragement. Thanks to my family, friends, Brendon Moyle, Hillary Bennett and the staff in the department of commerce at Massey University. Thanks to Jenny McDonald and Kate McKegg at Work and Income New Zealand for their help with the sample and distribution of the survey. Thanks to all the people who participated in the survey. The usual disclaimer applies.
Abstract
Acknowledgements

Chapter 1 Introduction.

1.1. Research Topic.

1.2. Relevance of Research.
  1.2.1. Unemployment trends.
  1.2.2. Persistent unemployment and hysteresis in the labour market.
  1.2.3. Unemployment and psychological distress.
  1.2.4. The social cost of unemployment.

1.3. Aims and Objectives.

1.4. Methodology.

1.5. Thesis Outline.

Chapter 2 Unemployment, Psychological Distress and Hysteresis.

2.1. Introduction.

2.2. Unemployment Hysteresis.
  2.2.1. The persistence of involuntary unemployment in the long-run.
  2.2.2. The Darity and Goldsmith model and unemployment hysteresis.

2.3. Unemployment and Psychological Distress.
  2.3.1. The theoretical relationship between unemployment and psychological distress.
  2.3.2. The empirical association between unemployment and psychological distress.
  2.3.3. Factors that moderate the psychological adversity associated with unemployment.
  2.3.4. Unemployment duration and the severity of psychological distress.

2.4. Psychological Wellbeing and Productivity.
  2.4.1. The theoretical relationship between individuals’ psychological wellbeing and productivity in the labour market.
  2.4.2. The empirical relationship between psychological wellbeing, productivity and employability.

2.5. Summary.
Chapter 3  Social Support and the Psychological Wellbeing and Efficiency of Labour.

3.1. Introduction. 40

3.2. The Theoretical Relationship Between Stress, Psychological Distress and Social Support. 41
  3.2.1. The nature of social support. 42
  3.2.2. Social networks and the overall sense of support within the community. 44
  3.2.3. The dynamics of social support. 47

3.3. The Empirical Relationship Between Unemployment, Psychological Distress and Social Support. 51
  3.3.1. The relationship between stress, psychological wellbeing and social support. 51
  3.3.2. The effectiveness of different types of support derived from various networks in ameliorating the psychologically deleterious effects of stress. 53
  3.3.3. Demographic influences in the utilisation of social support as a coping mechanism. 56

3.4. Social Capital and Labour Market Performance. 57

3.5. Summary. 62

Chapter 4  Empirical Methodology.

4.1. Introduction. 65

4.2. The survey. 66
  4.2.1. The sampling frame. 67
  4.2.2. Comparison groups 67
  4.2.3. Administration of the questionnaire. 68
  4.2.4. Limitations of the survey. 68
  4.2.5. The questionnaire. 70

4.3. Measuring social support. 71
  4.3.1. The social support scale. 72

4.4. Measuring psychological wellbeing. 73
  4.4.1. The General Health Questionnaire (GHQ). 74

4.5. Hypotheses. 77

4.6. Summary. 78
Chapter 5  Results.  80

5.1. Introduction.  80
5.2. Description of the Sample.  82
5.3. Unemployment, Psychological Wellbeing and Social Support.  84
  5.3.1. Unemployment and psychological wellbeing.  85
  5.3.2. The psychological benefits attributed to different types of social support and different social networks.  89
  5.3.3. The psychological benefits derived from different types and sources of support during unemployment.  94
5.4. The Determinants of Psychological Wellbeing.  102
5.5. Summary.  110

Chapter 6  Conclusion.  114

6.1. The objectives and implications of the study.  114
6.2. Main findings.  117
6.3. suggestions for Future Research.  120

Appendices.  123
  Appendix 1. Questionnaire Design.  123
  Appendix 2. Statistical Note.  126
  Appendix 3. Correlations.  128
  Appendix 4. Regression Equations.  131

Bibliography.  135
Suppose a close friend is without clothes and daily food. If one of you says to that person, “Go, I wish you well; keep warm and well fed,” but does nothing about his/her physical needs, what good is it?

James 2:15-16. The Bible.