

ORIGINAL ARTICLE

Unemployment benefit eligibility requirements and perceived time pressure

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Abstract

Objectives: An emerging body of literature links stressors or obstacles (e.g., compliance to an unemployment benefit eligibility requirement) to poor job search quality, questioning the effectiveness of such requirements in helping the unemployed to find employment. We investigate whether compliance to an unemployment benefit eligibility requirement affects an unemployed person's perception of time pressure, which theory relates to job search quality and which itself is hard to gauge.

Methods: We conduct a propensity-score matching analysis, using data on the Australian “mutual obligations” program, matching otherwise similar unemployed persons with and without an unemployment benefit eligibility requirement.

Results: Controlling for a wide range of confounders, we find a statistically significant positive effect of an unemployment benefit eligibility requirement on the affected person's perception of time pressure as theory predicts.

Conclusions: Others have hypothesized that poor labor market outcomes for those subjected to a “mutual obligations” requirement are a result of the requirement's adverse effect on job search quality. Our finding that compliance to unemployment benefit eligibility requirements increases an unemployed person's perceptions of time pressure aligns with that hypothesis.

KEYWORDS

benefit eligibility requirements, job search, mutual obligations, time pressure, unemployment

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In the mid-1990s, the Organization for Economic Co-operation and Development (OECD) released its labor market reform agenda (OECD 1994) to combat high unemployment. Among its set of recommendations, the OECD recommended member countries reform their unemployment and related benefit system—particularly the imposition of “... *restrictive conditions on indefinite-duration assistance benefits for employable people*” (OECD 1994, p. 52) to incentivize the unemployed to search for and accept work.

Many industrialized countries introduced unemployment benefit eligibility requirements—including Australia (Martin and Grubb 2001). Australia introduced a suite of unemployment benefit eligibility requirements called “mutual obligations” in 1997 (Kerr and Savelsberg 1999). “Mutual obligations” imply that the unemployed, if directed, must engage in additional activities such as applying for a minimum number of jobs per month and participation in work for the dole, in return for job search assistance. Failure to comply may attract (financial) penalties such as the (partial) withdrawal of unemployment benefits.

Research studying the threat effect of an impending “mutual obligations” requirement on the unemployment benefit exit rate finds small and non-consistent results (Lim 2008; Richardson 2002). Gerards and Welters (2022a), studying the lock-in effect of “mutual obligations” compliance, demonstrate that those who look for work with a “mutual obligations” requirement take longer to find employment than comparable unemployed persons without such a requirement, and if they find employment, it is of lower quality (lower hourly wage and fewer hours). Empirical evidence from Norway, the United States, the Netherlands, and Germany also questions the quality of employment found when unemployment benefit eligibility requirements influence an unemployed person’s job search (Caliendo, Tatsiramos, and Uhlenborff 2013; Gaure, Røed, and Westlie 2012; Wanberg et al. 2020b). However, the key question remains what mechanism(s) could lead benefit eligibility requirements to result in inferior labor market outcomes? In this article, we first present empirical and theoretical reasons to suspect that benefit eligibility requirements may cause the unemployed who are subjected to such requirements to feel rushed or pressed for time (perceived time pressure), which may be part of the mechanism eventually leading to inferior labor market outcomes. Second, we will empirically test the relation between benefit eligibility requirements and perceived time pressure to provide evidence. Third, we will discuss implications for policy.

EMPIRICAL AND THEORETICAL BACKGROUND

We have several reasons to buttress why perceived time pressure warrants a closer investigation when studying the relationship between benefit eligibility requirements—such as the Australian “mutual obligations” requirements—and inferior labor market outcomes. First, we explore reasons based on an emerging empirical body of evidence. Second, we present theoretical reasons.

Empirical background

Among the first to investigate the question of what mechanism(s) could lead benefit eligibility requirements to result in inferior labor market outcomes, Gerards and Welters (2022a) look for the answer in the job search process. Figure 1 shows how the unemployed worker starts the job search process setting, committing to and subsequently striving for an employment goal (Berger et al. 2022; Van Hooff et al. 2021). Self-regulatory capabilities should keep the unemployed worker on track to strive for goal achievement. However, unemployed workers may face obstacles during the search process that erode the quality of their job search (Melloy et al. 2018). For example, they may adopt haphazard rather than focus on job search strategies (i.e., looking for quick rather than high-quality success) or obstacles may undermine their determinedness to continue the search process (Crossley and Highhouse 2005; Wanberg, Ali, and Csillag 2020a). Melloy et al. (2018) differentiate emotional and attentional obstacles and find empirical support for this taxonomy across several samples. Emotional obstacles relate to job search fatigue and stress, which may impede job search quality. Attentional obstacles refer to competing demands on the time allocated to job search (e.g., household errands and social activities), which may wear down search quality.

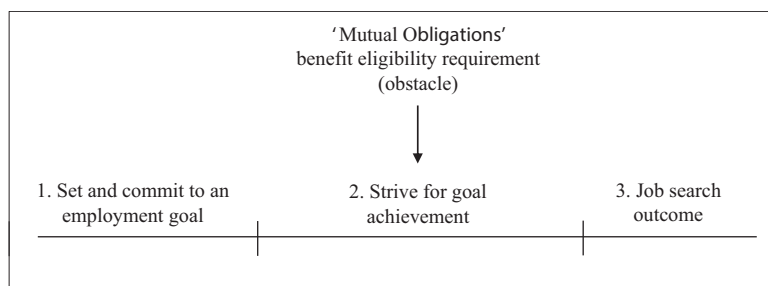


FIGURE 1 The job search process. *Source:* Authors' own visualization, synthesizing concepts from Van Hooff et al. (2021), Berger et al. (2022), and Melloy et al. (2018).

Benefit eligibility requirements such as “mutual obligations” contain attentional obstacles (e.g., work for the dole), even if the requirements are meant to align with the job search process (e.g., completing and reporting on a minimum number of job applications). If unemployed workers consider the requirements to have little utility in the job search process, they become an obstacle as O’Halloran, Farnworth, and Thomacos (2020) demonstrate interviewing “mutual obligations” participants. Koen et al. (2016) provide similar evidence for the Netherlands, where reemployment guidance adversely affects an unemployed worker’s job search motivation. Moreover, the threat of (financial) repercussions of non-compliance may constitute emotional obstacles. For example, O’Halloran et al. (2020, p. 500) found that “... *the psychological distress of attending appointments* [with case managers, who assess compliance and discuss consequences of potential non-compliance] *appeared to be additional to the psychological distress of unemployment.*”

Gerards and Welters (2022a) explore whether a “mutual obligations” requirement indeed acts as an obstacle in the job search process, studying its effect on job search intensity (hours spent to search for work per week). If a “mutual obligations” requirement indeed is a competing demand on the time allocated to job search, then perhaps unemployed workers with a “mutual obligations” requirement spend less time searching for work. Gerards and Welters (2022a) find no effect of a “mutual obligations” requirement on search intensity and deduce that the inferior labor market outcomes they find must be a result of an adverse effect of “mutual obligations” requirements on job search quality. While the next logical step might seem to investigate the effect of “mutual obligations” on job search quality, job search quality is notoriously difficult to gauge directly (Wanberg, Ali, and Csillag 2020a), which may explain the dearth of studies that relate stressors to job search quality. The few studies that do (Koen et al. 2016; Wanberg et al. 2020b) acknowledge that they may have (reluctantly) omitted factors that potentially confound the established relationship between a stressor and job search quality. While Gerards and Welters (2022b) succeeded in empirically relating a stressor (in their case financial hardship) to reduced job search quality, they too did not measure job search quality directly.

Even if we were to accept based on this limited evidence that stressors or obstacles, such as benefit eligibility requirements, somehow reduce job search quality and thereby lead to inferior labor market outcomes, we still need to uncover the underlying mechanisms. Therefore, we investigate the first step of a potential mechanism between benefit eligibility requirements (i.e., the obstacle) and the illusive job search quality. If a “mutual obligations” requirement indeed acts as an attentional or emotional obstacle, the competing demands arising from the requirement may cause perceived time pressure because such obstacles will drain temporal or cognitive resources.

The thought that, in turn, perceived time pressure may play a role in inferior labor market outcomes of those subject to benefit eligibility requirements is not a far stretch when we consider the emerging empirical evidence regarding the consequences of time pressure. It shows, for instance, that time pressure is linked to poor quality decision making (e.g., unhealthy nutritional choices—Venn and Strazdins 2017) and to reduced goal progress and emotional well-being (e.g., Gärling, Fors, and Hjerm 2016). See Rudd (2019) and Giurge, Whillans, and West (2020) for overviews. Time pressure may therefore be, on the one

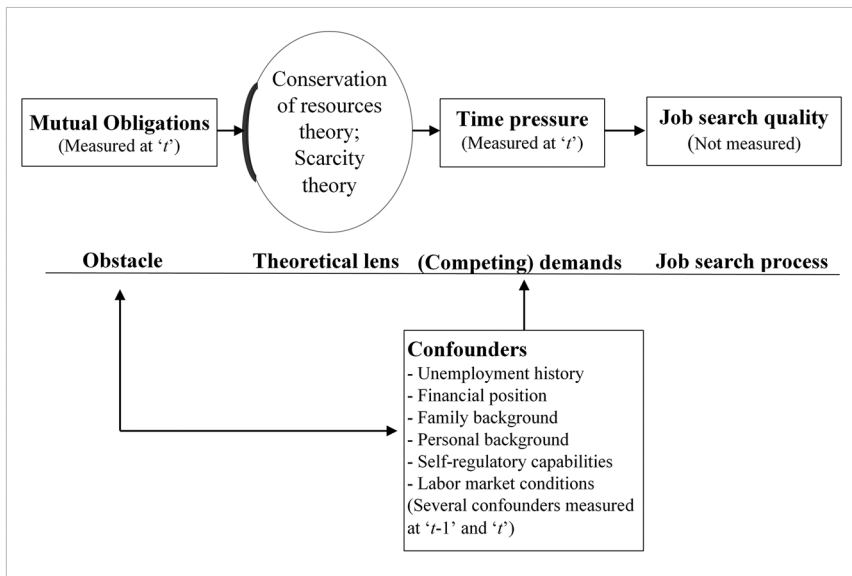


FIGURE 2 Conceptual model. *Source:* Authors' own visualization.

hand, a consequence of an obstacle/stressor interfering with the job search process and, on the other hand, a source that undermines the quality of job search. To reinforce and formalize these expectations based on this empirical evidence, we employ two theoretical perspectives discussed in the next section. Note that time pressure is known under many seemingly interchangeable terms in the literature, such as “time shortage,” “time poverty,” “time stress,” “time scarcity” or “time crunch” (Rudd 2019).

Theoretical background

Conservation of resources theory (Hobfoll 1989) argues that stressors (such as “mutual obligations” requirements) usurp cognitive resources, which are then no longer available for other decision-making purposes (e.g., job search; Lim et al. 2016). Following Melloy et al. (2018), competing demands or conflicts may arise between the long-term goal (employment) and immediate emotional or attitudinal obstacles (e.g., obstacles arising from benefit eligibility requirements). Giurge, Whillans, and West. (2020) show that perceptions of feeling rushed or pressed for time may emerge when negotiating multiple demands.

Insights from scarcity theory may also be relevant. Scarcity theory distinguishes careful and deliberate from quick and rash decision making. Both types of decision making occur in different compartments of the brain (Mani et al. 2013; Schilbach et al. 2016). Importantly, people can only access careful and deliberate decision making if they have sufficient bandwidth (cognitive resources). Following Melloy et al. (2018), obstacles (such as “mutual obligations” requirements) occupying bandwidth may not constitute competing demands to a long-term goal rather they determine the type of decision making to which a person has access to pursue a long-term goal. Obstacles lead to quick and rash decision making (i.e., low job search quality). Rudd (2019), conducting a meta-study on time pressure, shows that those who engage in time-deepening behaviors (e.g., engage in quick and rash decision making) feel more rushed and time scarce as a result.

Consequently, this study focuses on the relationship between “mutual obligations” (the obstacle) and the unemployed person’s perception of time pressure (feeling rushed or pressed for time). Figure 2 combines the insights from the empirical evidence with the theoretical expectations in our conceptual model. Our theoretical lens predicts that decision making under the influence of an obstacle may increase perceptions of time pressure (Giurge, Whillans, and West 2020; Wanberg et al. 2020b).

Summarizing this leads us to the hypothesis that unemployed persons searching for work with a “mutual obligations” requirement experience higher perceived time pressure than those without. That perceived time pressure may arise because time spent fulfilling the “mutual obligations” requirement (an obstacle/stressor), as well as the associated financial threat, block access to careful decision making (scarcity theory) or force the unemployed to make job search decisions with fewer cognitive resources (conservation of resources theory). Both lead to (competing) demands, which may trigger the perception of feeling rushed or pressed for time. Although beyond the scope of our study to formally test, there is mounting evidence to suspect that increased perception of time pressure leads to the adoption of haphazard rather than focused job search strategies and reduces the determinedness of the job search, that is, reducing job search quality (e.g., Gärling et al. 2016; Giurge, Whillans, and West 2020; Rudd 2019; Venn and Strazdins 2017).

The study will follow, and where necessary expand, the identification strategy that Gerards and Welters (2022a) implement to comprehensively control for confounders on the relationship between “mutual obligations” and perceptions of time pressure.

MATERIALS AND METHODS

We use data from the first 19 waves of the Household, Income and Labour Dynamics in Australia (HILDA) longitudinal data set, excluding the 2020 wave, given the labor market distortions that coronavirus disease 2019 (COVID-19) presented. We follow Gerards and Welters (2022a) and select unemployed persons, between age 15 and 65 ($N = 5274$) and conduct a (propensity score) matching (PSM) analysis, to match unemployed persons with and without a “mutual obligations” requirement. The matched persons are otherwise similar in terms of the characteristics and circumstances that may cause both the requirement of “mutual obligations” and perceived time pressure, which therefore no longer interfere with the outcome of our analysis. Hence, any difference in perceived time pressure is then a result of the “mutual obligations” requirement.

The HILDA data set contains information on:

- exposure to “mutual obligations” requirements. Unemployed respondents were asked whether they had an ongoing “mutual obligations” requirement, leading to a dummy equaling 1 if yes; 0 otherwise;
- perceived time pressure. Respondents were asked to rate how often they felt rushed or pressed for time on a scale from 1 (*never*) to 5 (*almost always*). We follow the established empirical literature and derive two constructs from this variable. First, we follow Ruppanner, Perales, and Baxter (2019) and treat this variable as continuous. Second, we follow Hamermesh and Lee (2007) and recode time pressure into a dummy construct as follows: coding (0) the answers “never,” “rarely,” and “sometimes” and coding (1) the answers “often” and “always.” This dummy construct will ease the interpretation of the size of the coefficient resulting from the PSM analysis;
- control variables that potentially jointly determine the incidence of a “mutual obligations” requirement and the unemployed person’s perceived time pressure (see Figure 2). The analysis controls for the unemployed person’s (un)employment history, financial position, household structure, personal characteristics, labor market environment, and social capital. Since time pressure is a perception variable, we add validated short-form constructs (Ware et al. 2007) for among others “general health,” “social functioning,” “physical functioning,” “mental health,” “health transition,” and “social support,” as well as smoking status, physical activity frequency, and disability status to the controls that Gerards and Welters (2022a) use. We include personality traits to capture self-regulatory capabilities (Sirois and Hirsch 2015). For a full list of the included control variables, see Table A1 in the Supporting Information.

To apply PSM, we require variations in the application of a “mutual obligations” requirement across similar unemployed people, which will not occur if case managers collectively apply the policy consistently across time and space. Yet, these variations in “mutual obligations” requirements do arise for two reasons in our data.

First, dissimilar treatment for similar persons across time occurs because of policy changes to the coverage of “mutual obligations” requirements during 2001–2019. A first example of such policy change is the 2002 extension of “mutual obligation” coverage to unemployed workers aged 35 to 49 (Lim 2008). Another example stems from the 2006 “Welfare to Work” policy that extended the coverage to meet the “mutual obligations” requirements to principal carers of school-age children and to “... people with disabilities who were assessed as having ‘partial work capacity’” (Davidson and Whiteford 2012, p. 39). For details, we refer readers to Davidson and Whiteford (2012) who extensively documented these policy changes, which enable us to compare similar unemployed persons on either side of the changes.

Second, dissimilar treatment for similar persons at a particular point in time occurs due to the inability of case managers to collectively implement changes to “mutual obligations” requirement criteria synchronously (Borland 2014; Richardson 2003). The extension of eligibility criteria of “mutual obligations” requirements implied that “mutual obligations” activities needed to be provided to more people. Some case managers needed more time than others to upscale activity provision, which implied the roll-out of policy changes did not occur synchronously (Richardson 2003), causing random variation in the application of “mutual obligations” requirements across space during the roll-out phase of policy changes.¹

Splitting our sample into a group to whom “mutual obligations” requirements apply ($N = 996$) and a group to whom “mutual obligations” requirements do not apply ($N = 4278$), we note that the former are more disadvantaged (e.g., they experience a longer uncompleted spell of unemployment, spent less time in employment relative to unemployment, have lower income and fewer net assets, and are more likely renters rather than homeowners) and more isolated (e.g., they are more likely single and have less social capital) than the latter (see Table A1). Evidently, the “mutual obligations” policy successfully targets the most deprived part of the unemployment pool.

All these differences may influence the perception of time pressure, next to the likelihood of experiencing a “mutual obligations” requirement. Thus, these and other potentially confounding variables must be accounted for by the PSM analysis, to successfully compare unemployed persons with and without “mutual obligations” requirements. To do so (and with that to satisfy the so-called “conditional independence assumption”), the PSM analysis must contain a wide range of relevant potential confounders. Since we have sufficient overlap in terms of relevant potential confounders between unemployed persons with and without a “mutual obligations” requirement (see Figure A1), the PSM analysis² produces high-quality matches, with no statistically significant difference (not even at up to 10 percent significance level) for any of the 62 included confounders between the matched unemployed persons with and without a “mutual obligations” requirement (see Table A2).³ Thus, our identification strategy to match unemployed persons who are highly similar but randomly differ in “mutual obligations” requirement is successful.⁴

RESULTS

Table 1 shows that the unemployed subjected to a “mutual obligations” requirement perceive more time pressure than those who search for work without such a requirement, but who are otherwise very similar, confirming our hypothesis. This effect is statistically significant at the 1 percent level for both the continuous version and dummy version of the construct. We can interpret the size of the coefficient of the dummy construct version as a 5 percent increase in experiencing time pressure (“often” or “always”)

¹ The non-synchronous roll-out of multiple policy changes favors research identification strategies that rely on random treatment variation (PSM) rather than strategies that require a clear cut-off point in time (e.g., difference-in-difference techniques).

² We follow the established empirical literature such as Gerards and Welters (2020, 2022a, 2022b) and Caliendo, Gielen, and Mahlstedt (2015) and use the Epanechnikov kernel (0.06 bandwidth) in our PSM analysis. Our sensitivity analyses finds that our results are robust across alternative specifications and bandwidths (see Table A4).

³ For successful matching, Caliendo and Kopeinig (2008) recommend mean and median standardized biases below 3 percent–5 percent; ours are well below that recommendation (Table A2).

⁴ See Table A3 for the propensity score estimates for the propensity to be subject to mutual obligations.

TABLE 1 Matching estimates of a “mutual obligations” requirement on feeling rushed or pressed for time.

	ATT	SE	<i>n</i>	<i>n</i> treated	<i>n</i> untreated	Off support	Mean bias	Median bias
<i>Feel rushed or pressed for time (continuous version)</i>	0.107**	0.035	5274	988	4278	8	1.2	1.1
<i>Feel rushed or pressed for time (dummy construct version)</i>	0.051**	0.016	5274	988	4278	8	1.2	1.1

Note. Coefficients are average treatment effects on the treated (ATT). We use the Epanechnikov kernel, common support, bandwidth 0.06, robust standard errors (499 bootstraps) clustered on the individual.

*** $p < 0.001$; ** $p < 0.01$; * $p < 0.05$.

for those who were subject to “mutual obligations” as compared to those otherwise similar unemployed persons without a “mutual obligations” requirement.

DISCUSSION

“Mutual obligations” requirements, the Australian version of unemployment benefit eligibility requirements, should help the unemployed return to employment more swiftly; however, Richardson (2002) and Lim (2008) find small and non-consistent threat effects of (impending) requirements, while Gerards and Welters (2022a) find lock-in effects: no effect on job search intensity, the unemployed need more time to find employment, and if successful, they find poorer quality jobs. They infer that “mutual obligations” requirements reduce job search quality.

We hypothesize that a “mutual obligations” benefit eligibility requirement, an obstacle in the job search process with both attentional and emotional elements, raises (perceived) time pressure as scarcity theory (Mani et al. 2013) and conservation of resources theory (Lim et al. 2016) predict. We argue that testing this hypothesis is an important first step in uncovering a mechanism by which benefit eligibility requirements negatively affect the illusive job search quality and concomitant labor market outcomes (e.g., Caliendo, Tatsiramos, and Uhlendorff 2013; Gaure, Røed, and Westlie 2012; Gerards and Welters 2022a; Wanberg et al. 2020b). As time pressure is shown to have myriad negative outcomes (Giurge, Whillans, and West 2020; Rudd 2019), including reduced decision-making quality around nutritional choices (Venn and Strazdins 2017) and reduced goal progress (Gärling, Fors, and Hjerm 2016), time pressure may similarly affect job search decision-making quality. Unemployed persons who feel rushed or pressed for time may struggle to maintain job search focus, likely adopting haphazard rather than focused search strategies and exhibiting less determinedness during job search—two key elements of job search quality (Van Hooff et al. 2021).

We find strong support for our hypothesis: Unemployed persons who search for work with a “mutual obligations” requirement and the associated threat of financial penalties report higher perceived time pressure (5 percent more likely to experience time pressure) than those without such a requirement.

Our research provides indirect evidence of an adverse effect of unemployment benefit eligibility requirements on job search quality. While the secondary data source that we use comes with many advantages (e.g., a broad range of individual, household, and environmental circumstances, which enable the identification of causal relationships), the drawback is that it does not allow the researcher to drill down into specific questions about job search quality. Future research collecting data directly from unemployed workers can collect information on (changes to) job search regulation over time as an indicator of job search quality maintenance over the job search process. That way, future research may formally test the second step of the mechanism we propose, the relation between perceived time pressure and measured job search quality. However, this type of research is likely to struggle to establish causation in absence of data on a broad range of factors that influence the job search process (Koen et al. 2016; Wanberg et al. 2020b).

If unemployed workers indeed perceive unemployment benefit eligibility requirements as attentional or emotional obstacles to their job search process, then such requirements achieve the opposite of their

intention. Effective, non-obstacle, eligibility requirements must meet several criteria. They must be supportive of the job search process, and unemployed workers must perceive them as supportive. Berger et al. (2022) show how a self-regulation course (focused on mental contrasting) offered to the unemployed helps them improve the quality of application documents and submitting them on time (evidence of improved job search quality). Hodzic et al. (2015) show how a self-regulation course (focused on emotional competences) increased unemployed workers' perceptions of their employability and entrepreneurial self-efficacy, leading to increased job search success. It is likely that unemployed workers would consider participating in such courses an empowerment rather than an obstacle to their job search process. Or as O'Halloran, Farnworth, and Thomacos (2020 p. 492) conclude "... *unemployed workers want services that are effective and psychologically positive to help them to fulfil their mutual obligations* [search for and find employment]." Eligibility requirements that penalize for failure to find employment are counterproductive.

Moreover, effective eligibility criteria should not be narrowly defined. The advantage of a narrowly defined target, such as a target minimum number of applications per month, is that it is easy to monitor. The disadvantage is that such a target does not assess the job search process holistically. O'Halloran, Farnworth, and Thomacos (2020, p. 498) interviewed "mutual obligations" participants who, when asked about their relationship with case managers, reported "... *the predominance of a focus on compliance, which was to the detriment of a focus on employment.*" That is, the number of applications says little about the quality of those applications or the suitability for the role for which the unemployed worker applied. If facing an application submission target, the unemployed worker may indeed revert to haphazard search strategies to access the required volume of vacancies to meet the target before they start the volitional job search process in earnest.

Importantly, the research that examines the job search process of the unemployed worker and makes recommendations to the unemployed worker's job search behavior to improve their job search outcomes implicitly or explicitly assumes that unemployment is a result of job search behavior inadequacies and not a result of an overall shortage of jobs. If there is a shortage of jobs, providing recommendations to unemployed workers on how to improve their job search success will only lead to job queue shuffling (Baum and Mitchell 2008, 2010). With annual nationwide vacancy rates in our study period at no point above 2 percent and nationwide underutilization never below 10 percent, it is likely that an overall shortage of jobs existed throughout the study period. It is a concern also echoed by "mutual obligations" "participants:" "... *the requirement to apply for 20 jobs per months when there were insufficient jobs in the local area was a problematic concept, and most said that there should be a more nuanced approach to job-searching based on some relationship to the unemployment rate or the job vacancy rate*" (O'Halloran, Farnworth, and Thomacos (2020, p. 501).) Imposing benefit eligibility requirements on unemployed workers for failing to find employment that is not sufficiently available is hard to defend.

Our findings are directly relevant to labor market policy but also indirectly through their effects on health. Surveying the literature on time pressure, Rudd (2019) shows that perceived time pressure negatively impacts myriad objective and subjective physical and mental health outcomes such as obesity, hypertension, depression, stress, emotional exhaustion, happiness, and life satisfaction. In turn, Yildiz, Burdorf, and Schuring (2021) link (mental health) sickness during job search to labor market detachment.

Moreover, our findings are relevant to social and health sciences and policies more broadly. Giurge, Whillans, and West (2020), synthesizing research from various disciplines, conclude that "... *time poverty may be as important as material poverty in shaping human welfare.*" (p. 993). In general, time pressure and its causes and consequences are under-researched, despite a recent uptick in scholarly interest (Williams, Masuda, and Tallis 2016). Its broad labor market, health, and human welfare consequences make time pressure a dependent variable of interest in its own right or as others have put it: "*We argue that scientists, policymakers and organisational leaders should devote more attention and resources toward understanding and reducing time poverty to promote psychological and economic well-being.*" (Giurge, Whillans, and West 2020, p. 993) and "*Time poverty fits within a broader literature highlighting the need for an expanded set of measures for understanding the state of society, going beyond Gross Domestic Product and income poverty.*" (Williams, Masuda, and Tallis 2016, p. 279) and "*In terms of public health, understanding the sources of time pressure and identification of certain groups that are particularly vulnerable to time pressure is of paramount importance for effective implementation of health policies.*" (Otterbach et al. 2016,

p. 507). Our research answers these calls, whereby our empirical findings add “mutual obligations” benefit eligibility requirements to our understanding of the sources of time pressure, and our conceptual model lays the theoretical stepping-stone for future research to empirically test the suspected but likely negative consequence of time pressure on measured job search quality and concomitant labor market outcomes.

CONCLUSION

We follow 5274 Australian unemployed persons, some of whom must comply with unemployment benefit eligibility requirements (996), and some have no such requirements (4278). Employing matching techniques to ensure causality, we confirm that the application of an unemployment benefit eligibility requirement and the associated threat of financial penalties increases an unemployed person’s perceived time pressure. Scarcity theory and conservation of resources theory predict that compliance with unemployment benefit eligibility requirements constitutes demands on the resources of the unemployed during the job search process, which either block access to deliberate decision making (scarcity theory) or compete with the demands arising from the job search process itself (conservation or resources theory). Relying on non-deliberate, rash decision making (a form of time-deepening behavior) or negotiating competing demands are both linked to increases in (perceived) time pressure.

Increased (perceived) time pressure likely reduces job search quality, through the adoption of haphazard rather than focused job search strategies and through lower levels of job-search determinedness, which can explain the finding of Gerards and Welters (2022a) that “mutual obligations” requirements are counterproductive as a labor market policy tool.

Since elevated levels of (perceived) time pressure are linked to myriad negative health outcomes, “mutual obligations” requirements may also fail the test of sound health policy.

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CONFLICT OF INTEREST STATEMENT

The authors declare no conflicts of interest.

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SUPPORTING INFORMATION

Additional supporting information can be found online in the Supporting Information section at the end of this article.

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