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#### Title

Life satisfaction and job insecurity: Evidence from Albania

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#### Biographical note

Elvisa Drishti is a full-time lecturer and researcher at the Faculty of Economics, University of Shkodra "Luigi Gurakuqi". She was awarded her Ph.D. degree from the Birmingham Business School in July 2019 under the supervision of Prof Fiona Carmichael. She was awarded a Career Integration Fellowship from CERGE-EI (2017 – 2020) and is now Graduate Teaching Fellow. Her research area is largely concerned with labour economics/employment studies and focuses on the prevalence and consequences of insecure employment in Albania and other countries in Europe.

Fiona Carmichael is a Professor of Labour Economics in the Department of Management, University of Birmingham. Her research centres on the employment of marginalised workers with particular emphasis on inequalities and vulnerabilities including those relating to gender, caregiving, ageing, disability and poverty. This research has included investigations of: trade-offs between paid work and unpaid caregiving; barriers to work faced by women and older workers; retirement decisions; disability and work; work and wellbeing of young people in low and middle-income countries.

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Title

Life satisfaction and job insecurity: Evidence from Albania

**Abstract** 

Fear of the threat of job loss is likely to elicit negative thoughts that have adverse consequences for not only job satisfaction, but also, all-round happiness and satisfaction with life. Using nationally representative cross-sectional data, this study provides evidence of the negative effect of perceived job insecurity on life satisfaction in post-communist Albania, an under-research context. This adverse effect is found to be more pronounced for women and for blue-collar workers: being in a blue-collar job is associated with lower overall life satisfaction, but if this job is perceived as insecure, the negative effect on life satisfaction is magnified. In contrast, workers in well-paying jobs are more satisfied with their lives and, relatedly, higher education also has a positive impact, more so for males. Evidence of the quality of life effects of job insecurity can be used to inform workplace policy initiatives and practices, particularly as measures of life satisfaction, well-being and happiness are increasingly considered appropriate indicators of social progress and the ultimate goal of public policy.

Keywords: job insecurity, life satisfaction, Albania, well-being, post-communist

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#### 1. Introduction

This study contributes to debates about life satisfaction and the consequences of increasing perceptions of job insecurity (PJobI) in a post-communist context, by providing new cross-sectional evidence for a transitioning economy. The analysis uses a measure of perceived life satisfaction (PLfSat) based on responses to a question that specifically asks about satisfaction with life. However, the terms 'life satisfaction', 'subjective well-being' and 'happiness' are often used interchangeably in the related research. One reason for this is that survey responses to questions on life satisfaction or subjective well-being are highly correlated with alternative indicators of happiness (Ferrer-i-Carbonell and Frijters, 2004; Kahneman et al., 1999; Nikolova and Sanfey, 2016). Measures of life satisfaction are also used extensively in empirical studies in 'economics of happiness'. Similarly, the 'postcommunist happiness gap', a strand of literature central to this study, is also mainly concerned with a gap in life satisfaction (Amini and Douarin, 2020). However, subjective well-being has been theorised as a comprehensive concept incorporating cognitive (life satisfaction) and emotional (happiness) assessments of life, respectively the evaluative and emotional sides of subjective well-being (Diener et al., 2003). Additionally, the determinants of life satisfaction and happiness, such as income (Kahneman and Deaton, 2010) have been shown to differ, implying a distinction between these concepts.

After the early 1990s, citizens in transition countries were found to be systematically less happy with their life than non-transition counterparts. Initially, researchers put forward income (Easterlin, 2009) and skill obsolesce (mismatch in education) (Guriev and Zhuravskaya, 2009) as drivers of the post-communist unhappiness. Indeed, Guriev and Zhuravskaya (2009) argued that the depreciation of the human capital stock accumulated under central planning, influenced life satisfaction negatively, explaining at least partly the emergence of the 'post-communist happiness gap'. However, Djankov et al. (2016) found that over time, the income-life satisfaction gradient was similar for transition and non-transition countries after controlling for per capita income, implying that there are other factors that explain the relatively low PLfSat in these economies. For example, Nikolova (2016) argues that political institutions that have captured the rule of law were the main driver of the post-communist happiness gap. Similarly, recent research has highlighted low institutional quality as a major determinant of a persistent post-communist happiness gap (Guriev and Melnikov, 2018; Rodríguez-Pose and Maslauskaite, 2012). Although there is some evidence that the post-communist happiness gap had closed by 2016, including in

Albania (de Haas et al., 2016; Guriev and Melnikov, 2018), this closure is partly attributed to lower reported levels of life satisfaction in the rest of the world. As argued f by Amini and Douarin (2020), more needs to be known about linkages between PLfSat and institutional quality in order to fully understand the emergence, persistence and closure of this gap. In the six less developed, post-communist Western Balkan (WB6¹) countries, perceptions of employment insecurity can be considered as a reflection of poor institutional performance (Bartlett, 2013), and thus this investigation of linkages between PLfSat and PJobI can potentially contribute to understanding of the post-communist happiness gap.

In Albania, job insecurity is as an objective experience associated with threats linked to the economic environment (i.e. low income per capita relative to other European countries), adverse labour market conditions (high unemployment), and institutional arrangements (the welfare state typology) that provide limited social support and employment protection. Similar to other transition countries, job insecurity is fuelled by the skills obsolesce and increased levels of uncertainty that followed the implementation of market reforms<sup>2</sup>. Job insecurity is also partly a subjective experience. Witte (2005) defines job insecurity in relation to a 'perceived threat' of job loss and the worries related to that threat, while Heaney et al. (1994) refer to the perception of a 'potential threat' in relation to continuity in a job. Job insecurity is also discussed in terms of anticipation of job loss (Cheng and Chan, 2008; Sverke et al., 2002) and in relation to concerns about the future (van Vuuren and Klandermans, 1990). These subjective experiences are assumed to be affected by individual characteristics and personality traits and may represent immediate (short-term) or long-term reactions to job insecurity. Short-term reactions imply strains and may be reflected in job dissatisfaction (Blanchflower and Oswald, 1999; Helbling and Kanji, 2017). Over the longer term, there may be health and life satisfaction consequences.

The analysis in this article uses data for the 7,532 employees sampled in the 2012 wave of the Albanian Living Standard Measuring Survey (ALSMS). The study's contribution is threefold. First, it contributes to the research linking PJobI and PLfSat. Second, it contributes to the literature on the emergence of 'post-communist happiness gap' by investigating the under-researched context of Albania. Guriev and Melnikov (2018) report that the post-communist happiness gap in the transition region, including in Albania, had closed by 2016.

<sup>&</sup>lt;sup>1</sup> Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia.

<sup>&</sup>lt;sup>2</sup> Notably flexibilization of the labour market as part of the EU membership agenda. See Ministry of Social Welfare and Youth (2014)

However, there remain unanswered questions concerning the factors underlying the gap in Albania since, as a non-OECD and non-EU country, Albania was not included in the crossnational estimations when the gap was initially identified in 2010 (Guriev and Zhuravskaya, 2009). Third, this study seeks to provide new knowledge concerning the relationship between PLfSat and weak institutional structures, reflected by perceptions of employment insecurity in the context of Albania.

The structure of this paper is outlined as follows. The next section reviews previous research on the interplay between job insecurity and institutional quality, the post-communism happiness gap and the relationship between PJobI and PLfSat in post-communist economies. Subsequent sections set out the empirical model and discuss the results. The conclusion summarises the findings and draws policy implications.

#### 2. Previous research

#### 2.1. Job insecurity and institutional quality in Albania

Institutional theory (DiMaggio and Powell, 1983) links the institutional setting of a country (i.e. legal, social, economic, political organisation) to the structure and experience of employment arrangements. In line with this perspective, the macroeconomic environment (particularly unemployment rate) and the structure of labour market and welfare state institutions (e.g. unionisation, labour market segmentation and social protection) have been found to mediate perceptions of societal and individual job insecurity (Chung and Mau, 2014; Green, 2009). Multi-level, cross-national studies find that significant national differences in individual PJobI are driven by institutional differences, after controlling for nation-specific unobserved characteristics (Balz, 2017; Chung and Mau, 2014; Erlinghagen, 2008; Mau et al., 2012; van Oorschot and Chung, 2015). These relationships can be impacted by change (Lübke and Erlinghagen, 2014) for example, higher levels of PJobI are reported in countries facing an economic crisis (e.g. Greece in 2010) and lower levels in countries undergoing rapid development (e.g. post-communist).

Green's (2009) cross-country study finds that workers in transitional and developing economies were the most concerned about job insecurity but varying patterns in PJobI in different countries could sometimes only be explained by institutional differences. There is, however, an absence of studies on PJobI in countries with weak institutions such as the WB6 context in general and that of Albania in particular. This gap is addressed in this study; using

individual-level data, we analyse the PLfSat costs of perceptions of potential job loss, captured by PJobI, in the weak institutional context of Albania.

As a post-communist non-EU country, transition has moved Albania closer to the liberal market economy paradigm with limited social protection or rights and increased flexibility (Bartlett, 2013). A fragile rule of law and a large informal sector (World Bank, 2018), typical for developing countries, associated with labour market flexibilization reforms, has given rise to an augmented real (de facto) rather than legislative (de jure) flexibility (Cook, 2010). The latter were introduced to support European Union (EU) accession and are reflected in a high incidence of non-standard forms of employment (e.g. part-time and/or temporary). Overall, the Albanian labour market is very different from those of the major affluent economies. Wages are low, there is a high incidence of illegal activity, including corruption and bribery (Imami et al., 2017; McLaughlin, 2019), and considerable informal employment (Kosta and Williams, 2018).

In summary, compared to EU countries, Albania has weak institutional foundations which have fostered labour market institutions with a 'predatory' structure (Acemoglu, 2003). Together with long-term economic inefficiency, these have contributed towards the institutionalization of adverse working conditions (Sanfey and Milatović, 2018), lower job quality, and greater employment insecurity (Drishti et al., 2021; Drishti and Carmichael, 2022).

# 2.2. The post-communism happiness gap

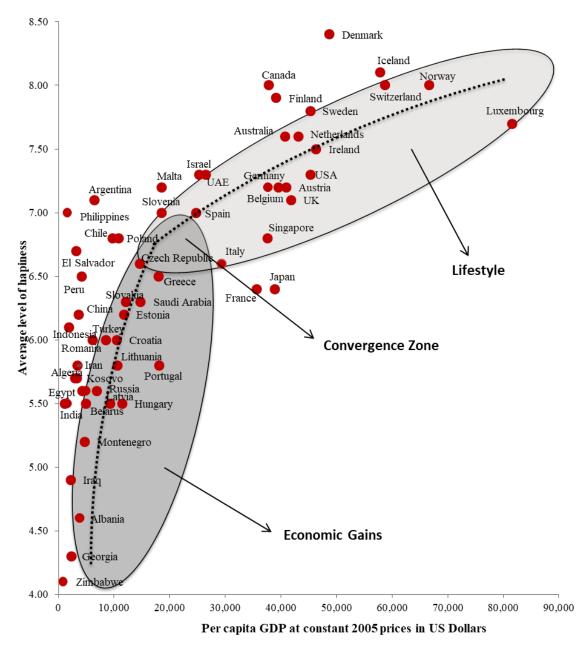
Happiness and subjective well-being are considered by many to be appropriate measures of social progress and the ultimate goal of public policy (Greve, 2017, p.17). For example, in June 2016, the Organisation for Economic Co-operation and Development committed itself "to redefine the growth narrative to put people's well-being at the centre of governments' efforts". PLfSat varies significantly across countries, with higher quality of life experienced in more affluent societies, even after controlling for GDP per capita. In the post-communist WB6 economies, PLfSat indicators are low relative to non-transition European and other industrialised economies (Easterlin, 2009). Graph 1 provides a cross-national comparison of the relationship between economic wealth (GDP per capita) and averaged subjective happiness for 2005-2014.

In line with previous cross-national research, the data indicate a positive relationship between wealth and happiness, with the average level of happiness significantly lower in poorer countries, including Albania. However, this relationship is not linear: beyond a certain level of GDP per capita (identified by the 'convergence zone'), happiness does not increase significantly with additional income. There is an implied optimal level of GDP per capita beyond which life satisfaction plateaus as GDP rises, this is the Easterlin's 'happiness-income paradox' (Easterlin et al., 2010). Indeed, over time, happiness has been found not to increase that much as income increases (Stutzer and Frey, 2010), although these findings are contested (Stevenson and Wolfers, 2008).

Djankov et al. (2016) found that the income-satisfaction gradient is similar for transition and non-transition countries. However, after controlling for factors including per capita income, life expectancy and religion, they show that individuals in post-communist countries are "abnormally" less happy compared with individuals in other countries with similar income levels but did not undergo the transition from plan to market. This is the so-called Eastern European "post-communist happiness gap". This gap is particularly pronounced for WB6 countries like Albania, Montenegro, and Kosovo, where European integration is lagging behind other post-communist countries and income levels are relatively low. Indeed, Becchetti and Savastano (2010) argue that citizens in transition countries, and in Albania in particular, are located on the lower side of the happiness-income relationship. However, the gap is also evident for other post-communist countries in Europe. For example, taking a regional perspective, Graph 1 highlights how levels of happiness are higher or similar in some South American countries (e.g. Chile, Argentina, Peru) with similar, or lower GDP per capita than other post-communist countries such as Hungary and Lithuania. Yet, the happiness gaps in Poland, the Czech Republic and Slovenia appear much narrower.

The 'post-communist happiness gap' is a long-term consequence of the collapse of centrally planned regimes and implementation of competitive market reforms in the majority of Central and Eastern European countries. The gap reflects a failure of PLfSat to catch up with the recovery in economic growth and stability after the early 1990s. Indeed, the empirical evidence from two major cross-national comparative studies (Easterlin, 2009; Guriev and Zhuravskaya, 2009) confirms that both happiness and economic growth followed a U-shaped trend, reaching a minimum in 1990, and increasing afterwards; however, the speed of growth of the former was slower.

Graph 1: Average level of subjective happiness on a 10-step numeral scale<sup>3</sup>



Sources: 2013 Per Capita GDP at constant 2005 prices in US Dollars (all countries) from National accounts Main aggregate Databases<sup>4</sup>; Average level of happiness 2005-2014 from World Database of Happiness<sup>5</sup>

At the micro level, workers who were subjected to skills obsolesce (Guriev and Zhuravskaya, 2009), long-term unemployment (Winkelmann and Winkelmann, 1998), and unfair inequality (Alesina et al., 2004; Cojocaru, 2014) were less happy. However, these

<sup>&</sup>lt;sup>3</sup> Graph based on Costanza et al. (2007) and Inglehart (1997)

<sup>&</sup>lt;sup>4</sup> <u>https://unstats.un.org/unsd/snaama/dnllist.asp</u>

<sup>&</sup>lt;sup>5</sup> http://worlddatabaseofhappiness.eur.nl/hap\_nat/nat\_fp.php?mode=8

individual characteristics and circumstances accounted for similar shares of (un)happiness in both, eastern and western parts of the world and explained only a small part of PLfSat variance (Rodríguez-Pose and Maslauskaite, 2012). A number of papers have identified institutional-level factors as fundamental determinants of the post-communist happiness gap, beyond the macro- (aggregate) and standard micro- (individual) level set of controls. This evidence suggests that this gap is explained by a range of institutional factors including: weaker labour markets, government performance and rule of law, centralization of public administration, bribery and corruption, limited social welfare protection, and underdevelopment (Amini and Douarin, 2020; Carr and Chung, 2014; Nikolova and Sanfey, 2016; Nikolova, 2016; Rodríguez-Pose and Maslauskaite, 2012; Winkelmann and Winkelmann, 1998). Even though there is evidence that the post-communist happiness gap closed by 2016, this closure is partly attributed to lower happiness in the rest of the world (Guriev and Melnikov, 2018).

# 2.3. Evidence of perceived job insecurity effects on life satisfaction

Within-country evidence assessing the effects of PJobI on PLfSat for post-communist countries is quite limited. PJobI has been found to have particularly strong negative effects on the job satisfaction of workers in Poland (Wilczyńska et al., 2016) and temporary jobs have been linked to dead-end career effects low job satisfaction in Central Eastern Europe (Aleksynska, 2018; Babos, 2014). Ferrer-i-Carbonell and Gërxhani (2004) conclude that informal working arrangements in Albania are associated with subjective financial dissatisfaction. A cross-national study of men from 22 European countries (including the WB6) found that PJobI, defined as fear of involuntary job loss, was associated with psychosocial risks and work-related stress and had significant negative effects for some health outcomes (Kortum et al., 2010).

The evidence of Drobnič et al. (2010) highlights the impact of PJobI on PLfSat and other work related factors. Increased levels of job insecurity in the South East European (SEE) region (including the WB6) are a source of major social concern and are implicated in illegal outward migration, which in turn has negatively affected the EU integration agenda. However, the increased labour market instability over recent decades is in part due to European flexicurity policies (Probst and Jiang, 2017) that have been extended to the WB6

post-communist EU candidate countries<sup>6</sup> and are implicated in increased involuntary non-standard employment (temporary, part-time, zero hours, etc.) and unemployment (Muffels et al., 2014; Muffels, 2014). Fuchs-Schündeln and Schündeln (2020) go as far to suggest that one consequence of these changes is that despite rapid transitions to free market economies, support for democracy and free market economy regimes is currently weaker in the East than the West EU, including for the younger cohorts (in contrast to previous findings e.g. Frey and Stutzer, 2000).

Skill obsolescence is likely to be another factor underlying the findings of Drobnič et al. (2010). Guriev and Zhuravskaya (2009) report that the depreciation of the human capital stock accumulated under central planning has negatively affected PLfSat. Workers, particularly older workers, whose skills became redundant after transition faced considerable job insecurity (Linz and Semykina, 2008; Böhnke, 2008; Carr and Chung, 2014; Di Tella and MacCulloch, 2008). The risk of obsolescence in transition was not spread equally and varied across occupations (Meltzer et al., 2010; Cheng and Chan, 2008). Recent economic and technological trends have also meant higher levels of PJobI for higher skilled, blue-collar workers (Keim et al., 2014).

The results of these studies are informative however, none consider, as here, the direct relationship between PJobI and PLfSat for Albania as a West Balkan, EU candidate country. This study provides empirical evidence on this relationship and in doing so contributes to research that measures the extent to which human needs are actually being met. The results suggest that in order to ensure a higher quality of life in Albania and more widely in the WB6 post-communist economies, domestic and regional social policies should do more to address PJobI associated with labour market flexibilization reforms, poor economic and institutional performance, and skill obsolescence.

#### 2.4. Theoretical considerations, hypotheses and empirical model

Theoretical approaches underlying investigations of the relationship between perceptions of job insecurity and life satisfaction have highlighted the value of job security to workers and, more recently, the impact of the job insecurity on resources. Maslow (1954, p.

<sup>&</sup>lt;sup>6</sup> As in the case of Albania, via the externally transposed labour market reform to comply with the EU integration agenda; in 2014, the 'Employment and Skills Strategy 2014-2020: Higher skills and better jobs for all women and men' sought to increase labour market flexibility among other integration objectives (Ministry of Social Welfare and Youth, 2014).

87) emphasised the value of job security in noting, "we can perceive the expressions of safety needs...in such phenomena as...the common preference for a job with tenure and protection." Similarly, Super (1957, p. 13) considered security as "...one of the dominant needs and one of the principal reasons for working." Resource-based perspectives including Hobfoll's (1989) conservation of resources theory, collectively agree that PJobI is stressor that causes a disruption in the flow of resources, e.g. through resource buffering to address uncertain future loss. Related resource-based approaches conceptualising perceived job insecurity as a stressor include the latent deprivation model (Jahoda, 1982), appraisal theory (Lazarus, 1999; Lazarus and Folkman, 1984), work stress theory (Lazarus and Folkman, 1984), multiple discrepancy theory (Michalos, 1985), the job demand control model (Karasek and Theorell, 1990) and Hulin's (1991) theory of job adaption. Consistent with these approaches, there is evidence that insecure workers who keep their jobs, experience lower levels of PLfSat and health than those who have actually lost their jobs. There is also robust evidence that unemployment has a strong negative effect on happiness (Greve, 2017; Sarracino, 2019; Winkelmann and Winkelmann, 1998). Social support mechanisms (i.e. unemployment benefits, transfers, etc.) where they exist, would be expected to counteract these negative impacts of PJobI and unemployment on PLfSat.

Dualistic labour market theories suggest further that while workers consider secure jobs as superior in quality, labour market segmentation means that precarization and PJobI are experienced unequally. This conceptualisation is particularly relevant for the WB6 countries where labour markets are commonly characterised as segmented and inefficient. However, competitive labour market theories argue that flexible employment arrangements do not impose non-competitive barriers that segment the labour market, instead they have integrative effects that allow for upward occupational mobility through voluntary choice.

Drawing on these theoretical perspectives and the evidence of previous research discussed above, two testable hypotheses were formulated:

H1: Increased levels of PJobI have a negative effect on PLfSat.

H2: The negative effect of PJobI on PLfSat is stronger for individuals in lower occupational, less skilled, jobs.

These hypotheses are tested in an empirical model that examines whether PJobI affects PLfSat in the post-communist setting of Albania. The model controls for a large set of standard demographic and socio-economic variables including gender, age, education, and income.

#### 3. Data and variables

The data used for this study are micro data from the 2012 ALSMS carried out by the Albanian Institute of Statics, INSTAT. As a non-OECD and non-EU country, nationally representative data for Albania is quite limited. The 2012 ALSMS is the only available national dataset for Albania which includes a PLfSat measure in addition to a comprehensive set of measures recording individual and employment characteristics, comprising PJobI. Lack of nationally representative data that include PLfSat measures has made it difficult to fully understand the emergence and persistence of the gap in Albania, particularly prior to 2016 when Guriev and Melnikov (2018) found that the post-communist happiness gap had closed using the European Bank for Reconstruction and Development (EBRD) Life in Transition Survey (LiTS) cross-national survey. Indeed, LiTS samples only 1500 respondents in Albania who are mainly males (90 percent) and whose family status was only 'head of household', excluding other household members<sup>7</sup>. The large-scale sample frame of the 2012 ALSMS was based on the 2011 Population and Housing Census and expanded geographic domains to cover all 12 prefectures of Albania<sup>8</sup>. This guaranties a large sample which improves the reliability of the model estimates, in particular for sub-groups of interest such as younger workers, women, and those working in insecure working conditions and who are less likely to be head of households. Unfortunately, the ALSMS has not been repeated after 2012.

The sub-sample used in the analysis includes 7532 employees, 5834 men and 1698 women, working in the private or public sector who relied on their earnings from work/labour as the main source of income. The unemployed and those in unpaid household work were excluded from the sample as data on employment is missing. Data on hours and earnings from previous employment is also sparse. In addition, since very few respondents reported as self-employed and for those who did (only 115) there were missing data on their businesses' profit or work hours<sup>9</sup>. To this end, the self-employed were also excluded from the analysis. The resulting sub-sample is highly truncated and cannot be considered nationally representative of the entire adult population or the working population. It is only

<sup>&</sup>lt;sup>7</sup> In other cross-country surveys that include measures of PLfSat such as the Quality of Life Surveys the Albanian subsample is even smaller than in the ALSMS, 1011, of which only 347 had ever had a paid job (including self-employment).

<sup>&</sup>lt;sup>8</sup> See methodology of ALSMS 2012: <a href="http://www.instat.gov.al/en/themes/social-condition/living-standard-measurement-survey-lsms/#tab4">http://www.instat.gov.al/en/themes/social-condition/living-standard-measurement-survey-lsms/#tab4</a>

<sup>&</sup>lt;sup>9</sup> There were also concerns about the reliability of the reported data for the self-employed as informal own-account work and non-wage work have commonly been seen as a practice to avoid tax compliance and in 2012 the government's anti-informality campaign had not started, this began in 2013 (World Bank, 2017).

representative of employees in wage employment.

# 3.1. Dependent variable

The outcome variable in the regression analysis records general perceptions of life satisfaction (PLfSat). The exact wording of the variable of interest is "Considering all things, how satisfied would you say you are with your life these days?", with answers coded as 1 "not at all satisfied," 2 "less than satisfied," 3 "rather satisfied," and 4 "fully satisfied". The figures in Table 1 show that the majority of the respondents were less than satisfied with their life, but men in general were significantly happier than women. In the regression analysis, ordinality is assumed in relation to the PLfSat responses: when two respondents give the same answer, they are assumed to enjoy comparable satisfaction levels<sup>10</sup>.

Table 1: Perceived life satisfaction (PLfSat) by gender

Variable	Full sample			Men			Women		
	Mean	N	%	Mean	N	%	Mean	N	%
Life satisfaction	1.34	7,532	100	1.51	5,834	100	1.30	1,698	100
Not at all satisfied		1,298	17.23		919	15.76		306	18.04ª
Less than satisfied		2,915	38.70		919	15.76		682	40.15 <sup>a</sup>
Rather satisfied		2,760	36.64		2,296	39.36		597	35.15 <sup>a</sup>
Fully satisfied		560	7.43		515	8.82		113	6.67

#### Notes:

<sup>a</sup> Chi-square tests for independence of samples showed significant differences between men and women at the level of significance p < .01

#### 3.2. Independent variables

The independent variables included in the regression analysis comprise a number of job related measures including the main variable of interest, the measure of 'job insecurity', PJobI. This is a binary variable for which the value of 1 indicates whether a respondent reported job insecurity as their main concern in life and 0 if other factors such as wealth,

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<sup>&</sup>lt;sup>10</sup> Responses to the life satisfaction questions have been interpreted cardinally <sup>10</sup> by psychologists and ordinally by economists for whom the cardinality assumption is problematic (Ng, 1997). For economists, ordinality offers a more effective way to account for happiness since differences in satisfaction remain but individually, participants understand each possible level in the same way. Nevertheless, Ferrer-i-Carbonell and Frijters (2004) obtained similar coefficients, signs, significance, and value from a simple OLS analysis applying cardinality and a fixed-effect ordered logit analysis interpreted ordinally.

fitness, happiness, leading a decent life, etc., were considered main concerns. Respondents were directed to select only one option in the questionnaire. The analysis also includes indicators of occupational/skill levels (categorising workers as either higher and lower white-and blue-collar according to the international standard ISCO-88 (1 digit) codes). Other variables capturing job characteristics are hourly earnings (logarithmically transformed) economic activity/industry categorised into four major groups using the NACE Rev.1 (1 digit) codes (i.e. agriculture, manufacturing and construction, producer services, and consumer services) and a binary variable indicating whether the job of the individual was in the public sector.

The regressions also include demographic and human capital explanatory variables that have been used as standard controls in analyses of life satisfaction (Frey and Stutzer, 2000; Litchfield et al., 2012; van Praag et al., 2003). Gender is controlled for in pooled regressions by including a binary variable, male, taking the value 1 for male employees. Age segment is a categorical variable recording the individual's age cohort as either younger (15 – 29, the reference category) prime age (30 – 49) or older (50 – 64). Marital status is captured by a binary variable taking the value 1 for married' employees. Education attainment indicates whether the individual has achieved a 'lower', 'medium' or 'high' level of attainment corresponding to primary, secondary, and tertiary (university) education respectively. Health is another very important control which is recorded in four categories, 'poor', 'average', 'good' or 'very good' with the latter being the reference category. Table A1 in the Appendix provides detailed definitions of all the variables included in the analysis.

#### 3.3. Empirical model

In line with much empirical research in this area, this study adopts the more commonly used 'bottom-up' approach (Diener, 1984) to operationalize the relationship between PJobI and PLfSat<sup>11</sup>. This approach emphasises the importance for PLfSat of life conditions and social indicators, events, and circumstances. This perspective assumes that a person's PLfSat is determined by satisfaction in a range of domains including family, friendship, work and leisure (Heller et al., 2004; van Praag et al., 2003; Veenhoven, 1996). Costanza et al. (2007)

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<sup>&</sup>lt;sup>11</sup> Alternative, top down approaches consider life conditions and social indicators through the lens of individual expectations, values and previous experiences, taking a 'personality' perspective (Diener, 1984; Headey et al., 1991; Lance et al., 1989).

argue that these life domains can be considered as groups of experiences by means of which human needs are addressed<sup>12</sup>. The two most investigated domains have been the work/job and non-work/family domains. The work/job domain is important in the current context not only for its direct (bottom-up or vertical) effects on PLfSat, but also because of (horizontal/spillover) effects on other life domains, e.g. through work-life balance. Following most empirical research in this area (Ferrer-i-Carbonell and Frijters, 2004; van Praag et al., 2003), an ordered logit specification is used to estimate the following equation:

$$PLfSat_{i} = \beta_{0} + \beta_{1} PJobI_{i} + \beta_{2} Occupation_{i} + \beta_{3} PJobI_{i} * Occupation_{i} + \beta_{4} X_{i} + \varepsilon_{i}$$
(1)

Where i refers to the ith individual,  $PLfSat_i$  is a categorical variable that proxies a latent continuous measure of PLfSat, PLfSat; \* which is assumed to depend on PJobI. Equation (1) includes PJobI as well as the indicators of occupational status,  $Occupation_i$ . In the reported estimations, the interaction term  $PJobI_i * Occupation_i$  is included in Model 2 but not Model 1. The vector  $X_i$  includes the other independent variables that have been used as controls in analyses of life satisfaction.

Equation (1) is estimated for the whole sample (including the binary variable indicating gender) and separately for men and women. The separate estimations address potential gender differences fin the estimated coefficients from an exploratory perspective (without formulating a specific hypothesis). This was done in line with previous evidence which has found gender differences in relation to PJobI (Mauno and Kinnunen, 2002; Rosenblatt et al., 1999; Sverke et al., 2002) and PLfSat (Alesina et al., 2004; Di Tella et al., 2001; Easterlin, 2009; Nikolova and Sanfey, 2016) and for Albania in particular (EBRD LiTS, 2016; Litchfield et al., 2012).

#### 3.4. Demographic profile of the sample

Table 2 reports descriptive statistics by gender. A majority of the sample workers indicated that job insecurity was their main concern in life. The figures in Table 2 show that women were more concerned with PJobI, have higher educational attainment but lower

<sup>&</sup>lt;sup>12</sup> Complementary theoretical frameworks integrate both top-down and bottom-up approaches in for example, a 'bidirectional' or 'reciprocal' model (Lance et al., 1989), a 'net effects' model (Headey et al., 1991) a 'two-layer' model (van Praag et al., 2003) or a 'constructionist approach' (Leonardi et al., 2005).

earnings.

Table 2: Characteristics for full sample and by gender

Variable	Full sample	Men	Women
variable	%	%	%
Individual characteristics			
Male (binary)	76.11	-	-
Age segment			
Young (15 – 29)	19.32	20.16	17.81
Prime (30 – 49)	50.06	46.77	56.01
Old (50 - 64)	30.62	33.07	26.18
Married (binary)	77.30	79.24	75.13
Education attainment			
Low (primary or less)	24.85	29.90	15.67
Medium (secondary)	36.36	40.25	29.30
High (university)	38.79	29.85	55.03
Health condition			
Poor	0.63	0.59	0.71
Average	4.90	5.00	4.72
Good	58.56	57.98	59.61
Very good	35.91	36.43	34.96
Job characteristics			
Perceived job insecurity (PJobI) (binary)	0.69	0.62	0.76
Occupational/Skills status <sup>b</sup>			
1. High-skilled white collar	38.09	28.74	54.79
2. Low-skilled white collar	18.26	18.76	17.37
3. High-skilled blue collar	21.34	27.28	10.74
4. Low-skilled blue collar	22.31	25.23	17.10
Industry/Economic Activity			
Agriculture	2.24	2.87	1.16
Manufacturing and construction	32.97	40.50	20.05
Producer services	12.07	12.68	11.01
Consumer services	52.72	43.95	67.77
Public sector (binary)	42.04	35.24	55.15
Log earnings <sup>c</sup> (continuous)	7.47	7.57	7.40

#### Notes:

The demographic profile of the average sample member is that of a married male worker, aged between 30 and 49, working in the private sector, with educational attainment

<sup>&</sup>lt;sup>a</sup> Chi-square tests for independence of samples for all the categorical and binary variables showed significant differences between women and men at the level of significance p < .01

<sup>&</sup>lt;sup>b</sup> Occupational categories are derived from the ISCO-88 (International Standard Classification of Occupations) codes, occupational groups are coded from 1-4 with the highest skilled occupational group coded as 1 and the lowest skill group coded as 4 (for details see Appendix Table A1)

 $<sup>^{\</sup>rm c}$  'Log earnings' is the only continuous variable, therefore thee mean for the sample, men, and women are reported respectively. T-tests for equality of means showed significant differences between women and men at the level of significance p < .01

up to high school and in good health. The mean comparisons in Table 2 indicate significant gender differences for PJobI, earnings, sector, age, educational attainment, skills (occupation), and economic activity (industry). Women were also more likely to be working in white-collar occupations in the public sector while more men than women worked in manufacturing and construction; the opposite pattern is observed for consumer services.

Table 3: Correlations with PLfSat and PJobI

Variable	PLfSat	PJobI
Individual characteristics		_
Male (binary)	0.25***	- 0.22***
Age category <sup>a</sup>	0.13**	- 0.01
Married (binary)	0.04**	- 0.03**
Education attainment	0.30***	- 0.19***
Health condition	0.21***	-0.01
Job characteristics		
PJobI (binary)	- 0.49***	
Log earnings	0.28***	0.03
Occupational/Skills status <sup>b</sup>	- 0.31***	0.40***
Public sector (binary)	0.18***	- 0.02

#### Notes:

For the industry/economic activity nominal variable, a cross-tabulation with PLfSat (ordinal) and PJobI (binary) was estimated. The Pearson Chi-Square statistic was significant only for the former relation, at p = 0.001.

Table 3 shows Spearman rank-order correlations of job and individual characteristics with PJobI and PLfSat. PLfSat is negatively related to PJobI and significantly correlated with all the other job and individual characteristics. PJobI is negatively related to higher occupational status and education in predictable ways, it is also correlated negatively with male gender (also shown in Table 2) and married status. The positive correlation between age and PLfSat is perhaps surprising given that the oldest group of '50 and older' sample members are the generation who were exposed to the harshest effects of the communist regime footprint in Albania; they were less likely to go to university, and suffered hunger and bad health. Possibly, their expectations in relation to life satisfaction are lower, due to earlier priorities given to basic survival and safety needs. There is also an indirect effect of earnings linked to age, since older workers tend to hold more senior positions on the career ladder and have higher earnings, which are positively associated with happiness. In summary, the descriptive statistics indicate that there is a strong negative association between PJobI and

<sup>&</sup>lt;sup>a</sup> Age category as in Table 2

<sup>&</sup>lt;sup>b</sup> Categories based on ISCO-88 codes and higher occupational groups are coded with lower values (for details see Appendix Table A1)

<sup>\*, \*\*</sup> and \*\*\*, Significant at p < 0.1, 0.05, and 0.001, respectively.

PLfSat, suggesting that the former has a negative effect on psychological well-being. Individual and job characteristics are correlated with PLfSat and PJobI in mostly, but not always predictable ways e.g. earnings and PLfSat are positively correlated. Third, there are significant gender differences in PLfSat, PJobI and characteristics of men and women.

### 4. Regression results

Table 4 shows the results for the ordered logit estimation of equation (1). Two models are estimated, Model 1, without, and Model 2 with interaction effects. The Brant test of parallel regression assumption was generated for each model. The chi-square values for the overall models and each individual independent variable were insignificant (the statistics for the overall models are reported in Table 4). To address misspecification problems, robust rather than classical standard errors are reported (Arminger, 1995; Long and Freese, 2014).

The results confirm that after controlling for other factors, the relationship between PJobI and PLfSat is negative and significant. The odds of reporting a higher level of satisfaction with life (rather or fully satisfied versus not at all or less than satisfied) are more than 60 percent lower for workers concerned about the possibility of losing their job, compared to those who do not regard job insecurity as a major source of concern. Consistent with theoretical assumptions, this result can be taken to indicate that PJobI is the source of significant stress, affecting psychological well-being and ultimately manifesting in lower levels of PLfSat, particularly for women.

As expected, the effect of hourly earnings is strongly positive for both men and women. This is mainly because the per capita income of Albania is still in the region in which increases in earnings have positive effects on happiness (Becchetti and Savastano, 2010).

The odds for reporting higher (rather and fully satisfied) versus lower (not at all or less than satisfied) categories of PLfSat, are lower for workers with less than 'very good' self-rated health, compared to those in 'good' health. These results are also in line with previous research. Poor health not only has a direct negative effect on PLfSat but also imposes restrictions on work and leisure activities which negatively affects PLfSat (Melin et al., 2003). However, this relationship is complicated as there is evidence that PLfSat can also predict health (Argyle, 1997): happier people tend to lead healthier lives.

Relative to the agricultural sector, only the PLfSat of men in manufacturing and construction is significantly lower. The general lack of significance of industrial sector is perhaps explained by the cross-overs between sector and occupation e.g. low skilled blue-

collar work is more common across labour-intensive industries such as construction, mining, manufacturing, transport, farming, fishing, and forestry. PLfSat is positively related to occupational status, workers in higher skilled occupations have higher odds for reporting higher versus lower categories of PLfSa, compared to those in lower, blue-collar occupations.

Interaction effects between PJobI and occupational status were included to test hypotheses 2, however, their interpretation is not straightforward in an ordered logit model (Ai and Norton, 2003; Long and Freese, 2014). In order to make sense of their effects additional steps were taken. The approach suggested by Long and Freese (2014) for categorical variables was adopted to calculate the incremental effect of PJobI for each occupational group. This approach calculates the marginal (discrete) effects of PJobI (from 0 to 1) for each category of the occupational status (1. high-skilled white collar, 2. low-skilled white collar, 3. high-skilled blue-collar, 4. low-skilled blue-collar) on the predicted probabilities for each of the categories of PLfSat. Detailed information about the results of the analysis is provided in Table A2 in the Appendix.

The larger marginal effects of PJobI for workers in less skilled, blue-collar occupations indicate stronger negative effect on their life satisfaction. Somewhat larger effects for women suggest more unequal effects of PJobI on PLfSat among women in different occupations. This is consistent with previous findings that highlight the importance of job dependency, higher exposure to uncertainty, and lower levels of education and skill in the determination of PLfSat, which are amplified in transition economies and particularly in the WB6 by poor institutional quality and economic performance.

This evidence contradicts to some extent the economic theory of 'compensating wage differentials' or 'equalizing differences' which predicts little difference in the overall happiness of employees in different occupations since wages are predicted to compensate for negative attributes of jobs. Nonetheless, we find evidence of a positive relationship between earnings and PLfSat. PJobI could be assumed to be harder on men due to their assumed bread winner responsibilities. Moreover, the results indicate that the positive returns to education in terms of PLfSat are stronger for men than for women, even though women on average are more educated than men.

Table 4: Ordered logit estimates of perceived life satisfaction (PLfSat) for the full sample and by gender (odd ratios and robust standard errors)

Indonesia de Mariables	All		Men		Women	
Independent Variables	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Individual characteristics						
Male (binary)	1.478*** (0.048)	1.459*** (0.043)				
Age segment						
Young $(15 - 29)$ (ref.)						
Prime $(30 - 49)$	0.903 (0.078)	0.920 (0.070)	0.885 (.095)	0.910 (0.095)	1.085 (0.120)	1.050 (0.110)
Old (50 - 64)	1.124 (0.099)	1.070 (0.076)	1.172 (.130)	1.071 (0.102)	1.278 (0.132)	1.241 (0.124)
Married (binary)	1.101 (0.086)	1.106 (0.084)	1.088 (.097)	1.046 (0.088)	1.623*** (0.096)	1.545*** (0.08
Education attainment						
Low (primary or less) (ref.)						
Medium (secondary)	1.498*** (0.062)	1.365*** (0.050)	1.435*** (0.062	1.418*** (0.058)	1.294* (0.121)	1.311** (0.099
High (university)	1.684*** (0.078)	1.598*** (0.079)	1.631** (0.099)	1.602*** (0.096)	1.682** (0.128)	1.554** (0.139
Health condition						
Poor	0.330** (0.207)	0.345*** (0.225)	0.451*** (0.251	0.471*** (0.246)	0.209*** (0.352)	0.212*** (0.38
Average	0.576*** (0.033)	0.563*** (0.084)	0.588*** (0.099	0.593*** (0.099)	0.499*** (0.154)	0.528*** (0.16
Good	0.735*** (0.063)	0.788*** (0.040)	0.795*** (0.057	0.801*** (0.049)	0.796*** (0.068)	0.781*** (0.07
Very good (ref.)						
Job characteristics						
Job insecurity (binary)	0.327*** (.068)	0.378*** (0.043)	0.328*** (0.058	0.397*** (0.043)	0.300*** (0.072)	0.323*** (0.06
Log earnings	1.511*** (.048)	1.553*** (0.042)	1.602*** (0.048	1.576*** (0.051)	1.473** (0.088)	1.550*** (0.07
Occupational/Skills status						
1. High-skilled white collar (ref.)						
2. Low-skilled white collar	0.731** (0.083)	0.809** (0.071)	0.716*** (0.093	0.741*** (0.091)	0.769*** (0.090)	0.791*** (0.08
3. High-skilled blue collar	0.640*** (0.074)	0.685*** (0.083)	0.645*** (0.098	0.662*** (0.094)	0.664*** (0.099)	0.676*** (0.09
4. Low-skilled blue collar	0.595*** (0.097)	0.633*** (0.086)	0.588*** (0.121	0.612*** (0.102)	0.671** (0.154)	0.680*** (0.16
Industry/Economic Activity						
Agriculture (ref.)						

Manufacturing & construction	0.768** (0.075)	0.786** (0.071)	0.715** (0.098)	0.791** (.094)	0.820 (0.178)	0.801 (0.166)
Producer services	0.893 (0.101)	0.910 (0.103)	0.887 (0.124)	0.899 (0.115)	0.935 (.252)	0.964 (0.248)
Consumer services	0.832 (0.093)	0.868 (0.089)	0.931 (0.112)	0.967 (0.099)	0.541* (.259)	0.670 (0.222)
Public sector (binary)	0.931 (0.068)	0.957 (0.060)	0.987* (0.080)	0.888 (0.076)	1.262* (.097)	1.129 (0.095)
Interaction effects						
Job insecurity * High-skilled white collar						
(ref.)						
Job insecurity * Low-skilled white collar		0.834** (0.072)		0.834*** (0.016)		0.795*** (0.081)
Job insecurity * High-skilled blue collar		0.780*** (0.091)		0.776*** (0.036)		0.731*** (0.091)
Job insecurity * Low-skilled blue collar		0.712*** (0.054)		0.685*** (0.115)		0.676*** (0.058)
Number of observations	7532	7532	5834	5834	1698	1698
Pseudo R2	0.216	0.244	0.193	0.227	0.225	0.246
LR Chi Square	40.37 (0.000)	44.91 (0.000)	41.77 (0.000)	47.28 (0.000)		43.35 (0.000)
/cut1	1.619 (0.251)	1.872 (0.233)	2.110 (0.264)	1.993 (0.353)	1.337 (0.424)	1.512 (0.473)
/cut2	1.968 (0.246)	2.162 (0.235)	2.715 (0.288)	2.457 (0.290)	1.895 (0.331)	2.053 (0.365)
/cut3	3.633 (0.239)	3.633 (0.239)	3.722 (0.236)	3.901 (0.312)	3.538 (0.224)	3.444 (0.298)
Brant test Chi Square	1.852 (0.627)	2.370 (0.503)	2.024 (0.481)	3.257 (0.393)	3.211 (0.206)	4.082 (0.184)
(for all dependent variables)	1.032 (0.027)	2.370 (0.303)	2.024 (0.401)	3.431 (0.393)	3.211 (0.200)	4.002 (0.104)

# Notes:

Reference category is indicated as (ref.). \*, \*\* and \*\*\*, Significant at p < 0.1, 0.05, and 0.001, respectively.

<sup>&</sup>lt;sup>a</sup> Categories based on ISCO-88 codes and higher occupational groups are coded with lower values (for details see Appendix Table A1)

Possibly, men in more skilled jobs who are also more educated face less PJobI than women. It would be interesting for further research to investigate whether these gender differences vary between households where more than one adult or only the woman works in a lower skilled, blue-collar occupation.

In summary, the results show that after controlling for the included covariates, the relationship between PJobI and PLfSat is negative and significant. We also find that being in more labour-intensive, lower skilled (blue-collar) and lower earning occupations, are associated with lower PLfSat, and there are additional penalties on PLfSat when such jobs are insecure. In contrast, employees in high skilled white-collar jobs which include those in more senior positions (e.g. manager, executives, and officials) have higher PLfSat, even after controlling for earnings, education and other covariates. Since earnings, education, health and other covariates are controlled for independently, this evidence suggests that intrinsic characteristics of occupations are important for life satisfaction.

#### 5. Conclusion

The analysis in this paper assesses how people's perceptions of job insecurity (PJobI) impact on how they evaluate their lives within a post-communist context. The findings from this study are relevant for research and policy directed to 'employees' (those in wage employment) in Albania, and more widely among the other WB6 countries that share similar labour market features. Overall, the results are more in line with evidence which suggests that in non-EU post-communist countries, having stable and protected employment is associated with higher levels of satisfaction with life (Aleksynska, 2018; Lehmann and Pignatti, 2018).

In line with the evidence for both advanced capitalist and transitional economies, individual factors that determine Albanians' happiness are similar to those of other people in other parts of the world. That job characteristics, including PJobI, are linked to life satisfaction, suggests a picture of what ultimately makes for a 'good job' in terms of job quality. As advocated by previous studies, the findings confirm that lower earnings and employment in lower skilled jobs, which are also often linked with lower levels of education and less security, are associated with lower levels of individual happiness. However, some of these aspects, for example the availability of higher quality jobs and the extent of PJobI in a labour market, depend on macroeconomic and institutional factors that are out of the individual's control. In Albania, there is high unemployment, low wages, a high prevalence of employment flexibility linked in part to the EU integration agenda, with many jobs on

temporary, fixed term or part-time basis, and a general lack of social support. These are all environmental threats that can be expected to influence people's PJobI, increase their fears of job loss and ultimately lower PLfSat.

Low institutional quality has been found to play a key role in the persistence of the post-communist happiness gap. On the other hand, clear links have been established between PJobI and institutional quality. Therefore, PJobI can be taken as a proxy of poor institutional, particularly labour market, performance thus helping to shed more light on the link between happiness and institutional quality and the emergence, persistence and closure of this gap. The results provide theoretical relevance for the post-communist happiness gap for the case of Albanian, as the worst performing and reportedly unhappiest country in WB6. Having a job does not necessarily make a person happy, but the evidence of this paper is that the security provided by continuity of the employment relationship is, however, likely to improve the subjective perceptions of life satisfaction. In fact, all other things being equal, employees whose main concern in life is perceived job insecurity, suffer a 60 percent loss in perceived life satisfaction (PLfSat) cost. This effect is comparable to the PLfSat loss from 'poor' versus 'very good' health and serves to emphasise the relative importance of PJobI for Albanian workers: the life satisfaction costs of job insecurity are as high as for physical illness.

Increased levels of PJobI in the WB6 region have been a source of major social concerns, linked to illegal migration and expanding drug trade to other developed West-European countries and thus negatively affecting the EU integration agenda. From a policy perspective, these results have wide ramifications for societies in which PJobI has become a significant feature and suggest that policy needs to address limited social support and/or employment protection particularly in lower skilled occupations. Job insecurity should therefore be a public policy priority and a more rigorous cross-national investigation of this phenomenon would improve our understanding of the region. Evidence of the quality of life effects of PJobI can be used to inform both real-world and the public policy initiatives and practices, particularly as well-being or happiness are increasingly considered to be appropriate measures of social progress and the ultimate goal of public policy. There might therefore be scope for improving and enforcing compliance with labour market protection legislation and also offer social support in the form of training and adaption practices for less skilled worker.

Finally, this analysis is limited due to the cross-sectional and truncated nature of the data which affects their representativeness. For example, while the results for the gender are

significant, generalisation of the results is limited by the smaller proportion of women in the sample. Longitudinal or repeated cross-sectional country level data, which also includes information on more labour market segments (e.g. self-employed, unpaid domestic work, retried etc.) would enable consideration of causality. In particular, there are other factors that differentiate people that could potentially be driving these results. Individual satisfaction depends not only on the individual's objective situation but also on personality traits, which are unobservable but likely to co-determine overall level of satisfaction with life. There are also other unobservable characteristics and feature of people's lives, such as health of children (van Praag et al., 2003) which can play an instrumental role in life satisfaction. Lack of data for variables expected to influence life satisfaction may imply omitted variable bias.

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# **Appendix**

Table A1: Variable definitions

Variable	Description
Dependent variable	
Perceived life satisfaction	Comprised by 4 categories of ordinal nature: 1 if 'not at all satisfied', 2 if 'less than satisfied', 3 if 'rather satisfied', and 4 'fully satisfied'.
Independent variables	
Individual characteristics	
Male	1 if sex is 'male', 0 for 'female'
Age segment	Age in years:
Reference category	Age segment 'young': 1 for aged 15 – 29
	Age segment 'prime': 2 for aged 30 – 49
	Age segment 'old': 3 for aged 50 and 65
Married	1 if respondent's social status is 'married', 0 otherwise
Education attainment	Highest level of education the respondent has successfully completed
Reference category	Education is 'low': 1 for no formal education or primary education
	Education is 'medium': 2 for secondary general or vocational education
	Education is 'high': 3 for tertiary/university education
Health	Health condition reported by the respondent as:
	Health is 'poor': 1 if health condition is poor
	Health is 'average': 2 if health condition is average
	Health is 'good': 3 if health condition is good
Reference category	Health is 'very good': 1 if health condition is very good
Job characteristics	
Perceived job insecurity	1 if job insecurity is the main concern for the respondent', 0 otherwise
Log earnings	Natural logarithm of the respondent's hourly wage
Occupational/skills status <sup>13</sup>	ISCO-88 codes, 1 digit, 9 categories:

<sup>&</sup>lt;sup>13</sup> High skilled white collar (ISCO-88 codes 1, 2, and 3) includes legislators, senior officials and managers, professionals and technicians and associate professionals. Low skilled white collar (ISCO-88 codes 4 and 5) includes clerks and service workers and shop and market sales workers; High skilled blue collar (ISCO-88 codes 6 and 7) includes skilled agricultural and fishery workers and craft and related trades workers; Low skilled blue

Reference category 'High skill white collar': 1 for codes 1, 2, or 3

> 'Low skill white collar': 2 for codes 4 or 5 'High skill blue collar': 3 for codes 6 or 7 'Low skill blue collar': 4 for codes 8 or 9

Industry/economic activity<sup>14</sup>

NACE Rev. 1 codes, 1 digit, 15 categories:

Reference category 'Agriculture and fishing': 1 for NACE Rev. 1 codes A or B

'Manufacturing and construction': 2 for codes C, E or F

'Producer services': 3 for codes I, J or K

'Consumer services': 4 for codes G, H, L, M, N, O or P

Public sector 1 if working in the 'public sector'

Notes:

Source of data: 2012 Living Standard Measuring Survey, INSTAT

collar (ISCO-88 codes 8 and 9) includes plant and machine operators and assemblers and elementary occupations.

<sup>&</sup>lt;sup>14</sup> Agriculture & Fishing category includes section A (Agriculture, hunting and forestry) and B (Fishing) of NACE Rev.1 Manufacturing & Construction includes section C (Manufacturing), E (Electricity, gas and water supply), and F (Construction) of NACE Rev.1; Producer services include section I (Transport, storage and communication), J (Financial intermediation), and K (Real estate, renting and business activities) of NACE Rev.1; Consumer services include section G (Wholesale and retail), H (Hotels and restaurants), L (Public administration), M (Education), N (Health and social services), O (Other services), and P (Domestic employment) of NACE Rev.1

Table A2: Predicted probabilities for perceived job insecurity and occupational status

Perceived job insecurity	Occupational status	1. 'Not at all satisfied'	2. 'Less than satisfied'	3. 'Rather satisfied'	4. 'Fully satisfied'
Total sample					
0 'Secure'	1 'High-skilled white collar' (ref.)	0.110	0.319	0.375	0.197
1 'Insecure'	1 'High-skilled white collar' (ref.)	0.133	0.311	0.375	0.181
0 'Secure'	2 'Low-skilled white collar'	0.157	0.326	0.338	0.179
1 'Insecure'	2 'Low-skilled white collar'	0.201	0.381	0.302	0.116
0 'Secure'	3 'High-skilled blue collar'	0.236	0.326	0.323	0.115
1 'Insecure'	3 'High-skilled blue collar'	0.314	0.391	0.207	0.088
0 'Secure'	4 'Low-skilled blue collar'	0.294	0.404	0.217	0.086
1 'Insecure'	4 'Low-skilled blue collar'	0.421	0.412	0.113	0.055
Men					
0 'Secure'	1 'High-skilled white collar' (ref.)	0.089	0.287	0.366	0.258
1 'Insecure'	1 'High-skilled white collar' (ref.)	0.107	0.309	0.383	0.201
0 'Secure'	2 'Low-skilled white collar'	0.141	0.314	0.357	0.189
1 'Insecure'	2 'Low-skilled white collar'	0.185	0.372	0.330	0.112
0 'Secure'	3 'High-skilled blue collar'	0.208	0.351	0.329	0.112
1 'Insecure'	3 'High-skilled blue collar'	0.282	0.383	0.251	0.083
0 'Secure'	4 'Low-skilled blue collar'	0.263	0.356	0.281	0.099
1 'Insecure'	4 'Low-skilled blue collar'	0.387	0.431	0.119	0.062
Women					
0 'Secure'	1 'High-skilled white collar' (ref.)	0.126	0.298	0.342	0.233
1 'Insecure'	1 'High-skilled white collar' (ref.)	0.140	0.323	0.361	0.176
0 'Secure'	2 'Low-skilled white collar'	0.163	0.358	0.372	0.107
1 'Insecure'	2 'Low-skilled white collar'	0.213	0.388	0.324	0.075
0 'Secure'	3 'High-skilled blue collar'	0.221	0.350	0.317	0.112
1 'Insecure'	3 'High-skilled blue collar'	0.297	0.404	0.238	0.061
0 'Secure'	4 'Low-skilled blue collar'	0.298	0.385	0.233	0.084
1 'Insecure'	4 'Low-skilled blue collar'	0.406	0.460	0.082	0.052

# Notes:

The values of the rest of covariates are specified at means for total sample, men, and women respectively: see Table 2