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Wellbeing Consequences of Unemployment and Working with a Job Dissatisfaction in Turkey

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ABSTRACT

This study aims to shed light on the well-being of unemployed individuals in Turkey by posing two questions. First, are the unemployed unhappier compared to the employed? Second, are the unemployed even unhappier than people unsatisfied with their job? We utilize the Life Satisfaction Survey's individual-level data between the 2004-2020 period. The LSS survey is a nationally representative survey with more than 324,000 observations in 17 years. Firstly, after controlling for household income, the unemployed have considerably lower well-being than the employed. However, compared to employed people who are dissatisfied with their job, the unemployed's well-being is statistically significantly higher. Thus, it appears that unemployment is a negative life event in Turkey as elsewhere, but so is working in a toxic job. Moreover, we find strong gender effects as males and particularly married males suffer more from unemployment. Also, a quarter of the unemployed report that they feel social pressure due to unemployment. These findings suggest that social approval plays some role in the impact of unemployment. Our findings imply that societies similar to Turkey in terms of the labor market would be better off with some unemployment insurance program as it signals to potential quitters that some unemployment is tolerated by society.

Key words: *unemployment, job dissatisfaction, happiness, well-being, Turkey*

JEL Codes: D91, I31, J64

1. INTRODUCTION

Unemployment brings large non-pecuniary costs such as unhappiness (Winkelmann, 2014). Studies show that people adapt to adverse life events to a large extent (Cummins, 2000; Diener et al., 2009), and we can expect individuals to get used to unemployment as well. Yet, using panel data from Germany research results shows that the happiness levels of the unemployed did not fully bounce back to the 'normal' happiness levels (Lucas et al., 2004; Von Scheve et al., 2017). Many studies find that the unemployed are systematically less happier than their employed counterparts even after controlling for a large set of background indicators (Clark and Oswald, 1994; Winkelmann & Winkelmann, 1998; Böckerman and Ilmakunnas, 2006; Gedikli et al., 2022).

We can argue that unemployment is a negative life event because work can energize people by providing them with an identity and social interaction with colleagues. There is plenty of empirical evidence for the positive impact of employment on well-being. (Aysan and Aysan, 2017; Sherman and Shavit, 2018; Axelrad et al., 2020). Layard (2005) suggests that even rather than being unemployed, having an average job is better for subjective well-being. Yet, having any sort of job is not always good for well-being. People might be spending a large portion of their day with an unsatisfactory job. Loneliness in the workplace is another fact of work life

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that reduces workers' well-being in their private life as well (Erdil and Ertosun, 2011). Another aspect of work life is the conflict between colleagues which is also detrimental to subjective well-being (Alan et al., 2022). Job stress can also undermine a person's well-being (De Jonge et al., 2000; WHO, 2010; Harvey et al., 2017).

The underlying reason for the happiness differential between employed and unemployed people might also stem from other causes. For example, unemployed individuals, especially those who are long-term unemployed may be so because of some undesirable personality traits (See Uysal and Pohlmeier, 2011); Viinikainen and Kokko (2012)). In this case, the unhappiness of the unemployed may be due to selection bias.

In this study, the well-being consequences of unemployment and employment in Turkey are examined. We test whether the unemployed are unhappier in comparison to the employed and individuals with job dissatisfaction. For this purpose, the Life Satisfaction Survey (LSS) 2004-2020 dataset is utilized.

To evaluate the results in a context, we provide some features of the Turkish labor market. Turkey has a chronic unemployment problem overall. From 2014 onwards, the unemployment rate for the 15+ aged population was almost always above 10% and it peaked at 13.7% in 2019 (TÜİK, 2022). Secondly, Turkey is the second country among OECD countries in terms of the highest proportion of employees working extremely long hours (50+ hours) (OECD, 2022). As a consequence, high overtime work manifests itself in terms of low job satisfaction and worsening work-life imbalance for Turkish employees (Ugur, 2018).

First, our results show that unemployed people are substantially less happier than employed. This result is noteworthy as it points out how much unemployment wears people out. However, the happiness levels of unemployed individuals are significantly higher than those who work with job dissatisfaction. This finding indicates that being unemployed is a better option than continuing to work with a discontented job. We also find that unemployment hurts males especially married males more than females. Moreover, a quarter of unemployed individuals report that they feel social pressure due to unemployment. These imply that social approval plays a role in the personal evaluation of unemployment.

Starting with the seminal paper by Jahoda et al. (1933), the well-being consequences of unemployment have been studied extensively in the context of developed countries. Jahoda et al. (1933) explain in detail that to be unemployed is not only to be deprived of income, but the unemployed person enters into a dysfunctional psychological state. Previous research on the impact of unemployment on people's well-being based on large and representative datasets is generally based on observations from developed countries such as Germany and England (Lucas et al., 2004; Clark & Georgellis, 2013; Von Scheve et al., 2017). Studies also show large differences among genders concerning coping with unemployment. Males could not adjust to being unemployed while females to some extent could (Ensminger and Celentano, 1990; Leana and Feldman, 1991; Clark et al., 2001; Van der Meer, 2014). This variation between males and females can be attributed to the social expectations from males to work and women to deal with household chores. Therefore, when women lose their work, they continue to work in the household which may be contributing to their feelings of self-worth.

There are a few studies on the effects of unemployment on well-being in Turkey such as Susanlı (2018); Kuzu et al. (2019); Kanlıoğlu and Dumludağ (2022). Susanlı (2018) used the same LSS survey in 2004-2013 period and used OLS and ordered probit models estimation. Kuzu et al.

(2019) utilized the same LSS survey only in the year 2015 while employing log-linear models. Kanlıoğlu and Dumludağ (2022) utilized the same LSS survey between 2003 and 2018 and estimated their results using OLS methods. Previous studies in Turkey did not consider worker's job satisfaction which is important as other studies show that low job satisfaction is a key driver of turnover intentions (Shaw, 1999; Zeytinoglu et al., 2007; Duraisingam et al., 2009) and thereby a potential reason for unemployment. This study fills this gap in the literature.

If the impact of unemployment is not understood fully with respect to different life outcomes, many people might be stuck with less than optimal jobs which might require less job search process. That is, if unemployment is painful for people, workers will do their best to minimize the duration of unemployment by applying to jobs that have lower requirements. However, these jobs might not be optimal for workers and even from the overall economy's productivity perspective.

The results of this study are important because we provide evidence from Turkey which is a developing country as opposed to previous studies mainly showing the impact in developed countries where there are much developed social safety nets. Moreover, although previous studies emphasized the negative impacts of unemployment on happiness, it is important to consider what happens to people when they are dissatisfied with their job.

2. METHODOLOGY

The following regression model is used to study the relationship between unemployment and well-being.

$$HS_i = \alpha_0 + \alpha_1 Unemployed_i + \beta X_i + u_i \dots \dots \dots [1]$$

where HS_i is the person's happiness score, $Unemployed_i$ is a dummy variable representing whether the person is unemployed or not, and X_i is a set of control variables such as age, gender, education, and income level. These control variables are determined based on previous studies. To clarify the effect of unemployment on well-being, the unemployed dummy variable in the regression model takes the value of 1, while employed people are used as the reference category. The underlying rationale is that employed people are potential candidates for being unemployed. But, it is also interesting to study how unemployed people's happiness compares to that of employed individuals who are unsatisfied with their job as they are more likely to quit their job and become unemployed at least for a while. That is, it is important to understand whether it is more depressing to work in an unsatisfactory job or to be unemployed in terms of one's happiness. For this purpose, in some regression models, a dummy variable that takes value of 1 for an unemployed and takes value of 0 for an employed with job dissatisfaction is utilized. Another aspect is that unemployed individuals may have some distinct personalities which may be different from other people and they may be unemployed because of these differences (Uysal and Pohlmeier, 2011; Viinikainen and Kokko, 2012). If so, it can be argued that the personality traits result in both unemployment and unhappiness rather than the fact that unemployment brings unhappiness. To control for the selectivity of unemployed persons, variables such as household income categories, subjective health assessment, satisfaction with friendships, and satisfaction from relationships with relatives were also taken into account in the analysis.

3. DATA

The data for this study come from the Life Satisfaction Survey (LSS). The LSS has been conducted annually by Turkish Statistical Institute (TURKSTAT) with a stratified random sample representing the non-institutional adult population (aged 18 and over) of Turkey. The LSS is a pooled cross-sectional survey that covers a broad range of questions on social and economic issues. The survey is carried out in the form of a face-to-face interview. In 2004, 5,036 individuals participated in the survey, in 2020, a total of 10,103 people were interviewed. The 2013 survey is province-level representative with 196,203 observations. In total, there are 324,408 observations between 2004 and 2020.

This survey also has a question measuring the subject well-being). The question measuring happiness was asked as follows: “All things considered, how happy are you?”. Response categories range from 1 (Very happy) to 5 (Very unhappy). This type of single question to measure SWB is included in many surveys around the world such as World Values Survey, European Values Survey, British Household Panel Survey, and German Socio-Economic Panel. Participants are asked to state whether they worked in a paid or unpaid job in the past week. The answer options were “worked”, “did not work, but still connected to the job”, and “did not work”. The second option was for those who are on paid or unpaid leave or on vacation. Those who chose the option of “Did not work”, were asked the reason for not working with 10 answer options. These options were (1) could not find work (2) works seasonally (3) getting education or training (4) housemaker (5) retired or dropped out of labor force (6) disabled or sick (could not work) (7) elderly (not retired but considers her/himself too old to work) (8) have other earnings (9) familial and personal reasons (10) other reasons. We define those who did not work in the past week because they could find work as unemployed.

Those who were employed were asked to rate how satisfied they were with their job, from 1 (Very satisfied) to 5 (Not satisfied at all). We define ‘unsatisfied workers’ as those who chose 5 (not satisfied at all) or 4 (not satisfied).

Participants are also asked whether they felt social pressure about their gender, marital status, age, religiosity, political affiliation, etc. One of these questions is asked to unemployed individuals about whether they feel social pressure due to being unemployed. The question was posed as follows: "Do you feel any social pressure on yourself because of being unemployed or not working?" Response options were (1) Never, (2) Sometimes, (3) Usually, and (4) Always. Employed people are asked an equivalent version of this question which asks whether they feel social pressure about their work.

As background variables the following variables are used: gender, age, education level in 4 categories (primary school or less, secondary education or equivalent, high school or equivalent and higher education), marital status in 4 categories (never married, married, divorced/separated, widowed), household income measured in 5 brackets, subjective health assessment (1-5 Likert scale), satisfaction with friendships (1-5 Likert scale), satisfaction from relationships with relatives (1-5 Likert scale).

4. RESULTS

Descriptive statistics of the analysis sample are presented in Table 4.1. The mean and standard deviation of the variables for unemployed persons are shown in the first column. In the second and third columns, the values for the employed-on average and the employed with job

dissatisfaction, respectively. A t-test was conducted to clarify whether unemployed people differed from other reference groups in terms of background variables. The stars in the 2nd column indicate that there is a statistically significant difference between the unemployed and the employed in terms of the variable shown in the rows. The stars in column 3 mean that there is a statistically significant difference between the unemployed and those who work with job dissatisfaction.

According to Table 4.1, people who are not satisfied with their job have the lowest happiness score ($M=2.99$ $SD=0.98$), and the employed have the highest happiness score ($M=3.54$ $SD=0.85$). The unemployed people have on average 3.13 happiness score ($SD=1.00$), significantly lower than those who are employed. Yet, the happiness score difference between the unemployed and the employed with job dissatisfaction is also statistically significant.

| | Unemployed | Employed | Dissatisfied with job |
|---------------------------|---------------|------------------|-----------------------|
| Happiness Score | 3.13 [1.00] | 3.54 [0.85]*** | 2.99 [0.98]*** |
| Very Happy | 0.05 [0.22] | 0.09 [0.29]*** | 0.04 [0.19]*** |
| Happy | 0.34 [0.47] | 0.48 [0.50]*** | 0.29 [0.45]*** |
| Neither happy nor unhappy | 0.35 [0.48] | 0.32 [0.47]*** | 0.38 [0.49]*** |
| Unhappy | 0.19 [0.39] | 0.08 [0.27]*** | 0.22 [0.41]*** |
| Very unhappy | 0.07 [0.25] | 0.02 [0.15]*** | 0.07 [0.26]* |
| Age | 33.36 [11.80] | 38.87 [11.61]*** | 38.12 [11.390]*** |
| Female | 0.36 [0.48] | 0.28 [0.45]*** | 0.25 [0.43]*** |
| Income Category | | | |
| Lowest income | 0.53 [0.50] | 0.25 [0.43]*** | 0.40 [0.49]*** |
| 2 nd income | 0.18 [0.38] | 0.17 [0.38] | 0.19 [0.39]** |
| 3 rd income | 0.15 [0.35] | 0.19 [0.39]*** | 0.16 [0.37]*** |
| 4 th income | 0.10 [0.31] | 0.19 [0.39]*** | 0.13 [0.34]*** |
| Highest income | 0.05 [0.21] | 0.20 [0.40]*** | 0.12 [0.32]*** |
| Marital Status | | | |
| Never Married | 0.47 [0.50] | 0.18 [0.39]*** | 0.20 [0.40]*** |
| Married | 0.48 [0.50] | 0.78 [0.42]*** | 0.76 [0.43]*** |
| Widowed | 0.01 [0.10] | 0.01 [0.11] | 0.01 [0.10] |
| Divorced/Separated | 0.04 [0.21] | 0.03 [0.17]*** | 0.03 [0.18]*** |
| Educational Attainment | | | |
| Primary School or less | 0.39 [0.49] | 0.40 [0.49]* | 0.49 [0.50]*** |
| Secondary school or eq. | 0.19 [0.39] | 0.15 [0.35]*** | 0.15 [0.36]*** |
| High school or equivalent | 0.21 [0.41] | 0.21 [0.41]* | 0.19 [0.39]*** |
| University or more | 0.21 [0.41] | 0.24 [0.43]*** | 0.17 [0.38]*** |
| Subjective Health | 3.69 [0.86] | 3.78 [0.76]*** | 3.48 [0.94]*** |
| Satis. with Friendships | 3.93 [0.63] | 3.97 [0.53]*** | 3.86 [0.67]*** |
| Satis. With Relatives | 3.73 [0.80] | 3.82 [0.71]*** | 3.65 [0.86]*** |
| <i>N</i> | 15,785 | 117,899 | 14,190 |

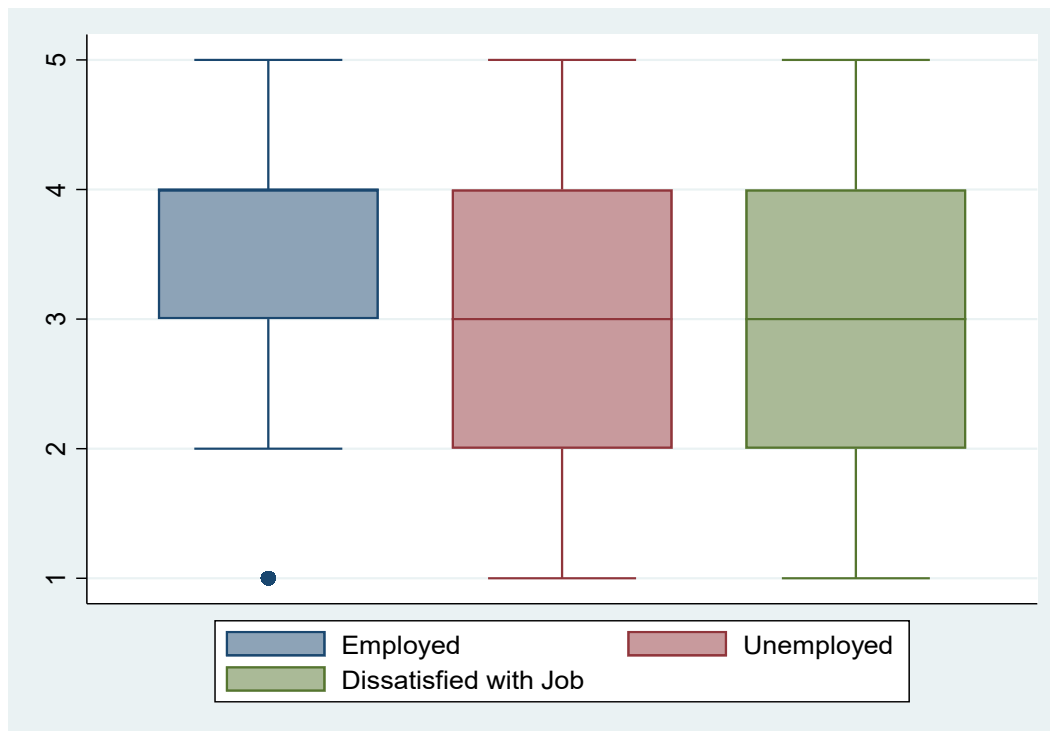
Table 4.1 Descriptive Statistics

Notes: mean coefficients; sd in brackets, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

To explore the relationship between unemployment and happiness more precisely, we look into each happiness category. Only 4% of people who are dissatisfied with their job reported themselves as very happy whereas 22% and 7% reported themselves as unhappy and very

unhappy. The unhappy percentages were 18% and 8% for people who were unemployed and employed, respectively. 9% of those who were employed described themselves as very happy and 48% as happy. Similarly, those people have the least unhappiness indicators. All these differences are statistically significant at a 5% significance level. In a nutshell, these statistics indicate the happiness benefits of working compared to the unemployed. Yet, at the same time, these statistics show the damaging impacts of working with job dissatisfaction even in comparison to being unemployed. Figure 4.1 shows the distribution of happiness scores of employed, unemployed, and, workers with job dissatisfaction.

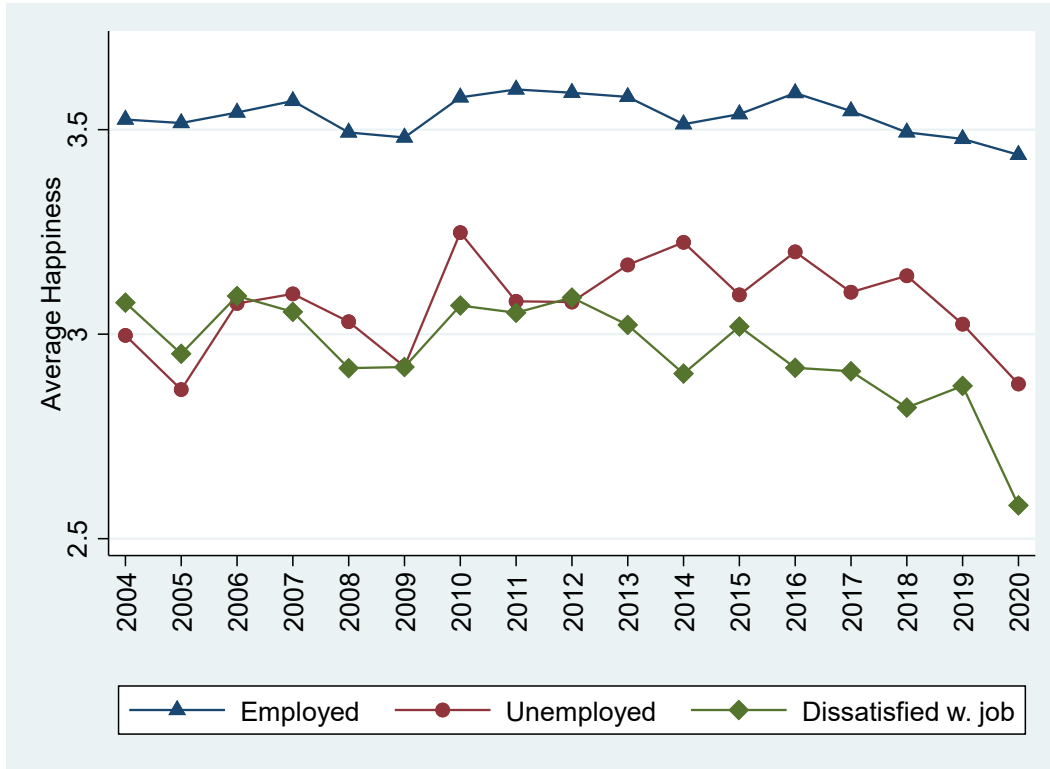
Figure 4.1 Box-Plot of Happiness Score by Employment Status



It seems that 50% of the employee's happiness is 4 or lower whereas 50% of the unemployed's and those with job dissatisfaction's happiness is 3 or lower. We see that most of the happiness scores of employed are clustered around 4 whereas we see a larger spread for the unemployed and those with job dissatisfaction.

Figure 4.2 shows the happiness scores of the employed, the unemployed, and those with job dissatisfaction on average over the years. According to Figure 4.2, in each year, employed people have higher happiness scores than the unemployed. This figure shows that what is displayed in Table 4.1 not only reflects an average for the overall sample but indeed stems from a consistent pattern of the psychological damage of unemployment in every survey year. Figure 4.1 also reveals that in many survey years, especially after 2012, those people who have dissatisfaction with their job have lower happiness scores than that of the unemployed. Like Table 4.1, this figure indicates that not every job is good for well-being over many survey years. We provide in Appendix Figure A-1 the box plot of the happiness distribution for the same employment categories over the years, as the happiness score has only 5 values, the box plot does not show too big differences over the four quartiles. Yet, similar to Figure 4.2, the happiness distribution of the unemployed and dissatisfied with job individuals is concentrated in the lower end of the happiness values compared to the employed.

Figure 4.2 Average Happiness Score by Employment Status



When we look at other background indicators in Table 4.1, we see that the unemployed, the employed, and the employed who have job dissatisfaction differ significantly on many grounds such as age, gender, income, marital status categories, educational attainment categories, subjective health, satisfaction with friendships and relatives.

Table 4.2 presents the main findings of the regression analysis by the ordered probit models estimation method. Many background control variables were added to the models.

| | (1) | (2) | (3) | (4) |
|-------------------------------|---------------------|---------------------|--|--------------------|
| Unemployed | -0.349*** (0.01) | -0.305*** (0.02) | 0.122*** (0.01) | 0.139*** (0.02) |
| Unemployed* Male | | -0.068*** (0.02) | | -0.024 (0.03) |
| Reference Category | Employed | | Employed with Job Dissatisfaction | |
| Pseudo R-squared | 0.065 | 0.065 | 0.050 | 0.050 |
| N | 131031 | 131031 | 29251 | 29251 |

Table 4.2 Ordered Probit Happiness Regression Results

Notes: Robust standard errors are provided in parenthesis, * p < 0.1, ** p < 0.05, *** p < 0.01, All models are based on the following baseline control variables: age, squared of age, gender, 5 household income categories, marital status (categories: never married, married, divorced, widowed), education categories, subjective health (5 categories), satisfaction with friendship, satisfaction from relationships with relatives, and 15 dummy variables for each survey year.

In Models 1 and 3, the reference categories are employed and employed who are not satisfied with their jobs, respectively. In Models 2 and 4, the interaction of employed with male dummy variable is added to check whether the impact of unemployment changes depending on gender.

While only the coefficient of unemployment-related variables is presented in Table 4.2, the coefficients of the background variables and some diagnostic test results are presented in Appendix Table A-1. To take into account potential heterogeneity in the standard errors, we estimated all the models with robust standard errors.

According to Model 1 results, the coefficient of unemployed is negative and statistically significant. We calculated the marginal effects from the ordered probit model coefficients. Even after taking into account age, gender, household income categories, education level, marital status, and other background variables, the unemployed are 7% less likely to be happy and 5% less likely to be very happy compared to the employees. However, not all employees are equally likely to be unemployed. Employees who have problems in their workplace are more likely to quit their jobs and experience unemployment for some time. For this reason, in Model 3, we compare the unemployed with the employees who are not satisfied with their job while also taking into account many other background variables. The coefficient of the unemployed dummy variable in Model 3 is positive and statistically significant at the 1% significance level. According to Model 3, the unemployed are 2% less likely to be very unhappy and 3% less likely to be unhappy compared to employed individuals who are not satisfied with their job. This finding suggests that unhappiness associated with unemployment does not hold for everyone. Indeed, working in an unsatisfactory job can be even worse for well-being.

In Models 2 and 4 of Table 4.2, we check the effect of unemployment on happiness depending on gender. In general, there is a wide-scale belief as well as scientific findings (See Van der Meer (2014)) which suggest that unemployment hurts males more than women. For testing this idea, the interaction term of the unemployed dummy with the male dummy was added to the model. According to Model 2, the coefficient of the interaction term is negative and statistically significant. This shows that the negative impact of unemployment is even more pronounced for males compared to females. However, the interaction term is not statistically significant in Model 4. According to these results, compared to working in an unsatisfactory job, being unemployed is positively associated with happiness for both genders.

To mention briefly the coefficients of the other variables presented in Appendix Table A-1, there appears to be a U-shaped relationship between age and happiness in line with the life satisfaction literature (See Blanchflower, 2021)). Women turned out to be significantly happier than men. This is also found in many other settings (See Becchetti and Conzo, 2022)). Subjective health is an important determinant as shown by other studies such as Eger and Maridal (2015). Satisfaction with friendships and relationships with relatives are also positively related to happiness. The coefficients of these two variables are also large. This finding points to the importance of social ties and health for happiness which is also shown by Vaillant (2008). Table 4.3 presents regression results about the potential heterogeneous effects of unemployment for different demographic groups. Panel A presents the varying effects of unemployment for age groups. Young dummy is defined as 1 for those under 30 years old, middle-aged is between 30-60 years old, and old is over 60 years old. The reference category is young individuals for Models 1 and 2. According to Model 1, the coefficient of the unemployed dummy variable is negative and statistically significant which shows that unemployment is negatively associated with happiness for young individuals. Unemployment is particularly corrosive for old and middle-aged individuals as the interaction terms are both negative and statistically significant in model 1. According to Model 2, the unemployed dummy variable is positive and statistically significant suggesting that for young individuals, unemployment is better than working in an unsatisfactory job. We find both interaction terms to be negative. Yet, only, the mid-aged and unemployed variable interaction term is statistically

significant. This shows that compared to working in an unsatisfactory job, mid-aged people benefit less from unemployment. From both models, it can be interpreted that the middle-aged group has a tighter connection to their job.

| | (1) | (2) |
|-------------------------------|---------------------|--|
| Panel A | | |
| Unemployed | -0.297*** (0.02) | 0.167*** (0.02) |
| Unemployed* Old | -0.137** (0.07) | -0.075 (0.07) |
| Unemployed* Mid-aged | -0.092*** (0.02) | -0.071*** (0.02) |
| Panel B | | |
| Unemployed | -0.210** (0.10) | 0.231* (0.13) |
| Unemployed*Never Married | -0.077 (0.11) | -0.022 (0.13) |
| Unemployed*Never Married*Male | 0.011 (0.03) | 0.037 (0.03) |
| Unemployed*Married | -0.083 (0.11) | -0.085 (0.13) |
| Unemployed*Married*Male | -0.161*** (0.03) | -0.108*** (0.04) |
| Unemployed*Divorced | -0.178 (0.12) | -0.184 (0.15) |
| Unemployed*Divorced*Male | 0.151* (0.09) | 0.207** (0.09) |
| Reference Category | Employed | Employed with Job Dissatisfaction |
| N | 55.582 | 249.427 |

Table 4.3 Ordered Probit Happiness Regression Results, Heterogenous Effects

Notes: Robust standard errors are provided in paranthesis, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$,

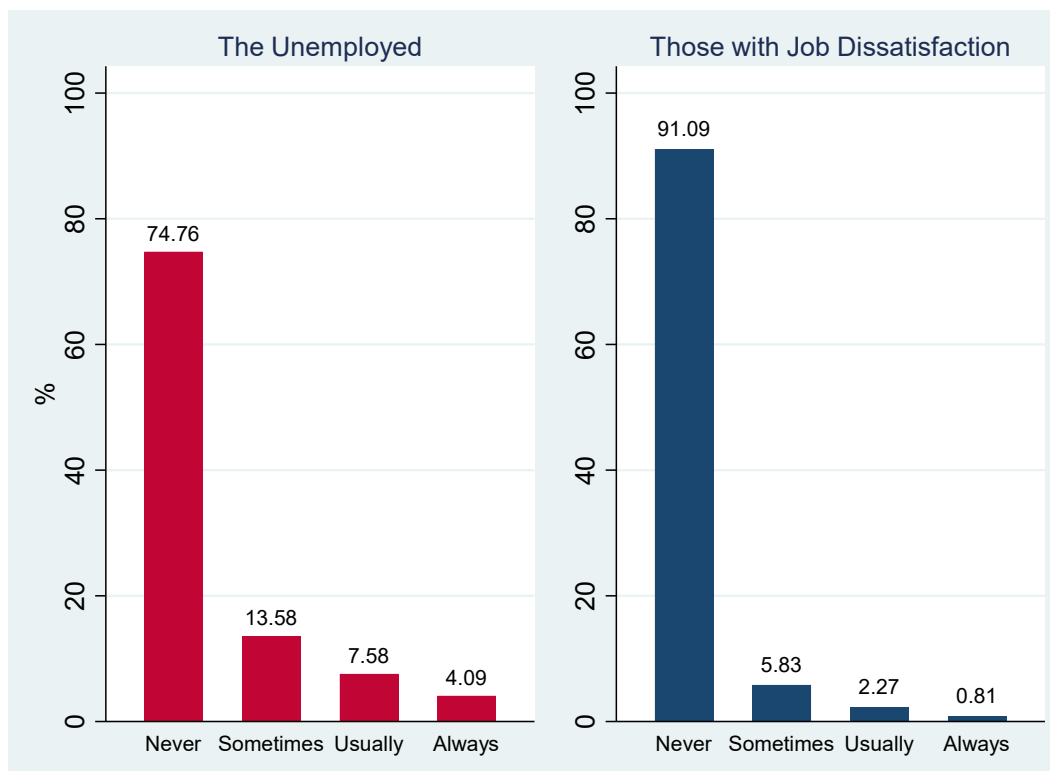
All models are based on the following baseline control variables: age, squared of age, gender, household income, marital status categories, education categories, subjective health, satisfaction with friendship, satisfaction from relationship with relatives, and 15 dummy variables for each survey year.

Panel B reports the effect of unemployment on happiness by marital status. Social norms in Turkey generally ascribe the breadwinning role to married men (Kandiyoti, 1997). Therefore, we expect unemployment to affect married men more negatively. To observe whether this hypothesis holds or not, a triple interaction term (unemployed*married*male) was added to the models. To make the effect clear, we added also interaction terms for other marital statuses with the unemployed and the male dummy variable. The results presented in Table 4.3 support this notion as the coefficient of the triple interaction term is negative and statistically significant in both Model 1 and Model 2. According to Model 1, unemployment affects especially married men negatively compared to employees. According to Model 2, for unemployed married men, there is a substantial negative well-being impact even compared to working in an unsatisfactory job. When we test whether the sum of three coefficients (unemployed dummy, unemployed*married, unemployed*married*male dummy) is equal to zero, the hypothesis is rejected ($F(1, 29214) = 3.86$; p -value: 0.05). This implies that even for married males, unemployment is associated with higher happiness compared to working in an unsatisfactory job.

As mentioned in the data section, the unemployed and employed were asked whether they felt any social pressure from being unemployed or about their employment. The left of Figure 4.3 presents the distribution of feelings of social pressure due to unemployment and the right of Figure 4.3 presents the distribution of feelings of social pressure due to employment among those who are unsatisfied with their job.

According to the left of Figure 4.3, around two-thirds of the unemployed report that they do not feel any social pressure, and one-quarter report that they feel some social pressure. When we look at the right panel of Figure 4.3, 91% of those who are unsatisfied with their job do not feel any social pressure about their employment. These percentages imply that unemployment has a much stronger social approval dimension than dissatisfaction with one's job.

Figure 4.3 Feelings of Social Pressure Due to Unemployment/Employment



4.1. Robustness Checks

The Covid-19 pandemic had large-scale effects on the well-being of people as well as on the labor market in Turkey and elsewhere. To check whether our results are driven by the Covid-19 pandemic or not, we run the same models while excluding the year 2020 as the Covid-19 pandemic started in March 2020 in Turkey. The results are provided in Appendix Table A-2. The results stayed largely the same except for the particular effect of unemployment for married males. When we test whether the sum of three coefficients (unemployed dummy, unemployed*married, unemployed*married*male dummy) is equal to zero, the hypothesis is not rejected ($F(1, 29214) = 2.46$; p-value: 0.12). This result indicates that married males are indifferent between unemployment and working in an unsatisfactory job when we exclude the year 2020.

5. DISCUSSION

In this study, we show that unemployment is toxic for the well-being of individuals in Turkey using an annual survey conducted between 2004 and 2020. This deleterious impact is observable in each survey year. This finding is in line with many other studies (Clark and Oswald, 1994; Winkelmann and Winkelmann, 1998; Böckerman and Ilmakunnas, 2006; Winkelmann, 2014). In our regression models, we always control for household income. This finding implies that a generous unemployment insurance program cannot promote the well-being of the unemployed as the unemployed still has lower happiness after controlling for household income.

We also report that males and particularly married males suffer more from unemployment. Van der Meer (2014) also finds a strong negative impact of unemployment on males in Europe. Unger et al. (2018) report lower well-being of unemployed males in Germany compared to unemployed females. Chung and Hahn (2021) also report a larger negative impact of unemployment for males compared to females. Our finding is also in line with studies that show males could not cope well with unemployment whereas females, to some extent, could (Ensminger and Celentano, 1990; Leana and Feldman, 1991; Clark et al., 2001).

The loss in well-being coming from unemployment compared to those having a job varies according to the quality of the job. The happiness of unemployed people is significantly higher than workers with unsatisfactory jobs. Although Layard (2005) recommends trying to avoid unemployment as unemployment is worse than having a mediocre job in the context of the USA. Winkelmann (2014) also recommends that the provision of any work could counter the resignation that stems from unemployment based on their analysis using data from Germany. Our analysis results coming from the Turkish context suggests otherwise. That is, unemployment is better than working with job dissatisfaction. The underlying reason could be due to varying work conditions between Turkey and the US and Germany. Turkey is the second after Mexico in terms of very long hours of work and overtime work prevalence (OECD, 2022). Also, the work-life balance of employees in Turkey also has been deteriorating over time (Ugur, 2018). Therefore, rather than working in an unsatisfactory job in Turkey, unemployment might be preferable as a result of these tough working conditions. Moreover, Knabe and Rätzl (2010) also find that unemployment may be not different than having an insecure job using data from Germany. Our results also concur with many studies that shed light on how some aspects of work can undermine people's well-being. Studies have shown that loneliness in the workplace (Erdil and Ertosun, 2011) conflict between colleagues (Alan et al., 2022), and job stress (De Jonge et al., 2000; WHO, 2010; Harvey et al., 2017) are also facets of work which can be detrimental for people's wellbeing.

The gender effect is very strong for unemployment. Although the unemployed have higher happiness than employees with job dissatisfaction in general, this effect is less pronounced for married males. When we exclude the year 2020, we do not find any evidence for a difference between unemployment and working with job satisfaction for married males. This differential effect of unemployment on well-being concurs with the results provided in Figure 2. The gender effect is attributable to social expectations with regards to work being higher for males than females. The importance of this channel has been argued by many studies such as Van der Meer (2014); Unger et al. (2018); Chung and Hahn (2021). We also find that a quarter of the unemployed report that they felt under pressure due to unemployment. Both of these findings highlight the role of social norms in the lower well-being of the unemployed.

We also find some age effects. That is, unemployment hurts especially middle-aged (between

30-60 years old) in terms of well-being. Moreover, for the mid-aged group, unemployment is less beneficial compared to having an unsatisfactory job. This seems to be related to work norms especially when one is in the middle of their career. Unger et al. (2018) also found that unemployment leads to a stronger decline in mental health for older individuals. The age effect might stem from higher responsibilities aged unemployed individuals have in their private life that they might have strains in fulfilling. For example, they might have a higher likelihood of family responsibilities compared to young unemployed individuals. The larger impact of unemployment for mid-aged individuals might also stem from their lower opportunities for reemployment or their longer duration of unemployment (Gallo et al., 2000; Dietz and Walwei, 2011).

As social norms play some role in the well-being of the unemployed according to our results and many others such as Clark (2003); Stutzer and Lalive (2004); Fortin (2005), the unemployed may be better off if they can receive signals from the society that some unemployment is tolerable. Otherwise, those who are dissatisfied with their job might be less willing to quit their jobs and search for new and more appropriate jobs due to fear of social disapproval. In this case, they will be more likely to accept any offer even if a somewhat longer job search process could bring them better skill-job matches. Acemoglu and Shimer (2000) explain that less search to avoid a longer duration of unemployment might lead to lower productivity from an economic growth perspective as well. Policymakers cannot change social norms in the short run. However, they can provide unemployment insurance which can provide a credible signal to the unemployed that some duration of unemployment is acceptable.

The strength of this study comes from the utilization of a nationally representative dataset for 17 years. However, there are also limitations of this study. First of all, since the dataset is cross-sectional data, it does not allow to reveal causality. Although the potential variables that be related to both happiness and unemployment such as subjective health, satisfaction with friendship, and satisfaction from relationships with relatives are included in the regression analysis, there might be still some other unobservable personality factors. Eliminating this possibility is not possible within the limits of this dataset. Another limitation is that we do not have information about the duration of unemployment and Viinikainen and Kokko (2012) show that the chronically unemployed are different in some regard from the unemployed with shorter spells. Thus, we cannot answer whether being unemployed is better than working in an unsatisfactory job for chronically unemployed individuals or not. It is thought that it would be beneficial for future research to focus on this issue.

6. CONCLUSION

Studies conducted in many different settings show that unemployment is negatively associated with subjective well-being. In this study, we examine the happiness of unemployed individuals in Turkey using the Life Satisfaction Survey 2003-2020 dataset compiled by TURKSTAT. The analysis results show that the unemployed are significantly less happier than the employees. However, the psychological cost of working in an unsatisfactory job seems to be higher than unemployment, as unemployment is positively associated with happiness compared to those who experience dissatisfaction at the workplace. This shows that the negative burden of unemployment does not apply in all cases. From a well-being point of view, unemployment is better than working in an unsatisfactory job. Also, there are strong differences between genders in terms of the impact of unemployment. Unemployment is especially detrimental for males and particularly married males suffer more. Furthermore, around 25% of unemployed individuals felt social pressure due to unemployment. These findings imply that social norms

are somewhat important for the effect of unemployment. To improve the well-being of the unemployed and avoid the circumstances that could lead them to stay with less-than-optimal jobs, policymakers can communicate to the unemployed that some unemployment is tolerable. For that purpose, unemployment insurance schemes can function as a credible signal.

APPENDIX

| | (1) | (2) | (3) | (4) |
|---|---------------------|---------------------|---------------------|---------------------|
| Age | -0.055*** (0.00) | -0.055*** (0.00) | -0.059*** (0.00) | -0.059*** (0.00) |
| Age Squared | 0.001*** (0.00) | 0.001*** (0.00) | 0.001*** (0.00) | 0.001*** (0.00) |
| Male | -0.106*** (0.01) | -0.097*** (0.01) | -0.138*** (0.01) | -0.124*** (0.02) |
| 2 nd Income bracket (Ref: Lowest Income) | 0.129*** (0.01) | 0.128*** (0.01) | 0.140*** (0.02) | 0.139*** (0.02) |
| 3 rd Income bracket | 0.185*** (0.01) | 0.184*** (0.01) | 0.171*** (0.02) | 0.170*** (0.02) |
| 4 th Income bracket | 0.277*** (0.01) | 0.276*** (0.01) | 0.229*** (0.02) | 0.229*** (0.02) |
| Highest Income bracket | 0.394*** (0.01) | 0.395*** (0.01) | 0.359*** (0.03) | 0.359*** (0.03) |
| Secondary school or equivalent (Ref: Primary school or less) | -0.008 (0.01) | -0.009 (0.01) | -0.007 (0.02) | -0.007 (0.02) |
| High school | 0.015 (0.01) | 0.013 (0.01) | 0.020 (0.02) | 0.019 (0.02) |
| University or more | 0.055*** (0.01) | 0.053*** (0.01) | -0.006 (0.02) | -0.007 (0.02) |
| Never Married (ref: Divorced) | 0.196*** (0.02) | 0.196*** (0.02) | 0.210*** (0.04) | 0.211*** (0.04) |
| Married | 0.558*** (0.02) | 0.559*** (0.02) | 0.533*** (0.03) | 0.533*** (0.03) |
| Widowed | 0.100*** (0.03) | 0.102*** (0.03) | 0.152** (0.07) | 0.153** (0.07) |
| Unsatisfied with Health (ref: very unsatisfied) | 0.416*** (0.04) | 0.416*** (0.04) | 0.502*** (0.05) | 0.502*** (0.05) |
| Neither satisfied nor unsatisfied | 0.627*** (0.04) | 0.627*** (0.04) | 0.698*** (0.05) | 0.698*** (0.05) |
| Satisfied with Health | 0.994*** (0.04) | 0.994*** (0.04) | 0.953*** (0.05) | 0.952*** (0.05) |
| Very unsatisfied with Health | 1.346*** (0.04) | 1.345*** (0.04) | 1.124*** (0.06) | 1.123*** (0.06) |
| Satisfaction with Friendship | 0.148*** (0.01) | 0.148*** (0.01) | 0.095*** (0.01) | 0.095*** (0.01) |
| Satisfaction from Relationship with Relatives | 0.182*** (0.01) | 0.183*** (0.01) | 0.175*** (0.01) | 0.175*** (0.01) |
| R-squared | 0.155 | 0.156 | 0.130 | 0.130 |
| N | 131031 | 131031 | 29251 | 29251 |

Table A-1: Happiness Regression Results, Other Coefficients

Notes: Standard errors in parentheses, * $p < .1$, ** $p < .05$, *** $p < .01$, The reference categories in Models 1 & 3 are employed individuals, and in Models 2 & 4 are individuals with job dissatisfaction. All models include year

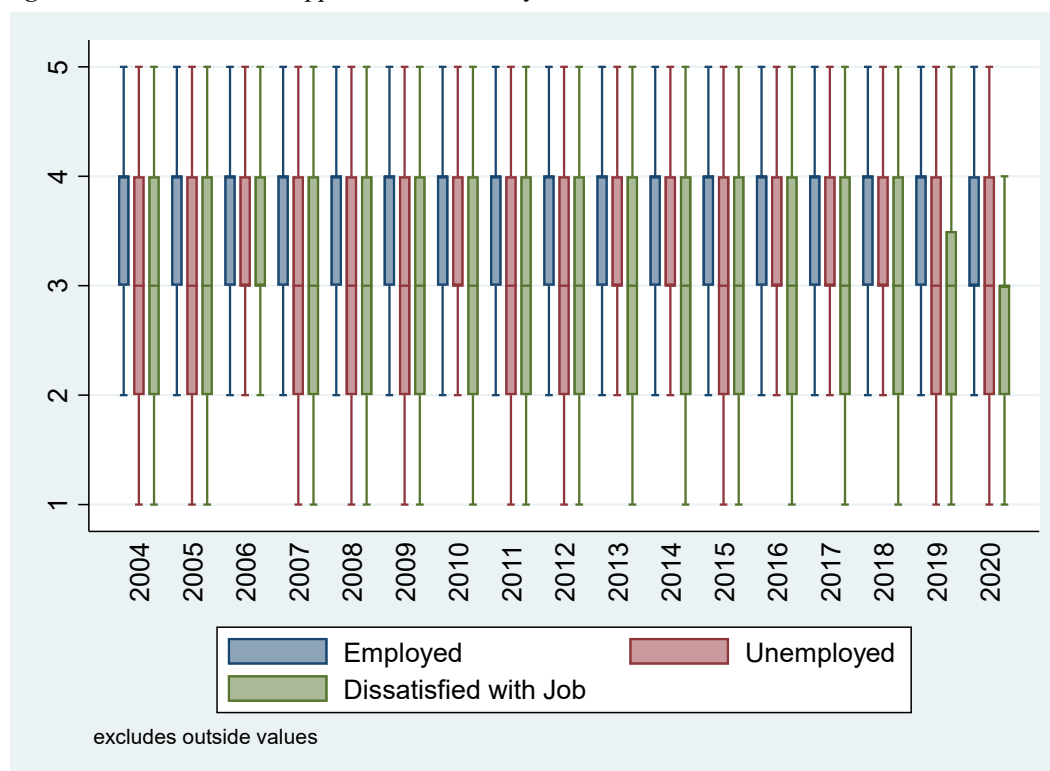
dummy variables which means 16 dummy variables, for saving space, they are not shown in this table.

| Panel A | (1) | (2) | (3) | (4) |
|-------------------------------|---------------------|---------------------|--|--------------------|
| Unemployed | -0.348*** (0.01) | -0.307*** (0.02) | 0.116*** (0.01) | 0.132*** (0.02) |
| Unemployed*Male | | -0.065*** (0.02) | | -0.021 (0.03) |
| Panel B | (1) | | (2) | |
| Unemployed | -0.296*** (0.02) | | 0.164*** (0.02) | |
| Unemployed* Old | -0.126* (0.07) | | -0.074 (0.07) | |
| Unemployed* Mid-aged | -0.095*** (0.02) | | -0.076*** (0.03) | |
| Panel C | (1) | | (2) | |
| Unemployed | -0.245** (0.10) | | 0.183 (0.13) | |
| Unemployed*Never Married | -0.042 (0.11) | | 0.027 (0.13) | |
| Unemployed*Never Married*Male | 0.013 (0.03) | | 0.037 (0.03) | |
| Unemployed*Married | -0.049 (0.11) | | -0.046 (0.13) | |
| Unemployed*Married* Male | -0.160*** (0.03) | | -0.106*** (0.04) | |
| Unemployed*Divorced | -0.159 (0.12) | | -0.148 (0.15) | |
| Unemployed*Divorced *Male | 0.176* (0.09) | | 0.226** (0.09) | |
| Reference Category | Employed | | Employed with Job Dissatisfaction | |

Table A-2 Ordered Probit Happiness Regression Results, Robustness Checks

Notes: Robust standard errors are provided in paranthesis, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$,

All models are based on the following baseline control variables: age, squared of age, gender, 5 household income categories, marital status (categories: never married, married, divorced, widowed), education categories, subjective health (5 categories), satisfaction with friendship, satisfaction from the relationship with relatives, and 15 dummy variables for each survey year in which the year 2020 is excluded.

Figure A-1: Box-Plot of Happiness Scores over years

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