MORE THAN JUST UNEMPLOYMENT: HOW THE FEAR OF NOT FINDING A JOB SHAPES LIFE SATISFACTION IN AZERBAIJAN

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ABSTRACT

This study examines the psychological and social pathways through which perceived job insecurity affects life satisfaction among unemployed individuals in Azerbaijan. Drawing on nationally representative survey data, the analysis applies Hayes' PROCESS Macro Model 6 to test a serial mediation framework involving three mediators: goal growth (perceived impact of unemployment on personal development), social impact (changes in social relationships), and future hope (expectations regarding the role of employment in enhancing well-being). A total of 643 valid responses were analyzed using bootstrapped estimates to evaluate both direct and indirect effects. Results indicate a significant negative total effect of job insecurity on life satisfaction, supporting the premise that subjective fear about one's employment prospects exerts a deleterious influence on overall well-being. While the direct effect remained unexpectedly positive after accounting for mediators, significant indirect effects were observed through social impact, future hope, and the full serial pathway encompassing all three mediators. The findings suggest that job insecurity undermines life satisfaction primarily by reducing individual's perceived personal growth, weakening social ties, and eroding future-oriented optimism. The study highlights the multidimensional nature of unemployment-related distress, revealing that the consequences of job insecurity extend beyond economic deprivation to include psychosocial disruptions. These results underscore the need for labor market policies that integrate employment services with psychosocial support mechanisms. Interventions should aim not only to reduce job insecurity but also to promote personal development, strengthen social networks, and foster hope among job-seeking populations. By elucidating the complex mechanisms linking labor market experiences to subjective well-being, this research contributes to a more holistic understanding of unemployment's societal impacts.

Keywords: Job insecurity, life satisfaction, unemployment, social impact, psychosocial well-being

JEL classification: J01, J08, J16, J64

INTRODUCTION

Problem overview: In recent years, the concept of job insecurity has attracted growing attention across multiple disciplines, especially in the fields of labor economics, psychology, and social policy. Traditionally, unemployment research has focused on the economic consequences of job loss; however, increasing evidence suggests that the fear of losing employment or the inability to secure stable work—even in the absence of actual unemployment—can exert profound effects on individual well-being. This paper explores how subjective job insecurity influences life satisfaction, with a particular emphasis on the psychological and social mechanisms underlying this relationship.

Azerbaijan, like many middle-income countries undergoing labor market transition, has made great strides in providing stable, formal employment opportunities, but it still faces persistent structural challenges in this area. The levels of informal employment, unemployment, and the mismatch between education and labor market needs that has emerged over time contribute to widespread insecurity, especially among young people and recent graduates. However, beyond macroeconomic dimensions, it remains understudied how psychological fear of unemployment shapes people's overall perceptions of quality of life in such contexts. Employment in Azerbaijan is predominantly youth-driven and urban-centric, with over 78% of digital consumers being employed—mainly in office jobs—highlighting a growing digital engagement among working individuals but also reflecting limitations in digital commerce infrastructure for broader employment stimulation (K. Fadanı, 2023).

The present study seeks to fill this gap by investigating the relationship between job insecurity and life satisfaction using nationally collected survey data. We build on the assumption that this relationship is not linear or direct, but mediated through three key psychosocial dimensions: (1) personal goal growth—how job insecurity affects an individual's developmental outlook, (2) social impact—the extent to which social relationships are perceived to be affected by unemployment, and (3) future hope—beliefs regarding whether employment will enhance life satisfaction. To this end, we apply Hayes' PROCESS Model 6, which enables the testing of a serial mediation framework that captures the complexity of these interrelated factors.

By focusing on subjective job insecurity in Azerbaijan, this study contributes to a growing body of literature that reframes unemployment not just as a labor market outcome, but as a multidimensional social and psychological experience. The results provide insights for both academic inquiry and practical policymaking in employment and mental health services.

Insights from Azerbaijan: The set of graphs illustrates (Figure 1) Azerbaijan's economic structural composition and growth from 2000 to 2024, highlighting the

relative shares of the oil-gas sector, non-oil sector as a percentage of GDP, ILO reported unemployment rate and total GDP in absolute terms. A review of these trends reveals a significant shift in sectoral dynamics. From 2005 to 2010, the oil-gas sector's contribution to GDP sharply increased—peaking above 55%—driven by large-scale hydrocarbon investments and export revenues. However, its share has since declined, reflecting both global energy price fluctuations and national policy shifts. In contrast, the non-oil sector, which fell to a low of around 37% in 2007, has steadily rebounded and overtook the oil sector again by the early 2020s, reaching approximately 60% by 2024. This trend aligns with Azerbaijan's "Strategic Road Maps" for economic reform and the Vision 2025 agenda, which emphasize diversification to reduce dependence on hydrocarbons and promote development in agriculture, tourism, ICT, and manufacturing. GDP growth has continued on an upward trajectory overall, but more notably so in years when the non-oil sector expanded—suggesting increasing resilience. The dramatic decline in the unemployment rate between 2000 and 2019 is clear evidence that the reforms in this sector are moving in the right direction. The artificial increase in unemployment during the pandemic that swept the world in 2019-2020 stabilized below 6% in the following years.

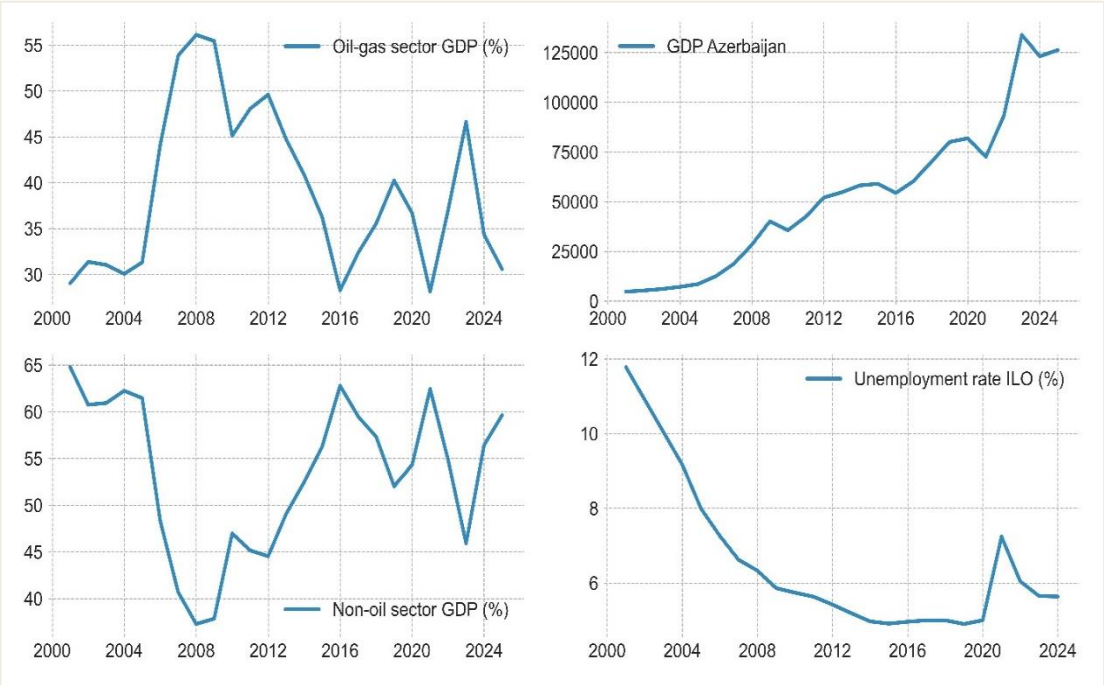

Figure 1. Evidence from Azerbaijan

LITERATURE REVIEW

The impact of unemployment on the social, economic, and psychological lives of individuals has been the focus of researchers for many years. Empirical research

conducted in this field, especially after 2014, shows that unemployment not only results in loss of material income, but also causes serious consequences for an individual's self-esteem, psychological well-being, and social integration (Blustein et al., 2016). In contemporary literature, the relationship between unemployment and depression, life satisfaction, and social participation is being explored more comprehensively.

Carr and Chung (2014) emphasized that the feeling of worthlessness increases in individuals experiencing unemployment, and this situation leads to disturbances in psychological health. At the same time, differences in the impact strength between short-term unemployment and long-term unemployment have been observed. The psychological impact of long-term unemployment is deeper and more lasting (Milner et al., 2021).

Unemployment also affects family relationships and the social roles of individuals. The discrepancy between expectations and reality has been observed in individuals with social isolation, intra-family conflicts, and a decrease in overall quality of life. (Wanberg et al., 2020). Some studies have noted that these effects may vary by age, gender, and education level. Unemployment among young people and those with low levels of education results in deeper psychological trauma (Bertrand & Duflo, 2017).

Analyses show that combating unemployment can be achieved not only by addressing structural problems of the labor market, but also by meeting the psychosocial needs of individuals. Social support mechanisms, employment training, and psychological intervention programs play an important role in the adaptation process of unemployed individuals. (Lindström et al., 2022).

From a theoretical standpoint, Jahoda's (1982) latent deprivation model provides a foundational framework for understanding these empirical findings. Jahoda posits that employment offers five essential psychological benefits—time structure, social contact, collective purpose, status, and activity. When individuals lose access to these "latent functions" through unemployment, they become vulnerable to psychological distress. This model remains influential in interpreting why even financially secure unemployed individuals may still experience poor mental health.

A broader public health perspective is offered by Dooley, Fielding, and Levi (1996), who argue that unemployment functions as a social determinant of health. They review epidemiological evidence indicating higher incidences of both physical and psychological health problems among the unemployed. Importantly, the authors highlight the bidirectional nature of the relationship—poor health can lead to job loss, while job loss can worsen health—thus suggesting a complex feedback loop.

However, not all employment guarantees improved mental health. Butterworth et al. (2011), using longitudinal national survey data from Australia, demonstrate that the

quality of employment significantly moderates its mental health effects. Individuals in poor-quality jobs characterized by high demand and low control were found to have mental health outcomes comparable to, or worse than, the unemployed. These findings emphasize the importance of considering job quality when evaluating the protective effects of employment.

In recent years, successful results have been achieved in reducing the negative effects of unemployment through active labor market policies (ALMPs) implemented in some countries, including Azerbaijan. These policies not only facilitate the reintegration of individuals into the labor market, but also support their social and psychological well-being. (OECD, 2019).

Consequently, modern literature shows that unemployment is a multidimensional problem and that solving this problem requires a comprehensive approach. Research emphasizes the importance of psychological interventions at the individual level and the coordinated implementation of economic and social policies at the structural level.

DATA AND METHODOLOGY:

Data: The analyses presented in this study are based on data derived from a nationally administered survey conducted between October and December 2024 among individuals officially registered as unemployed with the Public Employment Agency, operating under the Ministry of Labor and Social Protection of the Population of the Republic of Azerbaijan. The fieldwork was carried out by a trained team of 25 enumerators and was implemented in full compliance with the ISO 20252:2019 standard for market, opinion, and social research, which outlines internationally recognized requirements for quality in data collection and analysis. A total of 2,752 registered unemployed individuals were surveyed, with the sample stratified proportionally by region, gender, and educational attainment to ensure representativeness. Following data cleaning, verification, and coding procedures, 643 complete and valid responses were retained for final analysis.

The variables used in this study are the following survey questions:

- Life satisfaction (LS) (Y) – “All things considered, how satisfied are you with your life?” (Answers here are rated on a scale from 1 to 10)
- Job insecurity (JS) (X) – “How much stress or anxiety do you feel about the fear of not being able to find a job?”. Here, the answers are coded as 1-“Never”, 2-“Rarely”, 3-“Sometimes”, 4-“Often” and 5-“Always”.
- Goal growth (GG) (M_1) – “How has unemployment affected the main areas of your life (multiple answers can be selected: My personal goals and my development)?” Here, the answers are coded as 1-“Positively affected”, 0-“Neutral” and (-1)-“Negatively affected”.

- Social impact (SI) (Mediation variable – M_2) – "How has unemployment affected your social relationships and socialization in general?". Here, the answers are coded as 1-"Completely improved", 2-"Partially improved", 3-"Remained unchanged", 4-"Partially worsened" and 5-"Completely worsened".
- Future hope (FH) (Mediation variable – M_3) – "To what extent do you believe that employment will increase your happiness and life satisfaction?". Here, the answers are coded as 1-"Not at all", 2-"Not much", 3-"Not sure", 4-"Somewhat" and 5-"A great deal".

In below table (Table 1) the frequencies of responces are provided:

Table 1. The descriptive statistics of independent variables

Survey questions	**LS - All things considered, how satisfied are you with your life? Scale 1 to 10**					
	Responds	Coded	Count	Mean	Std.	N %
JS - How much stress or anxiety do you feel about the fear of not being able to find a job?	Never	1	64	7,03	2,74	9.95%
	Rarely	2	46	6,57	2,51	7.15%
	Sometimes	3	81	6,30	2,82	12.60%
	Often	4	205	5,74	2,99	31.88%
	Always	5	247	4,54	3,29	38.41%
GG - How has unemployment affected your personal goals and development?	Negatively affected	-1	449	5,24	3,17	69.83%
	Neutral	0	154	6,31	2,95	23.95%
	Positively affected	1	40	5,85	3,18	6.22%
SI - How has unemployment affected your social relationships and socialization in general?	Completely improved	1	6	7,00	3,46	0.93%
	Partially improved	2	11	8,00	2,61	1.71%
	Remained unchanged	3	163	6,25	3,14	25.35%
	Partially worsened	4	163	6,17	2,77	25.35%
	Completely worsened	5	300	4,68	3,14	46.66%
FH - To what extent do you believe that employment will increase your happiness and life satisfaction?	Not at all	1	9	5,11	3,98	1.40%
	Not much	2	10	6,90	3,25	1.56%
	Not sure	3	27	6,81	2,96	4.20%
	Somewhat	4	91	5,41	3,29	14.15%
	A great deal	5	506	5,47	3,10	78.69%

Methodology: To understand the relationships between variables in research, it is not enough to simply identify cause-and-effect relationships. Advanced statistical

approaches focus on investigating how, why, and under what conditions these relationships occur. In this regard, the concepts of mediation and moderation are analytical approaches widely used in social sciences and applied statistics. Mediation analysis examines whether the effect of one variable (independent variable – X) on another variable (dependent variable – Y) is mediated through a third variable (mediator – M). This approach aims to clarify the mechanisms behind the cause-effect relationship. For example, indirect effect is studied through the sequence X → M → Y. If the effect of X on Y is mediated by the variable M, this effect is considered a "mediation effect." Moderation analysis examines whether the relationship between X and Y changes depending on the level of another variable (Z). This variable is called a moderator. If the variable Z changes the direction or strength of the relationship, then Z has a moderating role. This model is usually analyzed through interaction effects and answers the question: "Does the effect of X on Y change due to Z?"

The PROCESS macro introduced by Andrew F. Hayes (2018), used in this article, is a tool that simplifies the implementation of mediation, moderation, and conditional process models in SPSS and other statistical programs. Macro offers more than 90 models. One of these models – Model 6 – is a serial mediation model. Model 6 is structurally similar to Figure 1:

Figure 2. Process macro model 6

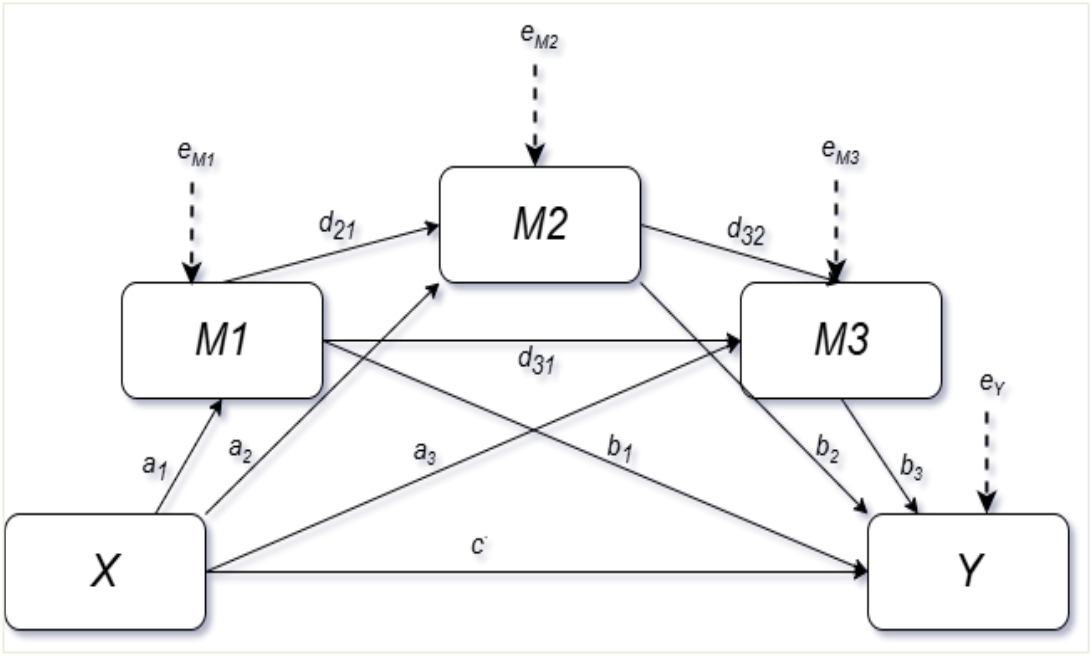

Figure 3. Process macro model 6

In this model in Figure 1, the effect of X on Y is transmitted in successive stages through three mediating variables (M_1, M_2, M_3). Model 6 seeks to answer the following questions:

- How does the independent variable X affect Y through M_1, M_2, and M_3?
- How much is the total indirect effect and which path is stronger?
- What part of the impact is indirect and what part is direct?

This approach analyzes not just whether X exists on Y, but how and through what pathways this influence occurs. Thus, it is possible to study not only the relationship itself, but also the process and sequence of its formation. In this model, the models of direct and indirect influence are as follows:

- Indirect effect of X on Y through coefficients a_i and b_i of M_i
- Indirect effect of X on Y through M_1 and M_2 with coefficients a_1, d_{21} and b_2
- Indirect effect of X on Y from M_1 and M_3 with coefficients a_1, d_{31} and b_3
- Indirect effect of X on Y from M_2 and M_3 with coefficients a_2, d_{32} and b_3
- Indirect effect of X on Y through M_1, M_2 and M_3 with coefficients a_1, d_{21}, d_{32} and b_3
- Direct effect of X on Y with c`

Taking these variables into account, the application form of the model in Figure 1 is as follows:

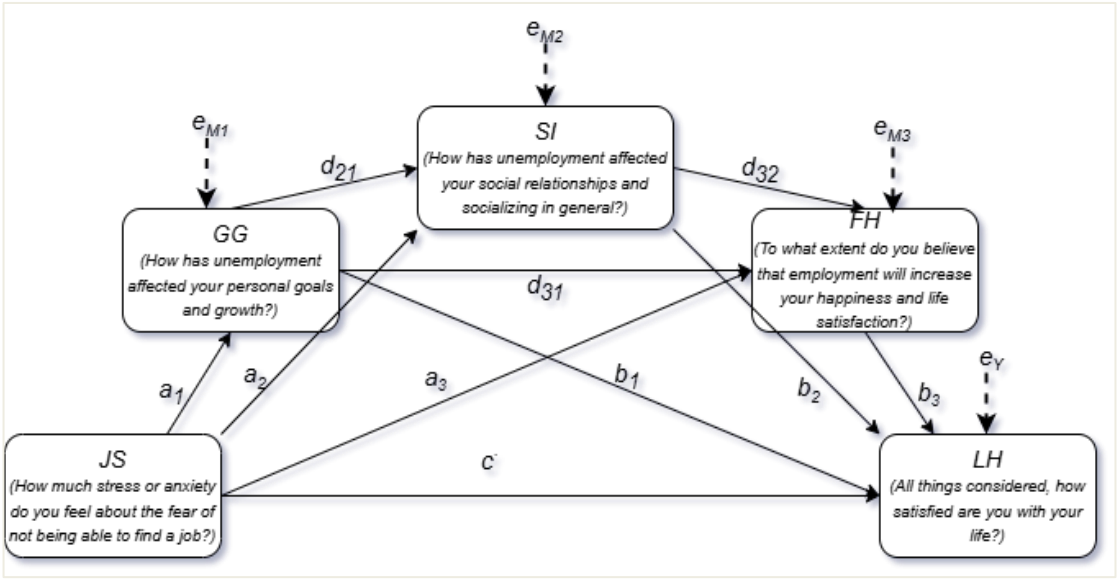

Figure 4. Job insecurity impact on life satisfaction through mediators

1. Mediation equations:

1.1. The equaton for goal growth variable:

$$GG_i = a_1 JS_i + \varepsilon_i^{GG}$$

1.2. The equaton for social impact variable:

$$SI_i = a_2 JS_i + d_{21} GG_i + \varepsilon_i^{SI}$$

1.3. The equaton for future hope variable:

$$FH_i = a_3 JS_i + d_{31} GG_i + d_{32} SI_i + \varepsilon_i^{FH}$$

1.4. The equaton for dependent (Life satisfaction) variable:

$$LS_i = c` JS_i + b_1 GG_i + b_2 SI_i + b_3 FH_i + \varepsilon_i^{LS}$$

Where:

- a_1, a_2, a_3 – coefficients showing the effect of job insecurity on mediation variables
- d_{21}, d_{31}, d_{32} – mediation coefficients shows the relationship between variables
- b_1, b_2, b_3 – shows the effect of mediation variables on life satisfaction
- c` - shows a direct impact of job insecurity on life satisfaction
- e – are the residuals of equations.

In the equation, the coefficient c shows the direct effect of job insecurity on life satisfaction. In this model, there are several ways to describe the relationship of the explanatory variable to the dependent variable.

1. Job insecurity → Goal growth → Life satisfaction, $Indirect_1 = a_1 * b_1$
2. Job insecurity → Social impact → Life satisfaction, $Indirect_2 = a_2 * b_2$
3. Job insecurity → Future hope → Life satisfaction, $Indirect_3 = a_3 * b_3$
4. Job insecurity → Goal growth → Social impact → Life satisfaction, $Indirect_4 = a_1 * d_{21} * b_2$
5. Job insecurity → Goal growth → Future hope → Life satisfaction, $Indirect_5 = a_1 * d_{31} * b_3$
6. Job insecurity → Social impact → Future hope → Life satisfaction, $Indirect_6 = a_2 * d_{32} * b_3$
7. Job insecurity → Goal growth → Social impact → Future hope → Life satisfaction, $Indirect_7 = a_1 * d_{21} * d_{32} * b_3$

2. Total Indirect effect

$$Total\ indirect = \sum_{i=1}^{7} Indirect_i \qquad (1)$$

3. Total effect:

$$Total\ effect = c = c` + \sum_{i=1}^{7} Indirect_i \qquad (2)$$

RESULTS AND DUSCUSSİON

Results: This study employed Hayes' PROCESS Macro Model 6 to examine the direct and indirect effects of job insecurity on life satisfaction among unemployed individuals in Azerbaijan. Two versions of the model were constructed: (1) treating job insecurity (JS) as a categorical variable, and (2) treating it as a discrete variable to assess its impact using continuous scoring.

Model 1: Categorical Job Insecurity

In the first model, where job insecurity was treated as a categorical predictor, the total effect of job insecurity on life satisfaction was found to be statistically significant and negative (β = –0.1603, SE = 0.0425, 95% CI [–0.2442, –0.0764]), indicating that individuals experiencing higher levels of stress or anxiety about employment prospects reported lower levels of life satisfaction. However, when mediating variables were accounted for, the direct effect turned positive and remained statistically significant (β = 0.0864, SE = 0.0375, 95% CI [0.0127, 0.1602]).

The analysis of indirect pathways revealed several significant effects. Notably, significant negative indirect effects were observed through social impact (β = –0.0322, 95% CI [–0.0625, –0.0114]), future hope (β = –0.0719, 95% CI [–0.1105, –0.0425]), and the full sequential mediation pathway involving goal growth, social impact, and future hope (β = –0.0200, 95% CI [–0.0376, –0.0066]). Additional significant indirect effects emerged from social impact to future hope (β = –0.0206, 95% CI [–0.0407, –0.0051]). Other two-step chains (e.g., JS → goal growth → future hope, and JS → goal growth → social impact) did not reach statistical significance. The total indirect effect across all mediators was significant (β = –0.2467, SE = 0.0276, 95% CI [–0.2997, –0.1949]).

Model 2: Discrete Job Insecurity and Mediation Variables

When job insecurity and mediators were modeled as discrete (continuous) variables, the results provided further support for the serial mediation hypothesis. The total effect of job insecurity on life satisfaction remained strong and statistically significant (B = –0.6469, SE = 0.0930, p < .001, 95% CI [–0.8296, –0.4643]). Upon introducing the mediators, the direct effect decreased and became statistically non-significant (B = –0.1965, SE = 0.1148, p = .0875), suggesting a full mediation structure. The total indirect effect was also significant (Effect = –0.4505, BootSE = 0.0773, 95% CI [–0.6073, –0.3092]).

Table 2. The fisrt model

Path	***Effect (β)***	***SE***	***95% CI***
Total Effect (JS → LS)	*-0.1603**	*0.0425*	*[-0.2442, -0.0764]*
Direct Effect (JS → LS)	*0.0864**	*0.0375*	*[0.0127, 0.1602]*
Indirect Effects via Mediators			
JS → GG → LS	*-0.0193*	*0.0123*	*[-0.0488, 0.0010]*
JS → SI → LS	*-0.0322**	*0.0133*	*[-0.0625, -0.0114]*
JS → FH → LS	*-0.0719**	*0.0182*	*[-0.1105, -0.0425]*
JS → GG → SI → LS	*-0.0061*	*0.0048*	*[-0.0176, 0.0008]*
JS → GG → FH → LS	*-0.0117*	*0.0062*	*[-0.0266, 0.0005]*
JS → SI → FH → LS	*-0.0206**	*0.0086*	*[-0.0407, -0.0051]*
JS → GG → SI → FH → LS	*-0.0200**	*0.0084*	*[-0.0376, -0.0066]*
Total Indirect Effect	*-0.2467**	*0.0276*	*[-0.2997, -0.1949]*

The total effect of job insecurity on life satisfaction was found to be significantly negative, suggesting that individuals experiencing higher levels of stress or anxiety about potential unemployment tend to report lower overall satisfaction with their lives. This is consistent with the established understanding that job insecurity acts as a chronic stressor that undermines psychological well-being. Interestingly, the direct effect of job insecurity on life satisfaction, when controlling for the mediators, was positive and statistically significant.

Table 3.1. The second model: Summary of effects

Type of Effect	Coefficient	SE	t	p-value
Total Effect	*-0.6469****	*0.0930*	*-6.95*	*.0000*
Direct Effect	*-0.1965*	*0.1148*	*-1.71*	*.0875*
Total Indirect	*-0.4505*	*0.0773*	—	—

Table 3.2. The second model: Mediation route analysis

Path	Description	Effect	BootLLCI–ULCI
Ind1	JS → GG → LS	**-0.0027**	[-0.0489, 0.0387]
Ind2	JS → SI → LS	**-0.0916****	[-0.1647, -0.0255]
Ind3	JS → FH → LS	**-0.2936****	[-0.4292, -0.1691]
Ind4	JS → GG → SI → LS	**-0.0141****	[-0.0286, -0.0035]
Ind5	JS → GG → FH → LS	**-0.0137****	[-0.0283, -0.0039]
Ind6	JS → SI → FH → LS	**-0.0302****	[-0.0506, -0.0149]
Ind7	JS → GG → SI → FH → LS	**-0.0046****	[-0.0087, -0.0018]

Table 3.3. The second model: Pathway effects output

Pathway	Standardized Coefficient (β)	SE	p-value
Direct Effects			
Job Insecurity → Life Satisfaction	**–.254*****	.038	.000
Indirect Effects (Mediators)			
JobInsecurity → GoalGrowth	–.155***	.032	.000
GoalGrowth → LifeSatisfaction	.129***	.031	.000
JobInsecurity → Social Impact	.210***	.028	.000
Social Impact → LifeSatisfaction	–.118***	.029	.000
JobInsecurity → Future Hope	–.308***	.034	.000
Future Hope → LifeSatisfaction	.228***	.033	.000
Model Fit Indices			
Chi-square (χ^2)	14.721	df = 2	.001
Comparative Fit Index (CFI)	.997		
Tucker-Lewis Index (TLI)	.983		
Root Mean Square Error of Approximation (RMSEA)	.032		
Standardized Root Mean Square Residual (SRMR)	.008		
Note: *p < .001 SE = Standard Error.			
Fit indices indicate an excellent model fit according to conventional thresholds (CFI & TLI > .95, RMSEA < .05, SRMR < .08).			

This finding, while counterintuitive, may point to the presence of psychological resilience or compensatory mechanisms among certain individuals. In particular, individuals who maintain optimism or adaptability in the face of job-related stress might derive a sense of agency or meaning that offsets the adverse psychological impacts, at least temporarily. Such a dynamic warrants further investigation, potentially through moderated mediation or subgroup analysis.

Turning to the indirect effects, several key pathways emerged as statistically significant. First, job insecurity negatively influenced individuals' perceptions of their social relationships, which in turn predicted lower life satisfaction. This pathway highlights the social cost of economic vulnerability, wherein stress related to potential unemployment erodes social engagement, leading to reduced subjective well-being. Second, the pathway from job insecurity to life satisfaction through future hope was also significant. This indicates that individuals who feel insecure about their employment are less likely to believe that future employment will meaningfully enhance their happiness, and this diminished sense of hope contributes to lower life satisfaction. This effect emphasizes the critical role of future orientation in maintaining well-being under conditions of insecurity.

Discussion:

The findings from both model specifications provide robust evidence for the negative impact of job insecurity on life satisfaction, as well as the importance of psychosocial mediators in explaining this relationship. Consistent with existing literature, job insecurity emerged as a strong predictor of reduced subjective well-being. The strength of the total effect and the attenuation of the direct effect upon introducing mediators provide strong support for a full mediation model, particularly when job insecurity is treated as a continuous construct.

One of the most noteworthy observations is the counterintuitive positive direct effect of job insecurity on life satisfaction in the categorical model. While surprising, this may be attributable to resilience factors among certain individuals who, despite reporting job insecurity, still maintain a sense of optimism or agency. Cultural attitudes toward work, family support structures, or identity-based adaptation mechanisms may account for this anomaly and should be explored in future research using moderated mediation or subgroup analysis. The strongest and most consistent mediation pathway was through future hope. Job insecurity substantially reduced individuals' belief that employment would improve their well-being, and this diminished hope significantly predicted lower life satisfaction. This highlights the importance of future orientation as a critical psychological mechanism. Additionally, social impact was an important intermediary, as job insecurity was associated with perceived deterioration in social relationships, which in turn was linked to reduced

well-being. The sequential chain from social impact to future hope to life satisfaction further emphasized how social and psychological disruptions interact in complex ways under conditions of labor market uncertainty.

The full serial mediation pathway—from goal growth through social impact and future hope—was also significant, suggesting that job insecurity initiates a cascade of negative psychological and social experiences that jointly erode life satisfaction. While some isolated pathways involving only goal growth did not achieve statistical significance, this mediator nonetheless played an important role in activating downstream effects.

Overall, the results underscore that job insecurity must be understood not solely as an economic condition but as a deeply social and psychological experience. The effects of employment precarity reverberate across personal development, social integration, and future outlook—dimensions critical to subjective well-being.

These findings carry important policy implications. Labor market interventions must be broadened to include psychosocial support mechanisms alongside conventional employment programs. Policies should aim to not only reduce unemployment but also foster personal goal development, strengthen social networks, and promote future hope. In contexts like Azerbaijan, where formal mental health and social support systems are still maturing, such integrated approaches are essential for enhancing resilience and long-term well-being among job-seeking populations.

Conclusion:

This study investigated the relationship between job insecurity and life satisfaction among unemployed individuals in Azerbaijan, with a particular focus on the psychological and social mechanisms that mediate this relationship. Using survey data and Hayes' PROCESS Macro Model 6, two analytical approaches were applied: Model 1, which treated job insecurity as a categorical variable, and Model 2, which modeled both the independent and mediating variables as discrete continuous variables. Both models yielded consistent and theoretically meaningful results, offering a nuanced understanding of how employment-related stress influences subjective well-being.

Key findings:

- Job insecurity significantly reduces life satisfaction, confirming its role as a salient psychological stressor among unemployed individuals. This negative association was robust across both models.

- In Model 1, the total effect of job insecurity on life satisfaction was negative and statistically significant. Interestingly, the direct effect became positive after accounting for mediators, suggesting the potential influence of unmeasured resilience or coping mechanisms in some individuals. This warrants further investigation into subgroup variation or cultural resilience factors.
- In Model 2, when variables were treated continuously, the direct effect became non-significant, while the total indirect effect was large and significant, supporting a full mediation model. This indicates that the negative impact of job insecurity is transmitted almost entirely through indirect pathways.
- Future hope emerged as the strongest single mediator in both models. Individuals with high job insecurity reported lower expectations that employment would improve their well-being, and this lack of future-oriented optimism substantially diminished life satisfaction.
- Social relationships were also a critical mediator, reflecting the social costs of labor market insecurity. The path from job insecurity through social impact to reduced life satisfaction was consistent and significant in both models.
- The full sequential mediation pathway—from reduced goal growth to weakened social relationships to diminished future hope—was statistically significant. This confirms a cascading psychosocial process through which job insecurity undermines well-being.

Contrasting evidence in the literature and comparative insights:

While the findings align with many studies in emerging labor markets, a number of contrasting international studies present differing results—often due to institutional, cultural, or labor market protections. Below is a comparison of your findings with contrasting studies:

Weaker effects in welfare-state contexts:

- Green (2011) and Gallie et al. (2013) found that job insecurity had less pronounced or non-significant effects on life satisfaction in Nordic and Western European countries. These effects were buffered by unemployment insurance, active labor market policies, and high employment protection legislation (EPL).

  Contrast: In Azerbaijan, where unemployment benefits and job placement support are just developing, job insecurity appears to function as a chronic, unbuffered stressor, producing stronger and more layered negative effects.

Adaptation and positive framing:

- De Witte (2005) and Sverke et al. (2002) found that some individuals—particularly those in short-term or transitional employment (e.g., students, seasonal workers)—did not perceive job insecurity as psychologically damaging, as it was framed as expected or voluntary.

  Contrast: In this study population—registered unemployed individuals, job insecurity is involuntary and often prolonged, and is experienced as a threat rather than a phase, producing more severe negative psychological outcomes.

Cultural moderation effects:

- Cheng and Chan (2008) and Probst (2003) reported that in collectivist cultures, job insecurity is sometimes buffered by strong family or social support, resulting in less harm to subjective well-being.

  Contrast: While Azerbaijan has strong traditional family structures, the study suggests that job insecurity remains strongly associated with social deterioration (i.e., worsening relationships), indicating that cultural protective factors may be weakening or insufficient in this economic context.

Ambiguous positive associations:

- Selenko et al. (2013) reported ambiguous or even mildly positive associations between job insecurity and certain motivational outcomes, such as temporary increases in job-search intensity or goal redirection, particularly in early-stage job seekers.

  Contrast: The study did observe an unexpected positive direct effect of job insecurity on life satisfaction (Model 1), but this occurred only after controlling for mediators, and is likely due to statistical suppression or unobserved heterogeneity, rather than a consistent motivational pattern.

These contrasting findings highlight that the psychological impact of job insecurity is context-sensitive. Where institutional and social buffers are strong, job insecurity may be perceived as less threatening, even tolerable. In contrast, in socio-economic contexts like Azerbaijan, where job insecurity is compounded by high informality, limited welfare access, and scarce psychosocial services, its effects are both more pronounced and more psychologically complex. The findings confirm that job insecurity should not be understood solely through an economic or labor supply framework but as a multi-layered psychosocial phenomenon, particularly in developing labor markets.

Implications for policy and practice:

- Job insecurity should be addressed not only as a labor market issue but also as a psychosocial condition with implications for mental health, social cohesion, and personal agency.

- Integrated labor market policies are essential. In addition to job creation and unemployment benefits, interventions must promote personal development (goal growth), social reintegration (social networks), and psychological resilience (future hope).
- Programs focused on future-oriented counseling, community support, and skill-based development may buffer the impact of job insecurity and enhance life satisfaction among vulnerable populations.

The study contributes to a growing body of evidence that labor market vulnerability exerts its strongest influence through complex psychological and social pathways. By adopting a serial mediation framework and comparing different operationalizations of job insecurity, this research offers both theoretical insight and practical direction for addressing unemployment not merely as an economic condition, but as a multi-dimensional challenge to individual well-being.

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