

# **THE ROLE OF SATISFACTION WITH OCCUPATIONAL STATUS, NEUROTICISM, FINANCIAL STRAIN AND CATEGORIES OF EXPERIENCE IN PREDICTING MENTAL HEALTH IN THE UNEMPLOYED**

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**Abstract**

This study tests the contributions of the latent functions of employment (Latent Deprivation Model; Jahoda, 1981), the manifest functions of employment (Agency Restriction Model; Fryer 1986) and personality (trait Neuroticism) in accounting for psychological distress in the unemployed. Eighty-one unemployed individuals were assessed on measures of psychological distress (GHQ-12; Goldberg, 1972), the latent functions of employment (Activity, Time Structure, Social Contact, Status, Collective Purpose), Financial Strain, trait Neuroticism, and a measure of Labour Market Satisfaction. It was shown that the latent functions of employment and Financial Strain were each able to contribute significantly to the prediction of psychological distress over and above that predicted by Neuroticism, which alone also contributed significantly to the prediction of distress. Results are related to the Latent Deprivation and Agency Restriction models of well-being and it is argued that temperament needs to be considered in any explanation of the negative psychological effects of unemployment.

**Keywords:** unemployment, latent functions, manifest functions, categories of employment, financial strain, neuroticism, satisfaction

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Unemployment remains a serious and persistent social problem in Australia as it does in many Western countries. The official unemployment rate in Australia continues to range between 7-8 per cent (7.7% March 1999; ABS, 1999a), which equates to some 740,000 people out of work (March 1999 seasonally adjusted figures; ABS, 1999b). More than one third of these unemployed are long-term jobless, that is, they have been out of work for 12 months or more (ABS, 1999c). This picture is considerably grimmer if the “hidden unemployed” are considered. Hidden unemployed are those unemployed who do not feature in official statistics, and include for example, married women and early retirees who want to work and would if they could. The Australian Council of Social Service has estimated that the number of hidden unemployed may be as numerous as those officially reported (Spiers, 1991).

*Impact of Unemployment on Psychological Health*

Research examining the impact of unemployment on the psychological health of unemployed people has been conducted across many countries and now spans more than 60 years from the Great Depression of the 1930's to the present (for a recent review, see Winefield, 1995). These studies have consistently demonstrated that unemployment has a deleterious impact on the psychological health of the individuals involved. For example,

when unemployed have been contrasted with employed people, the unemployed have reported higher levels of psychological distress (Henwood & Miles, 1987) and depression (Feather & O'Brien, 1986), and have reported lower levels of self-esteem (Muller, Hicks & Winocur, 1993). Further, where longitudinal studies have been conducted, they have demonstrated that these negative effects are largely the result of people becoming unemployed, and are not the result of individuals with fewer personal skills and poorer mental health “drifting” into joblessness (for a recent review, see Murphy & Athanasou, 1999).

#### *Explanation for Deterioration of Well-being in the Unemployed*

Two specific unemployment theories have been proposed to account for the deterioration in well-being observed when people are exposed to unemployment. These two theories are the Latent Deprivation Model proposed by Jahoda (1981), and the Agency Restriction Model proposed by Fryer (1986). Firstly, Jahoda argued that paid work provided both manifest (associated with financial income) and latent functions (associated with meeting psychological needs). People primarily engage in paid work to attain manifest functions, but while employed they also benefit from the five latent functions of time structure, social contact, common goals, status or identity, and enforced activity. Deprivation of employment leads to deprivation in both manifest and latent functions, but it is the loss of the latent functions that impacts negatively on psychological well-being. Jahoda (1984) argued that individuals, “... have deep seated needs for structuring their time use and perspective, for enlarging their social horizon, for participating in collective enterprises where they can feel useful, for knowing they have a

recognized place in society, and for being active...” (p. 298). Underpinning this model is the notion that people habitually utilize social institutions to meet their psychological needs (Jahoda, 1992). While other social institutions (e.g., the family, sport) allow some of these latent personal needs to be met, none do so in combination with “as compelling a reason as earning one’s living” (Jahoda, 1982, p. 59).

Evidence in support of Jahoda’s Deprivation Model has come from researchers who have used scales developed to directly measure the latent functions of time structure, social contact, common goals, status, and enforced activity. Miles (1983), using a series of questions he developed to measure the five latent functions demonstrated that unemployed adults varied in their levels of access to the latent functions and that those with greater access reported better psychological health. Miles and Howard (1984) identified differences on the latent functions between employed and unemployed youth, although differences were not identified across the full five functions. Using a sample with a wider age range (up to 29 years) Evans (1986; cited in Evans & Banks, 1992) reported differences between employed and unemployed young people on all latent functions. Evans and Haworth (1991) reported similar results, with their employed youth sample having better access to Jahoda’s latent functions than the unemployed sample. Creed and Machin (1999) demonstrated that unemployed individuals had less access to some of the latent functions than those underemployed, and that those with no recent paid work had less access than those with recent or current paid work. Miles and Howard, Evans, and Evans and Haworth all reported significant associations between the level of latent functions and well-being. By and large, these studies have shown that unemployed people do differ from employed people on access to the latent functions, and that those

with better access generally have better mental health. Other research has also demonstrated that the latent functions may be at least partially provided through occupational institutions other than employment, such as attending work-related training (Creed, Hicks & Machin, 1998).

### *Agency Restriction Model*

The second influential model proposed to account for the deterioration in well-being as a result of unemployment is the Agency Restriction Model (Fryer, 1986). Fryer (1995) considered individuals to be, “socially embedded agents who are actively striving for purposeful determination, attempting to make sense of, initiate, influence and cope with events in line with personal values, goals, expectations of the future in a context of cultural norm, traditions and past experience” (p. 270). He considered that the main negative consequence of unemployment was not the loss of the latent functions as argued by Jahoda, but rather it was the loss of the manifest functions (loss of income). Fryer argued that it was this loss of financial income that restricts the exercise of personal agency and makes it difficult or impossible for the individual to plan and organize the personally satisfying lifestyles that are necessary for the development and maintenance of well-being. Fryer (1995) considered that “... unemployment generally results in psychologically corrosive experienced poverty” (p. 270) and it was this experience of poverty that severed the individual from a meaningful future and led to a reduction in psychological health. Fryer also acknowledged the role that the latent functions of employment played in mental health (Fryer & Payne, 1984), but considered these

insufficient to explain fully the deterioration in well-being experienced by the unemployed.

Support for the Agency Restriction Model has been provided by Fryer and McKenna (1987). These authors compared two groups of unemployed men who had been laid off from their factory jobs. One group had been made temporarily redundant, while the other group had been laid off indefinitely. These authors found, contrary to what would be predicted by the Deprivation Model, that both groups were not equally deprived of the latent functions, and were not equally psychologically distressed. Those who were only temporarily laid off had organized active and productive lives and appeared to be psychologically healthy, which was not the case for the indefinitely retrenched group. Fryer and McKenna concluded that the temporarily laid off men, who were more optimistic about the future, were able to organize to have the latent functions met outside of the work environment, and would eventually return to work for the manifest, rather than the latent benefits.

A number of other studies have provided evidence that financial hardship plays a substantial role in the lives of unemployed people. In a small scale individual level study, Kessler, Turner and House (1987) found that unemployed workers were no worse off than those in stable employment when the effects of financial strain were removed. Using a large-scale Irish national data base, Whelan (1992) examined both subjective experiences of financial strain and objective material deprivation in a large cohort of unemployed individuals. This author concluded that poverty, as construed by these two broad variables played a substantial role in mediating the effects of unemployment for both the individual involved and the person's family. Finally, elevated levels of

psychological distress are not reported in studies from countries which provide generous social security benefits to the unemployed, as is the case in the Netherlands (Schaufeli & Van Yperen, 1992).

### *Satisfaction with Occupational Status*

The experience of having paid work has not been identified as universally positive for the employed individual. The quality of the experience (or job) has been identified as playing an important role in determining the psychological well-being of the employed person. Winefield, Tiggemann and Winefield (1990) used ratings of job satisfaction to identify satisfied and dissatisfied employed youth and identified that the satisfied employed had higher levels of well-being than the dissatisfied employed, who in turn had similar levels of well-being to an unemployed comparison group. Other authors have also attempted to distinguish among satisfaction levels of the unemployed. Hesketh, Shouksmith and Kang (1987) used qualitative methodology to categorize their occupational sample into four groups based on the dimensions of happy/unhappy and unemployed/employed. These authors demonstrated that psychological well-being was a function of happiness with occupational situation rather than a function of whether the person was employed or not. Creed and Machin (1999) divided their sample of unemployed people into two categories of satisfied and dissatisfied unemployed based on participants' ratings of satisfaction with their occupational situation. While the dissatisfied unemployed did not differ from the satisfied unemployed on levels of well-being, these authors did demonstrate that the satisfied unemployed reported being more active, to have more purpose in life, and to have higher levels of time structure than the



dissatisfied unemployed. The evidence here is that well-being for the employed is influenced by whether one occupies a poor or a good job. Secondly, and in the same manner, there is growing evidence that the unemployed do not all share the same experiences of unemployment and are not all dissatisfied with their unemployment state, and that further this variation in experience may influence their level of psychological well-being.

### *Neuroticism*

The literature examining the negative effects of unemployment has demonstrated that individual (e.g., age, sex) and situational (e.g., financial strain, social support) variables affect unemployed people's reaction to their situation and influence their capacity to deal with it. The individual's disposition and personality have also been examined in this light and have been found to influence responses to being unemployed. Levels of neuroticism, for example, have been found to moderate the experience of unemployment, with well-being levels being influenced by the way an individual experiences anxiety. Specifically, high levels of neuroticism have been related to elevated levels of psychological distress (Creed, Machin & Hicks, 1996; Payne, 1988; Schaufeli, 1992) and lowered levels of self-esteem (Creed, Machin & Hicks, 1996). Payne (1988), for example, found neuroticism to be strongly correlated with psychological well-being and to account for a significant amount of the variance in the prediction of well-being in a group of unemployed males. Creed, Machin and Hicks (1996) reported similar associations between neuroticism and psychological distress for long-term unemployed youth, and also identified associations between neuroticism and the more stable variable of self-esteem. In the area of

unemployment, it would be expected that an unemployed person with elevated neuroticism scores would view their situation as being more hostile, frightening and demanding than an individual with lower levels of trait neuroticism. Elsewhere, personality has been shown to play a role in the perception of occupational stress (Rees & Cooper, 1990; 1992), and in the perceptions of stress more generally (Funk, 1992; McCrae, 1990). While associations have been demonstrated between the trait factor of neuroticism and well-being, personality variables generally, and neuroticism specifically, have not been examined in relation to the unemployment models which have been developed to explain the negative reactions to unemployment (i.e., Jahoda's and Fryer's models).

### *Present Study*

This study will examine the roles of personality and labour market satisfaction in the prediction of psychological well-being over and above the latent functions of employment and financial strain, to test the efficacy of Jahoda's and Fryer's models in explaining well-being in the unemployed. Specifically, it is predicted that Jahoda's latent functions of employment and Fryer's poverty influences will contribute significantly to the explanation of psychological well-being after accounting for the effect of trait neuroticism and labour market satisfaction.

## Method

### *Participants*

Study participants were a convenience sample of 81 unemployed people. The sample comprised 54 males (67%), 13 females (16%), and 14 people who did not indicate gender or age. Mean age of participants was 32.05 years ( $SD = 11.65$ ; Range = 17-56). Sixty-two percent of participants reported 8, 9 or 10 years of education, while 36% reported 11 or 12 years, and 2% reported tertiary training. Six percent of participants reported that they had never worked; 54% reported being unemployed and having no paid work in the past six months; 24% reported being unemployed and having some paid work in the past six months; and 16% reported being unemployed and having some current paid work.

### *Measures*

The 12-item version of the General Health Questionnaire (GHQ-12) (Goldberg, 1972) was used to measure psychological distress. The 12-item version has been recommended by Banks et al., (1980) for use in occupational studies, and has been used extensively by researchers in this area (e.g., Bond & Feather, 1988). The GHQ-12 asked participants to report on how they felt recently on a range of variables, including cognitive processing, self esteem, anxiety and depression (e.g., “Have you recently been able to concentrate on whatever you’re doing?”). Responses were scored on a four-point scale from zero to three using anchors such as “better than usual/same as usual/less than usual/much more than

usual". Scores were totaled to produce global ratings with a range of 0-36. Higher scores indicated more psychological distress. Goldberg and Williams (1988) reported a mean internal consistency of 0.85. In the present study, the alpha co-efficient was 0.89.

The 12-item Neuroticism scale of the short version of the Eysenck Personality Questionnaire - Revised (EPQ-R: Eysenck & Eysenck, 1996) was used to gain a measure of this personality variable. The EPQ-R required participants to answer "yes" or "no" to twelve questions (e.g., "Are your feelings easily hurt?" and "Do you often feel lonely?"). Responses are scored one for "yes" and zero for "no", giving a possible range of 0-12, with higher scores indicating a higher level of neuroticism. Sound reliability and validity data are reported in the EPQ-R manual (Eysenck & Eysenck). The alpha co-efficient for the present study was 0.83.

A four-item scale, which has been previously used in a number of studies (e.g., Ullah, 1990), was used to measure financial strain. Subjects were asked to rate their responses to the four questions (e.g., "Thinking back over the last month, how often have you had serious financial worries?") on a five-point scale using end-points of "never" to "all the time". This gave a range of 5-20 with the higher scores representing greater financial hardship. Ullah reported an internal reliability alpha of 0.77 when used with unemployed subjects. The alpha co-efficient calculated for the sample in this study was 0.90.

Five items, based on the Access to Categories of Experience (ACE) scale (Evans, 1986), were used to measure the categories of experience that were theorised by Jahoda to be important for mental health. These items were: "I have time on my hands that I do not know what to do with" (activity); "Most days I meet quite a range of people" (social contact); "I am doing things that are useful for other people" (collective purpose); "I have

certain responsibilities at particular times most days of the week” (time structure); and “I feel respected by the people I meet” (status). Using endpoints of “disagree a lot” and “agree a lot”, respondents were asked to indicate on a five-point Likert-like scale how much they agreed with each statement. The five items were totaled to provide a single measure of Access to Categories of Experience (the scoring for the Activity item was reversed). This gave a possible range of 5-25, with higher scores indicated greater access to the categories of experience. The internal reliability for these five-items together was .70.

A single-item measure was used to allow participants to rate how satisfied they were with their current employment situation. Responses were scored on a seven-point scale with ratings from “very dissatisfied with my current employment situation” to “very satisfied with my current employment situation”. Higher scores represent higher levels of dissatisfaction.

### *Procedure*

The study was cross-sectional. Questionnaires (GHQ-12, EPQ-R, Financial Strain, ACE, and Labour Market Satisfaction) were administered to all participants, who at the time were utilising the national employment service and were volunteers to the study.

## Results

### *Summary Statistics*

Summary data for all subjects on the GHQ-12, the EPQ-R, Financial Strain, Access to categories of Experience, and Labour Market Satisfaction are presented in Table 1. Sex differences were examined. No significant differences were identified between males and females on the variables of GHQ-12, ACE or Labour Market Satisfaction. Males ( $M = 5.78$ ,  $SD = 3.27$ ) reported higher levels of neuroticism than females ( $M = 2.31$ ,  $SD = 2.18$ ) on the EPQ-R,  $t(65) = 3.63$ ,  $p < .001$ . Males ( $M = 13.33$ ,  $SD = 4.16$ ) also reported higher levels of Financial Strain than females ( $M = 10.77$ ,  $SD = 3.54$ ),  $t(65) = 2.05$ ,  $p < .05$ .

Table 1

*Summary data for GHQ-12, EPQ-R, Financial Strain, Access to Categories of Experience, and Labour Market Satisfaction for all participants.*

Variable	$n^{\#}$	$M$	$SD$
GHQ-12	80	13.30	7.09
EPQ-R	81	5.14	3.35
Financial Strain	81	12.94	4.23
Access to Categories of Experience	80	17.65	4.02
Labour Market Satisfaction	80	4.52	1.61

*Note:* GHQ-12 = 12-item General Health Questionnaire; EPQ-R = 12-item Eysenck Personality Questionnaire - Revised; Financial Strain = four item measure of financial strain; Access to Characteristics of Experience = five items (Activity, Time Structure, Social Contacts, Status, Collective Purpose); Labour Market Satisfaction = single-item measure of labour market satisfaction; # numbers vary due to some participants failing to complete all questions.

### *Inter-correlations*

Correlations among GHQ-12, the EPQ-R, Financial Strain, Access to Categories of Experience, Labour Market Satisfaction, Age and Gender are reported in Table 2. Significant correlations equal to or greater than 0.30 were considered. Elevated levels of psychological distress were associated with higher levels of Neuroticism, more Financial Strain, less Access to the Categories of Experience, and less Labour Market Satisfaction.

Higher levels of Neuroticism were associated with less Access to the Categories of Experience, more Labour Market Dissatisfaction, and being male. Financial Strain was associated with lower Labour Market Satisfaction. No significant age correlations were recorded.

Table 2

*Pearson Product-Moment correlations among GHQ-12, the EPQ-R, Financial Strain, Access to the Categories of Experience, Labour Market Satisfaction and Age; n = 81.*

Variable	2	3	4	5	6	7
1. GHQ-12	.54***	.53***	-.44***	.55***	-.00	-.16
2. EPQ-R	-	.24*	-.34**	.33**	.01	-.41**
3. Financial Strain		-	-.21	.46***	-.10	-.24*
4. Access to Categories of Experience			-	-.24*	.22	.07
5. Labour Market Satisfaction				-	-.03	-.18
6. Age					-	.02
7. Gender						-

Note: Refer Table 1 for legend. \*  $p < .05$ ; \*\*  $p < .01$ ; \*\*\*  $p < .001$ .



*Predicting Well-being*

A hierarchical multiple regression analysis was conducted to determine whether Jahoda's categories of experience (Access to Categories of Experience) and Fryer's poverty influences (Financial Strain) added significantly to the prediction of psychological distress over and above the contribution of trait Neuroticism. Age and gender were entered as a first step in the regression analysis. Labour Market Satisfaction was entered as the second step, Neuroticism was entered as the third step, Access to Categories of Experience was entered as the fourth step, and Financial Strain was entered last. GHQ-12 was used as the dependent variable. Summary statistics are presented in Table 3.

The results of the hierarchical regression analysis indicated that the demographic variables of Age and Gender did not significantly predict psychological distress,  $F(2, 62) = .86, p > .05$  (Model 1). The addition of Labour Market Satisfaction was able to significantly predict psychological distress,  $F(3, 61) = 9.21, p < .001$  (Model 2), and to account for 29% of the variance of psychological distress. The addition of trait Neuroticism was able to significantly predict psychological distress,  $F(4, 60) = 12.45, p < .001$  (Model 3), and to account for a further 14% of the variance. The addition Access to Categories of Experience also made a significant contribution to the prediction of psychological distress,  $F(5, 59) = 11.94, p < .001$  (Model 4), and accounted for a further 5% of the variance. Lastly, the addition of Financial Strain to the equation also made a significant contribution,  $F(6, 58) = 13.38, p < .001$  (Model 5), and explained a further 8% of the variance.

Table 3

*Summary of Hierarchical Multiple Regression Analysis for Variables Predicting Psychological Distress (GHQ-12) ( $n = 81$ ).*

Variable	$B$	$SE\ B$	$\beta$
Step 1			
Age	0.00	0.08	0.00
Gender	2.92	2.23	0.16
Step 2			
Labour Market Satisfaction	2.40	0.48	0.54***
Step 3			
Neuroticism	0.91	0.23	0.43***
Step 4			
Access to Categories of Experience	-0.44	0.18	-0.25*
Step 5			
Financial Strain	0.54	0.16	0.32**

*Note:*  $R^2 = .03$  for Step 1;  $R^2$  Change = .29 for Step 2;  $R^2$  Change = .14 for Step 3;  $R^2$  Change = .05 for Step 4;  $R^2$  Change = .08 for Step 5; \* =  $p < .05$ ; \*\* =  $p < .01$ ; \*\*\* =  $p < .001$ . Refer Table 1 for legend.

## Discussion

### *Well-being, Access to Categories of Experience, Financial Strain and Personality*

In the present study, a strong ( $r \geq .30$ ) negative association (Table 2) was identified between psychological distress (GHQ-12) and the Access to Categories of Experience variable. This result lends support to Jahoda's (1981) model of deprivation, which would predict reduced well-being to be associated with low access to the latent functions of employment, and is consistent with previous research in this area (Evans, 1986; Evans & Haworth, 1991). Psychological distress was also strongly positively associated with Financial Strain. This is in line with the suggestions of Fryer (1986) that it is the loss of the manifest functions rather than the loss of the latent functions of employment that is associated with the decline in well-being. Clearly, for this sample of unemployed, those who were experiencing more financial hardship also reported greater psychological distress.

Psychological distress was strongly associated with the personality trait of Neuroticism, with those reporting higher levels of Neuroticism also reporting higher levels of distress. Personality has been identified as a strong and consistent predictor of well-being across a wide range of populations (Diener, Suh, Lucas & Smith, 1999). Neuroticism in particular has been identified as a contributing influence to negative affect (Watson & Clark, 1984). Watson and Clark (1997), for example, have argued that individuals with high levels of neuroticism are predisposed to experience events more negatively. Despite this evidence personality variables have typically not been examined

when investigating the negative effects associated with unemployment (Creed, 1999), and temperament does not feature strongly in the theoretical explanations proposed to account for the decline in well-being of the unemployed (i.e., Fryer & Jahoda). The strong associations between these two variables argue the need for a closer examination of personality variables in relation to the reaction of individuals to unemployment, and argue for the inclusion of temperament in any specific employment related explanation.

In summary, psychological distress, as measured by the GHQ-12, was associated with the Access to categories of Experience (reflecting Jahoda's latent functions of employment categories), Financial Strain (reflecting Fryer's manifest function of employment), and with the trait personality variable of Neuroticism. The implication from these results is that when accounting for well-being both latent and manifest functions, as well as temperament, will need to be considered as contributing factors.

### *Labour Market Satisfaction and Well-being*

Psychological distress was also strongly associated with Labour Market Satisfaction. These results are consistent with the findings obtained by Winefield, Tiggemann and Winefield (1990), who compared groups of satisfied and dissatisfied working youths on levels of well-being. Winefield, et al. found significant differences between the satisfied and dissatisfied employed, and that the dissatisfied employed did not differ on levels of well-being from the unemployed. The evidence from the present study is that, like the employed, the unemployed are not homogeneous in relation to satisfaction with their

situation, and that those who report being satisfied also report lower levels of psychological distress similar to levels reported by employed individuals.

While those who were less satisfied were also more psychologically distressed, the evidence from the present study is that the explanation lies in the levels of financial hardship, rather than in access to the latent functions of employment. Labour Market Satisfaction was strongly related to Financial Strain, but only modestly ( $< .30$ ) associated with Access to Categories of Experience. Jahoda's Deprivation Model would predict that those with high levels of Labour Market Satisfaction to have high levels of access to the latent functions of employment. In the present sample, it was financial hardship that was strongly associated with Labour Market Satisfaction, which is more consistent with Fryer's explanation of the negative effects of unemployment.

Labour Market Satisfaction was also associated with trait Neuroticism. Those satisfied with their current labour market situation demonstrated differences in personality to those who were dissatisfied. In the current study, not only is Neuroticism strongly related to psychological distress, it is a useful dimension to differentiate between satisfied and dissatisfied unemployed. In summary, the current sample of unemployed was not homogeneous in terms of their Labour Market Satisfaction. Much of the previous research into the negative effects of unemployment has been criticised for making this assumption (Creed & Machin, 1999). The distinction between (job) satisfied and (job) dissatisfied has been made with samples of employed individuals (Winefield, Tiggemann & Winefield, 1990) and clearly needs to be made when examining unemployed people. The evidence from this study is that dissatisfaction is more a product of financial strain and personality rather than differences in access to the latent functions of employment.

*Predicting Psychological Distress*

The latent functions of employment (Access to Categories of Experience) and Financial Strain were able to make significant contributions to the prediction of psychological distress over and above the influence of the trait personality variable of Neuroticism and Labour Market Satisfaction (accounting for an additional 5% and 8% of the variance respectively). From this analysis it is clear firstly that psychological distress in unemployed people is not simply a product of latent function deprivation or manifest function deprivation considered alone. A model that incorporates both latent function and manifest function deprivation variables will provide a more complete explanation of psychological distress in the unemployed than models that focus on one of these dimensions only. Personality (Neuroticism) which was able to account for substantial amounts of the variance of psychological distress in the regression analysis (14%) highlights the need for considering individual differences when explaining the negative effect of unemployment. Lastly, the unemployed person's satisfaction with his or her situation, which accounted for 29% of the variance of psychological distress, clearly needs to be a consideration in the explanation of well-being. Not all unemployed people are dissatisfied with their unemployed situation, and this will have an impact on their psychological well-being.

*Implications for Theories of Unemployment and Well-being*

The main thrust of Jahoda's deprivation approach is that when people lose paid employment they also lose the access to the latent functions of employment, which in turn leads to a deterioration in psychological well-being. In this study, those unemployed participants with higher levels of access to the latent functions of employment did report lower levels of psychological distress, which is consistent with Jahoda's theorising. However, after controlling for demographic variables, labour market satisfaction and personality, the contribution that access to the latent functions of employment made to the prediction of well-being was small, and was less influential than the other variables in the equation. Jahoda's latent functions of employment have been useful in differentiating between unemployed and employed groups, however, these variables clearly do not account for the total variance of psychological distress for unemployed people. This finding is consistent with recent reports by Creed and Machin (1999) who found that different unemployment sub-groups were not differentiated by specific latent functions of employment. These authors found that unemployed sub-groups did not differ on Social Contact and Status variables.

Financial Strain was also strongly correlated with well-being, and this variable contributed significantly to the prediction of well-being. Clearly, the effects of poverty, as argued by Fryer play a role in the psychological experiences of unemployment, and need to be incorporated in any theoretical explanation of deteriorated well-being identified in the unemployed. Warr (1987) has attempted to do this by incorporating these

two approaches into an expanded model that attempts to account for psychological well-being across occupational and non-occupational environments. Warr has included elements of Jahoda's Deprivation Model (e.g., Social Contact) and Fryer's Agency Restriction Model (e.g., availability of money), as well as other aspects of environmental influences (e.g., Opportunity for Personal Control) into his Vitamin Model. This model argues that environmental features (such as Social Contact and the Opportunity for Control) have a negative or positive effect on well-being depending on the level of their availability or exposure. However, Warr's model, like Jahoda's and Fryer's, places little emphasis on individual differences, and needs to be tested more extensively along these lines.

The evidence from the present study is that personality, as has been demonstrated elsewhere for other populations (Diener, et al., 1999), plays an important role in determining psychological distress for the unemployed. Whereas Neuroticism has been implicated in predicting psychological distress, there is also need to consider other personality variables and the effect they have in predicting psychological well-being. Extraversion, for example, has been implicated as a better predictor of positive rather than negative affect (Larsen & Ketelaar, 1991) and will need to be considered in future studies with the unemployed. Lastly, in order to understand better the relationship between personality variables and the effects of unemployment on the individual, it will be important to have access to scales that more clearly represent the latent function and economic strain constructs for unemployed samples. The lack of well validated scales represents a current weakness in this area of research that is in need of redress.



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**THE ROLE OF SATISFACTION WITH OCCUPATIONAL STATUS,  
NEUROTICISM, FINANCIAL STRAIN AND CATEGORIES OF EXPERIENCE  
IN PREDICTING MENTAL HEALTH IN THE UNEMPLOYED**

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**Abstract**

This study tests the contributions of the latent functions of employment (Latent Deprivation Model; Jahoda, 1981), the manifest functions of employment (Agency Restriction Model; Fryer 1986) and personality (trait Neuroticism) in accounting for psychological distress in the unemployed. Eighty-one unemployed individuals were assessed on measures of psychological distress (GHQ-12; Goldberg, 1972), the latent functions of employment (Activity, Time Structure, Social Contact, Status, Collective Purpose), Financial Strain, trait Neuroticism, and a measure of Labour Market Satisfaction. It was shown that the latent functions of employment and Financial Strain were each able to contribute significantly to the prediction of psychological distress over and above that predicted by Neuroticism, which alone also contributed significantly to the prediction of distress. Results are related to the Latent Deprivation and Agency Restriction models of well-being and it is argued that temperament needs to be considered in any explanation of the negative psychological effects of unemployment.

**Keywords:** unemployment, latent functions, manifest functions, categories of employment, financial strain, neuroticism, satisfaction



**THE ROLE OF SATISFACTION WITH OCCUPATIONAL STATUS,  
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Unemployment remains a serious and persistent social problem in Australia as it does in many Western countries. The official unemployment rate in Australia continues to range between 7-8 per cent (7.7% March 1999; ABS, 1999a), which equates to some 740,000 people out of work (March 1999 seasonally adjusted figures; ABS, 1999b). More than one third of these unemployed are long-term jobless, that is, they have been out of work for 12 months or more (ABS, 1999c). This picture is considerably grimmer if the “hidden unemployed” are considered. Hidden unemployed are those unemployed who do not feature in official statistics, and include for example, married women and early retirees who want to work and would if they could. The Australian Council of Social Service has estimated that the number of hidden unemployed may be as numerous as those officially reported (Spiers, 1991).

*Impact of Unemployment on Psychological Health*

Research examining the impact of unemployment on the psychological health of unemployed people has been conducted across many countries and now spans more than 60 years from the Great Depression of the 1930's to the present (for a recent review, see Winefield, 1995). These studies have consistently demonstrated that unemployment has a deleterious impact on the psychological health of the individuals involved. For example,

when unemployed have been contrasted with employed people, the unemployed have reported higher levels of psychological distress (Henwood & Miles, 1987) and depression (Feather & O'Brien, 1986), and have reported lower levels of self-esteem (Muller, Hicks & Winocur, 1993). Further, where longitudinal studies have been conducted, they have demonstrated that these negative effects are largely the result of people becoming unemployed, and are not the result of individuals with fewer personal skills and poorer mental health “drifting” into joblessness (for a recent review, see Murphy & Athanasou, 1999).

#### *Explanation for Deterioration of Well-being in the Unemployed*

Two specific unemployment theories have been proposed to account for the deterioration in well-being observed when people are exposed to unemployment. These two theories are the Latent Deprivation Model proposed by Jahoda (1981), and the Agency Restriction Model proposed by Fryer (1986). Firstly, Jahoda argued that paid work provided both manifest (associated with financial income) and latent functions (associated with meeting psychological needs). People primarily engage in paid work to attain manifest functions, but while employed they also benefit from the five latent functions of time structure, social contact, common goals, status or identity, and enforced activity. Deprivation of employment leads to deprivation in both manifest and latent functions, but it is the loss of the latent functions that impacts negatively on psychological well-being. Jahoda (1984) argued that individuals, “... have deep seated needs for structuring their time use and perspective, for enlarging their social horizon, for participating in collective enterprises where they can feel useful, for knowing they have a

recognized place in society, and for being active...” (p. 298). Underpinning this model is the notion that people habitually utilize social institutions to meet their psychological needs (Jahoda, 1992). While other social institutions (e.g., the family, sport) allow some of these latent personal needs to be met, none do so in combination with “as compelling a reason as earning one’s living” (Jahoda, 1982, p. 59).

Evidence in support of Jahoda’s Deprivation Model has come from researchers who have used scales developed to directly measure the latent functions of time structure, social contact, common goals, status, and enforced activity. Miles (1983), using a series of questions he developed to measure the five latent functions demonstrated that unemployed adults varied in their levels of access to the latent functions and that those with greater access reported better psychological health. Miles and Howard (1984) identified differences on the latent functions between employed and unemployed youth, although differences were not identified across the full five functions. Using a sample with a wider age range (up to 29 years) Evans (1986; cited in Evans & Banks, 1992) reported differences between employed and unemployed young people on all latent functions. Evans and Haworth (1991) reported similar results, with their employed youth sample having better access to Jahoda’s latent functions than the unemployed sample. Creed and Machin (1999) demonstrated that unemployed individuals had less access to some of the latent functions than those underemployed, and that those with no recent paid work had less access than those with recent or current paid work. Miles and Howard, Evans, and Evans and Haworth all reported significant associations between the level of latent functions and well-being. By and large, these studies have shown that unemployed people do differ from employed people on access to the latent functions, and that those

with better access generally have better mental health. Other research has also demonstrated that the latent functions may be at least partially provided through occupational institutions other than employment, such as attending work-related training (Creed, Hicks & Machin, 1998).

### *Agency Restriction Model*

The second influential model proposed to account for the deterioration in well-being as a result of unemployment is the Agency Restriction Model (Fryer, 1986). Fryer (1995) considered individuals to be, “socially embedded agents who are actively striving for purposeful determination, attempting to make sense of, initiate, influence and cope with events in line with personal values, goals, expectations of the future in a context of cultural norm, traditions and past experience” (p. 270). He considered that the main negative consequence of unemployment was not the loss of the latent functions as argued by Jahoda, but rather it was the loss of the manifest functions (loss of income). Fryer argued that it was this loss of financial income that restricts the exercise of personal agency and makes it difficult or impossible for the individual to plan and organize the personally satisfying lifestyles that are necessary for the development and maintenance of well-being. Fryer (1995) considered that “... unemployment generally results in psychologically corrosive experienced poverty” (p. 270) and it was this experience of poverty that severed the individual from a meaningful future and led to a reduction in psychological health. Fryer also acknowledged the role that the latent functions of employment played in mental health (Fryer & Payne, 1984), but considered these

insufficient to explain fully the deterioration in well-being experienced by the unemployed.

Support for the Agency Restriction Model has been provided by Fryer and McKenna (1987). These authors compared two groups of unemployed men who had been laid off from their factory jobs. One group had been made temporarily redundant, while the other group had been laid off indefinitely. These authors found, contrary to what would be predicted by the Deprivation Model, that both groups were not equally deprived of the latent functions, and were not equally psychologically distressed. Those who were only temporarily laid off had organized active and productive lives and appeared to be psychologically healthy, which was not the case for the indefinitely retrenched group. Fryer and McKenna concluded that the temporarily laid off men, who were more optimistic about the future, were able to organize to have the latent functions met outside of the work environment, and would eventually return to work for the manifest, rather than the latent benefits.

A number of other studies have provided evidence that financial hardship plays a substantial role in the lives of unemployed people. In a small scale individual level study, Kessler, Turner and House (1987) found that unemployed workers were no worse off than those in stable employment when the effects of financial strain were removed. Using a large-scale Irish national data base, Whelan (1992) examined both subjective experiences of financial strain and objective material deprivation in a large cohort of unemployed individuals. This author concluded that poverty, as construed by these two broad variables played a substantial role in mediating the effects of unemployment for both the individual involved and the person's family. Finally, elevated levels of

psychological distress are not reported in studies from countries which provide generous social security benefits to the unemployed, as is the case in the Netherlands (Schaufeli & Van Yperen, 1992).

### *Satisfaction with Occupational Status*

The experience of having paid work has not been identified as universally positive for the employed individual. The quality of the experience (or job) has been identified as playing an important role in determining the psychological well-being of the employed person. Winefield, Tiggemann and Winefield (1990) used ratings of job satisfaction to identify satisfied and dissatisfied employed youth and identified that the satisfied employed had higher levels of well-being than the dissatisfied employed, who in turn had similar levels of well-being to an unemployed comparison group. Other authors have also attempted to distinguish among satisfaction levels of the unemployed. Hesketh, Shouksmith and Kang (1987) used qualitative methodology to categorize their occupational sample into four groups based on the dimensions of happy/unhappy and unemployed/employed. These authors demonstrated that psychological well-being was a function of happiness with occupational situation rather than a function of whether the person was employed or not. Creed and Machin (1999) divided their sample of unemployed people into two categories of satisfied and dissatisfied unemployed based on participants' ratings of satisfaction with their occupational situation. While the dissatisfied unemployed did not differ from the satisfied unemployed on levels of well-being, these authors did demonstrate that the satisfied unemployed reported being more active, to have more purpose in life, and to have higher levels of time structure than the

dissatisfied unemployed. The evidence here is that well-being for the employed is influenced by whether one occupies a poor or a good job. Secondly, and in the same manner, there is growing evidence that the unemployed do not all share the same experiences of unemployment and are not all dissatisfied with their unemployment state, and that further this variation in experience may influence their level of psychological well-being.

### *Neuroticism*

The literature examining the negative effects of unemployment has demonstrated that individual (e.g., age, sex) and situational (e.g., financial strain, social support) variables affect unemployed people's reaction to their situation and influence their capacity to deal with it. The individual's disposition and personality have also been examined in this light and have been found to influence responses to being unemployed. Levels of neuroticism, for example, have been found to moderate the experience of unemployment, with well-being levels being influenced by the way an individual experiences anxiety. Specifically, high levels of neuroticism have been related to elevated levels of psychological distress (Creed, Machin & Hicks, 1996; Payne, 1988; Schaufeli, 1992) and lowered levels of self-esteem (Creed, Machin & Hicks, 1996). Payne (1988), for example, found neuroticism to be strongly correlated with psychological well-being and to account for a significant amount of the variance in the prediction of well-being in a group of unemployed males. Creed, Machin and Hicks (1996) reported similar associations between neuroticism and psychological distress for long-term unemployed youth, and also identified associations between neuroticism and the more stable variable of self-esteem. In the area of

unemployment, it would be expected that an unemployed person with elevated neuroticism scores would view their situation as being more hostile, frightening and demanding than an individual with lower levels of trait neuroticism. Elsewhere, personality has been shown to play a role in the perception of occupational stress (Rees & Cooper, 1990; 1992), and in the perceptions of stress more generally (Funk, 1992; McCrae, 1990). While associations have been demonstrated between the trait factor of neuroticism and well-being, personality variables generally, and neuroticism specifically, have not been examined in relation to the unemployment models which have been developed to explain the negative reactions to unemployment (i.e., Jahoda's and Fryer's models).

### *Present Study*

This study will examine the roles of personality and labour market satisfaction in the prediction of psychological well-being over and above the latent functions of employment and financial strain, to test the efficacy of Jahoda's and Fryer's models in explaining well-being in the unemployed. Specifically, it is predicted that Jahoda's latent functions of employment and Fryer's poverty influences will contribute significantly to the explanation of psychological well-being after accounting for the effect of trait neuroticism and labour market satisfaction.



## Method

### *Participants*

Study participants were a convenience sample of 81 unemployed people. The sample comprised 54 males (67%), 13 females (16%), and 14 people who did not indicate gender or age. Mean age of participants was 32.05 years ( $SD = 11.65$ ; Range = 17-56). Sixty-two percent of participants reported 8, 9 or 10 years of education, while 36% reported 11 or 12 years, and 2% reported tertiary training. Six percent of participants reported that they had never worked; 54% reported being unemployed and having no paid work in the past six months; 24% reported being unemployed and having some paid work in the past six months; and 16% reported being unemployed and having some current paid work.

### *Measures*

The 12-item version of the General Health Questionnaire (GHQ-12) (Goldberg, 1972) was used to measure psychological distress. The 12-item version has been recommended by Banks et al., (1980) for use in occupational studies, and has been used extensively by researchers in this area (e.g., Bond & Feather, 1988). The GHQ-12 asked participants to report on how they felt recently on a range of variables, including cognitive processing, self esteem, anxiety and depression (e.g., “Have you recently been able to concentrate on whatever you’re doing?”). Responses were scored on a four-point scale from zero to three using anchors such as “better than usual/same as usual/less than usual/much more than

usual”. Scores were totaled to produce global ratings with a range of 0-36. Higher scores indicated more psychological distress. Goldberg and Williams (1988) reported a mean internal consistency of 0.85. In the present study, the alpha co-efficient was 0.89.

The 12-item Neuroticism scale of the short version of the Eysenck Personality Questionnaire - Revised (EPQ-R: Eysenck & Eysenck, 1996) was used to gain a measure of this personality variable. The EPQ-R required participants to answer “yes” or “no” to twelve questions (e.g., “Are your feelings easily hurt?” and “Do you often feel lonely?”). Responses are scored one for “yes” and zero for “no”, giving a possible range of 0-12, with higher scores indicating a higher level of neuroticism. Sound reliability and validity data are reported in the EPQ-R manual (Eysenck & Eysenck). The alpha co-efficient for the present study was 0.83.

A four-item scale, which has been previously used in a number of studies (e.g., Ullah, 1990), was used to measure financial strain. Subjects were asked to rate their responses to the four questions (e.g., “Thinking back over the last month, how often have you had serious financial worries?”) on a five-point scale using end-points of “never” to “all the time”. This gave a range of 5-20 with the higher scores representing greater financial hardship. Ullah reported an internal reliability alpha of 0.77 when used with unemployed subjects. The alpha co-efficient calculated for the sample in this study was 0.90.

Five items, based on the Access to Categories of Experience (ACE) scale (Evans, 1986), were used to measure the categories of experience that were theorised by Jahoda to be important for mental health. These items were: “I have time on my hands that I do not know what to do with” (activity); “Most days I meet quite a range of people” (social contact); “I am doing things that are useful for other people” (collective purpose); “I have

certain responsibilities at particular times most days of the week” (time structure); and “I feel respected by the people I meet” (status). Using endpoints of “disagree a lot” and “agree a lot”, respondents were asked to indicate on a five-point Likert-like scale how much they agreed with each statement. The five items were totaled to provide a single measure of Access to Categories of Experience (the scoring for the Activity item was reversed). This gave a possible range of 5-25, with higher scores indicated greater access to the categories of experience. The internal reliability for these five-items together was .70.

A single-item measure was used to allow participants to rate how satisfied they were with their current employment situation. Responses were scored on a seven-point scale with ratings from “very dissatisfied with my current employment situation” to “very satisfied with my current employment situation”. Higher scores represent higher levels of dissatisfaction.

### *Procedure*

The study was cross-sectional. Questionnaires (GHQ-12, EPQ-R, Financial Strain, ACE, and Labour Market Satisfaction) were administered to all participants, who at the time were utilising the national employment service and were volunteers to the study.

## Results

### *Summary Statistics*

Summary data for all subjects on the GHQ-12, the EPQ-R, Financial Strain, Access to categories of Experience, and Labour Market Satisfaction are presented in Table 1. Sex differences were examined. No significant differences were identified between males and females on the variables of GHQ-12, ACE or Labour Market Satisfaction. Males ( $M = 5.78$ ,  $SD = 3.27$ ) reported higher levels of neuroticism than females ( $M = 2.31$ ,  $SD = 2.18$ ) on the EPQ-R,  $t(65) = 3.63$ ,  $p < .001$ . Males ( $M = 13.33$ ,  $SD = 4.16$ ) also reported higher levels of Financial Strain than females ( $M = 10.77$ ,  $SD = 3.54$ ),  $t(65) = 2.05$ ,  $p < .05$ .

Table 1

*Summary data for GHQ-12, EPQ-R, Financial Strain, Access to Categories of Experience, and Labour Market Satisfaction for all participants.*

Variable	$n^{\#}$	$M$	$SD$
GHQ-12	80	13.30	7.09
EPQ-R	81	5.14	3.35
Financial Strain	81	12.94	4.23
Access to Categories of Experience	80	17.65	4.02
Labour Market Satisfaction	80	4.52	1.61

*Note:* GHQ-12 = 12-item General Health Questionnaire; EPQ-R = 12-item Eysenck Personality Questionnaire - Revised; Financial Strain = four item measure of financial strain; Access to Characteristics of Experience = five items (Activity, Time Structure, Social Contacts, Status, Collective Purpose); Labour Market Satisfaction = single-item measure of labour market satisfaction; # numbers vary due to some participants failing to complete all questions.

### *Inter-correlations*

Correlations among GHQ-12, the EPQ-R, Financial Strain, Access to Categories of Experience, Labour Market Satisfaction, Age and Gender are reported in Table 2. Significant correlations equal to or greater than 0.30 were considered. Elevated levels of psychological distress were associated with higher levels of Neuroticism, more Financial Strain, less Access to the Categories of Experience, and less Labour Market Satisfaction.

Higher levels of Neuroticism were associated with less Access to the Categories of Experience, more Labour Market Dissatisfaction, and being male. Financial Strain was associated with lower Labour Market Satisfaction. No significant age correlations were recorded.

Table 2

*Pearson Product-Moment correlations among GHQ-12, the EPQ-R, Financial Strain, Access to the Categories of Experience, Labour Market Satisfaction and Age; n = 81.*

Variable	2	3	4	5	6	7
1. GHQ-12	.54***	.53***	-.44***	.55***	-.00	-.16
2. EPQ-R	-	.24*	-.34**	.33**	.01	-.41**
3. Financial Strain		-	-.21	.46***	-.10	-.24*
4. Access to Categories of Experience			-	-.24*	.22	.07
5. Labour Market Satisfaction				-	-.03	-.18
6. Age					-	.02
7. Gender						-

Note: Refer Table 1 for legend. \*  $p < .05$ ; \*\*  $p < .01$ ; \*\*\*  $p < .001$ .

*Predicting Well-being*

A hierarchical multiple regression analysis was conducted to determine whether Jahoda's categories of experience (Access to Categories of Experience) and Fryer's poverty influences (Financial Strain) added significantly to the prediction of psychological distress over and above the contribution of trait Neuroticism. Age and gender were entered as a first step in the regression analysis. Labour Market Satisfaction was entered as the second step, Neuroticism was entered as the third step, Access to Categories of Experience was entered as the fourth step, and Financial Strain was entered last. GHQ-12 was used as the dependent variable. Summary statistics are presented in Table 3.

The results of the hierarchical regression analysis indicated that the demographic variables of Age and Gender did not significantly predict psychological distress,  $F(2, 62) = .86, p > .05$  (Model 1). The addition of Labour Market Satisfaction was able to significantly predict psychological distress,  $F(3, 61) = 9.21, p < .001$  (Model 2), and to account for 29% of the variance of psychological distress. The addition of trait Neuroticism was able to significantly predict psychological distress,  $F(4, 60) = 12.45, p < .001$  (Model 3), and to account for a further 14% of the variance. The addition Access to Categories of Experience also made a significant contribution to the prediction of psychological distress,  $F(5, 59) = 11.94, p < .001$  (Model 4), and accounted for a further 5% of the variance. Lastly, the addition of Financial Strain to the equation also made a significant contribution,  $F(6, 58) = 13.38, p < .001$  (Model 5), and explained a further 8% of the variance.

Table 3

*Summary of Hierarchical Multiple Regression Analysis for Variables Predicting Psychological Distress (GHQ-12) ( $n = 81$ ).*

Variable	$B$	$SE\ B$	$\beta$
Step 1			
Age	0.00	0.08	0.00
Gender	2.92	2.23	0.16
Step 2			
Labour Market Satisfaction	2.40	0.48	0.54***
Step 3			
Neuroticism	0.91	0.23	0.43***
Step 4			
Access to Categories of Experience	-0.44	0.18	-0.25*
Step 5			
Financial Strain	0.54	0.16	0.32**

*Note:*  $R^2 = .03$  for Step 1;  $R^2$  Change = .29 for Step 2;  $R^2$  Change = .14 for Step 3;  $R^2$  Change = .05 for Step 4;  $R^2$  Change = .08 for Step 5; \* =  $p < .05$ ; \*\* =  $p < .01$ ; \*\*\* =  $p < .001$ . Refer Table 1 for legend.



## Discussion

### *Well-being, Access to Categories of Experience, Financial Strain and Personality*

In the present study, a strong ( $r \geq .30$ ) negative association (Table 2) was identified between psychological distress (GHQ-12) and the Access to Categories of Experience variable. This result lends support to Jahoda's (1981) model of deprivation, which would predict reduced well-being to be associated with low access to the latent functions of employment, and is consistent with previous research in this area (Evans, 1986; Evans & Haworth, 1991). Psychological distress was also strongly positively associated with Financial Strain. This is in line with the suggestions of Fryer (1986) that it is the loss of the manifest functions rather than the loss of the latent functions of employment that is associated with the decline in well-being. Clearly, for this sample of unemployed, those who were experiencing more financial hardship also reported greater psychological distress.

Psychological distress was strongly associated with the personality trait of Neuroticism, with those reporting higher levels of Neuroticism also reporting higher levels of distress. Personality has been identified as a strong and consistent predictor of well-being across a wide range of populations (Diener, Suh, Lucas & Smith, 1999). Neuroticism in particular has been identified as a contributing influence to negative affect (Watson & Clark, 1984). Watson and Clark (1997), for example, have argued that individuals with high levels of neuroticism are predisposed to experience events more negatively. Despite this evidence personality variables have typically not been examined

when investigating the negative effects associated with unemployment (Creed, 1999), and temperament does not feature strongly in the theoretical explanations proposed to account for the decline in well-being of the unemployed (i.e., Fryer & Jahoda). The strong associations between these two variables argue the need for a closer examination of personality variables in relation to the reaction of individuals to unemployment, and argue for the inclusion of temperament in any specific employment related explanation.

In summary, psychological distress, as measured by the GHQ-12, was associated with the Access to categories of Experience (reflecting Jahoda's latent functions of employment categories), Financial Strain (reflecting Fryer's manifest function of employment), and with the trait personality variable of Neuroticism. The implication from these results is that when accounting for well-being both latent and manifest functions, as well as temperament, will need to be considered as contributing factors.

### *Labour Market Satisfaction and Well-being*

Psychological distress was also strongly associated with Labour Market Satisfaction. These results are consistent with the findings obtained by Winefield, Tiggemann and Winefield (1990), who compared groups of satisfied and dissatisfied working youths on levels of well-being. Winefield, et al. found significant differences between the satisfied and dissatisfied employed, and that the dissatisfied employed did not differ on levels of well-being from the unemployed. The evidence from the present study is that, like the employed, the unemployed are not homogeneous in relation to satisfaction with their

situation, and that those who report being satisfied also report lower levels of psychological distress similar to levels reported by employed individuals.

While those who were less satisfied were also more psychologically distressed, the evidence from the present study is that the explanation lies in the levels of financial hardship, rather than in access to the latent functions of employment. Labour Market Satisfaction was strongly related to Financial Strain, but only modestly ( $< .30$ ) associated with Access to Categories of Experience. Jahoda's Deprivation Model would predict that those with high levels of Labour Market Satisfaction to have high levels of access to the latent functions of employment. In the present sample, it was financial hardship that was strongly associated with Labour Market Satisfaction, which is more consistent with Fryer's explanation of the negative effects of unemployment.

Labour Market Satisfaction was also associated with trait Neuroticism. Those satisfied with their current labour market situation demonstrated differences in personality to those who were dissatisfied. In the current study, not only is Neuroticism strongly related to psychological distress, it is a useful dimension to differentiate between satisfied and dissatisfied unemployed. In summary, the current sample of unemployed was not homogeneous in terms of their Labour Market Satisfaction. Much of the previous research into the negative effects of unemployment has been criticised for making this assumption (Creed & Machin, 1999). The distinction between (job) satisfied and (job) dissatisfied has been made with samples of employed individuals (Winefield, Tiggemann & Winefield, 1990) and clearly needs to be made when examining unemployed people. The evidence from this study is that dissatisfaction is more a product of financial strain and personality rather than differences in access to the latent functions of employment.

*Predicting Psychological Distress*

The latent functions of employment (Access to Categories of Experience) and Financial Strain were able to make significant contributions to the prediction of psychological distress over and above the influence of the trait personality variable of Neuroticism and Labour Market Satisfaction (accounting for an additional 5% and 8% of the variance respectively). From this analysis it is clear firstly that psychological distress in unemployed people is not simply a product of latent function deprivation or manifest function deprivation considered alone. A model that incorporates both latent function and manifest function deprivation variables will provide a more complete explanation of psychological distress in the unemployed than models that focus on one of these dimensions only. Personality (Neuroticism) which was able to account for substantial amounts of the variance of psychological distress in the regression analysis (14%) highlights the need for considering individual differences when explaining the negative effect of unemployment. Lastly, the unemployed person's satisfaction with his or her situation, which accounted for 29% of the variance of psychological distress, clearly needs to be a consideration in the explanation of well-being. Not all unemployed people are dissatisfied with their unemployed situation, and this will have an impact on their psychological well-being.

*Implications for Theories of Unemployment and Well-being*

The main thrust of Jahoda's deprivation approach is that when people lose paid employment they also lose the access to the latent functions of employment, which in turn leads to a deterioration in psychological well-being. In this study, those unemployed participants with higher levels of access to the latent functions of employment did report lower levels of psychological distress, which is consistent with Jahoda's theorising. However, after controlling for demographic variables, labour market satisfaction and personality, the contribution that access to the latent functions of employment made to the prediction of well-being was small, and was less influential than the other variables in the equation. Jahoda's latent functions of employment have been useful in differentiating between unemployed and employed groups, however, these variables clearly do not account for the total variance of psychological distress for unemployed people. This finding is consistent with recent reports by Creed and Machin (1999) who found that different unemployment sub-groups were not differentiated by specific latent functions of employment. These authors found that unemployed sub-groups did not differ on Social Contact and Status variables.

Financial Strain was also strongly correlated with well-being, and this variable contributed significantly to the prediction of well-being. Clearly, the effects of poverty, as argued by Fryer play a role in the psychological experiences of unemployment, and need to be incorporated in any theoretical explanation of deteriorated well-being identified in the unemployed. Warr (1987) has attempted to do this by incorporating these

two approaches into an expanded model that attempts to account for psychological well-being across occupational and non-occupational environments. Warr has included elements of Jahoda's Deprivation Model (e.g., Social Contact) and Fryer's Agency Restriction Model (e.g., availability of money), as well as other aspects of environmental influences (e.g., Opportunity for Personal Control) into his Vitamin Model. This model argues that environmental features (such as Social Contact and the Opportunity for Control) have a negative or positive effect on well-being depending on the level of their availability or exposure. However, Warr's model, like Jahoda's and Fryer's, places little emphasis on individual differences, and needs to be tested more extensively along these lines.

The evidence from the present study is that personality, as has been demonstrated elsewhere for other populations (Diener, et al., 1999), plays an important role in determining psychological distress for the unemployed. Whereas Neuroticism has been implicated in predicting psychological distress, there is also need to consider other personality variables and the effect they have in predicting psychological well-being. Extraversion, for example, has been implicated as a better predictor of positive rather than negative affect (Larsen & Ketelaar, 1991) and will need to be considered in future studies with the unemployed. Lastly, in order to understand better the relationship between personality variables and the effects of unemployment on the individual, it will be important to have access to scales that more clearly represent the latent function and economic strain constructs for unemployed samples. The lack of well validated scales represents a current weakness in this area of research that is in need of redress.

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