

EMPLOYMENT CAPITAL AND FINANCIAL WELL-BEING: DO NON-INCOME EMPLOYER-PROVIDED BENEFITS MATTER?

Rebecca Loya

Institute on Assets and Social Policy

Heller School for Social Policy and Management,
Brandeis University

Coauthors: Sara Chaganti & Leila Quinn

Background

- **Context:** In addition to income and wealth, non-financial factors, such as job quality, may affect financial well-being. Given stagnant wages, increased income inequality and volatility, employer-provided resources may be important to financial well-being.
- **Employment capital (EC):** Non-income employer-provided resources that contribute to job quality:
 - Benefits
 - Flexibility
 - Job security
- **Gap addressed:** Examine relationship between employment capital and financial well-being

Research questions

1. How is each of the elements of employment capital (benefits, flexibility, and job security) related to financial well-being, controlling for financial planning behaviors?
2. Does access to employment capital vary by demographic characteristics (race, gender)?
If so, how does controlling for race and gender change the relationship between employment capital and financial well-being?

Data & Sample

- **Data:** 2017 Survey of Household Economic Decision-making (SHED)
 - Survey of heads of household in the U.S. conducted by the Federal Reserve Board
 - Goal: To assess financial well-being and risks to financial stability for households in the U.S.
- **Sample:** 5,498 employed respondents (worked f/t or p/t for someone else or as contractor)

Key measures

- Key measures:
 - Financial well-being (FWB): Score based on 5-item scale (CFPB)
 - Benefits: 0-4 count of how many benefits respondent had access to (health insurance, paid leave, retirement, and tuition)
 - Flexibility: 0/1 indicating having at least one of these: voluntarily variable schedule or ability to work from home
 - Job security: 0/1 indicating NO insecurity (variable income or temporary job as main job)
 - Financial planning behaviors: 0-9 count of behaviors (e.g., following budget)

Employment capital

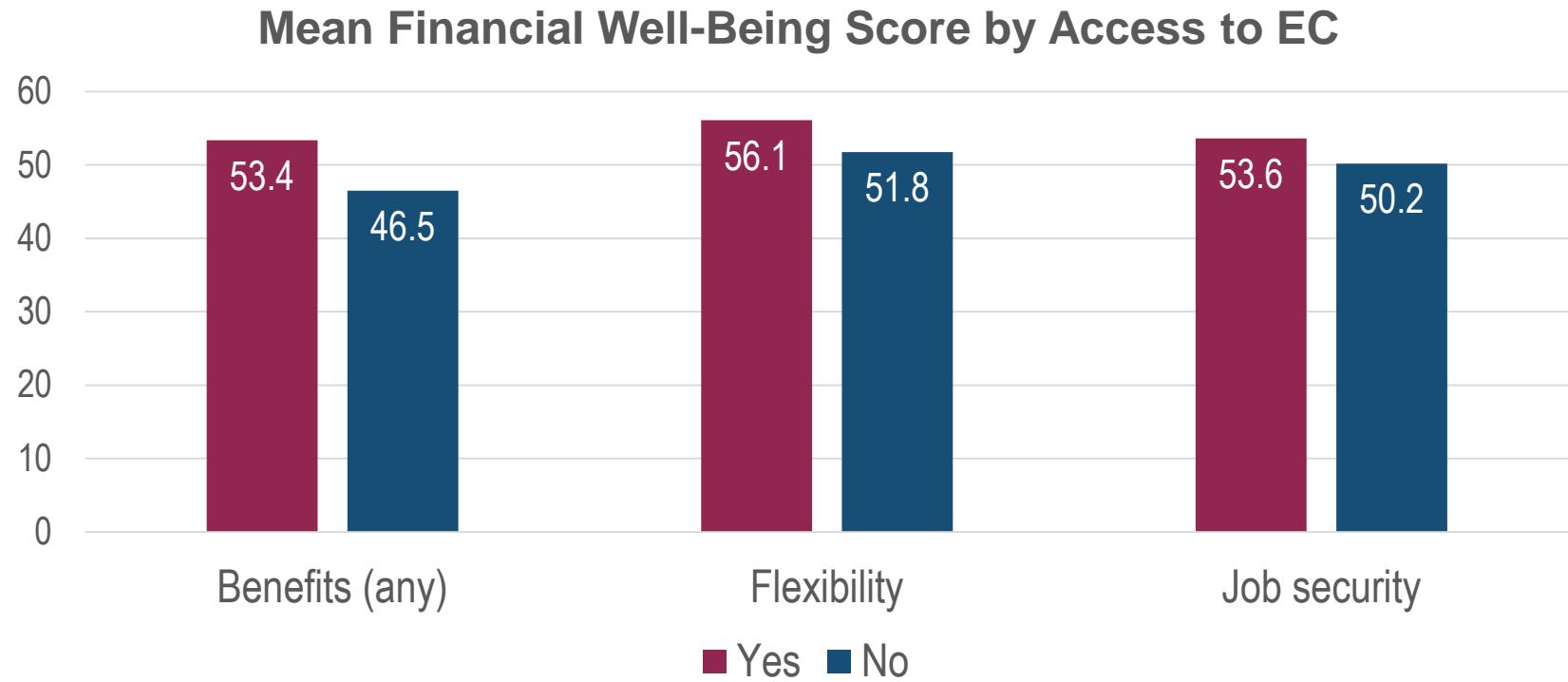
*The treatment of the age variable has been updated since the original presentation date of 11/13/19. This slide deck represents the updated results. The model now use both age and age-squared.

Analytic approach

RQ	Analyses	Key Variables					
		Benefits	Flexibility	Security	Financial planning behaviors	Race	Gender
RQ1	Mean FWB score by:						
	Regression (FWB):						
RQ2	Employment capital access by:						
	Mean FWB score by:						
	Regression (FWB):						

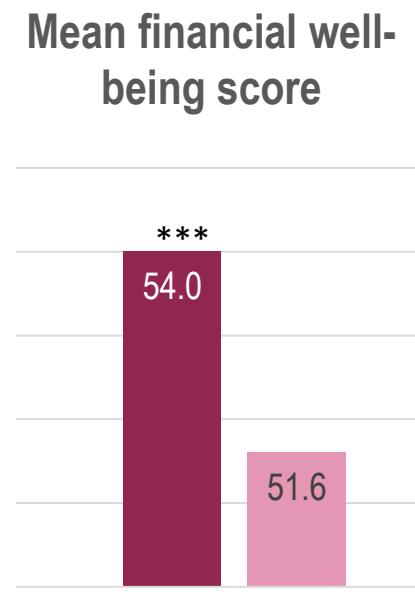
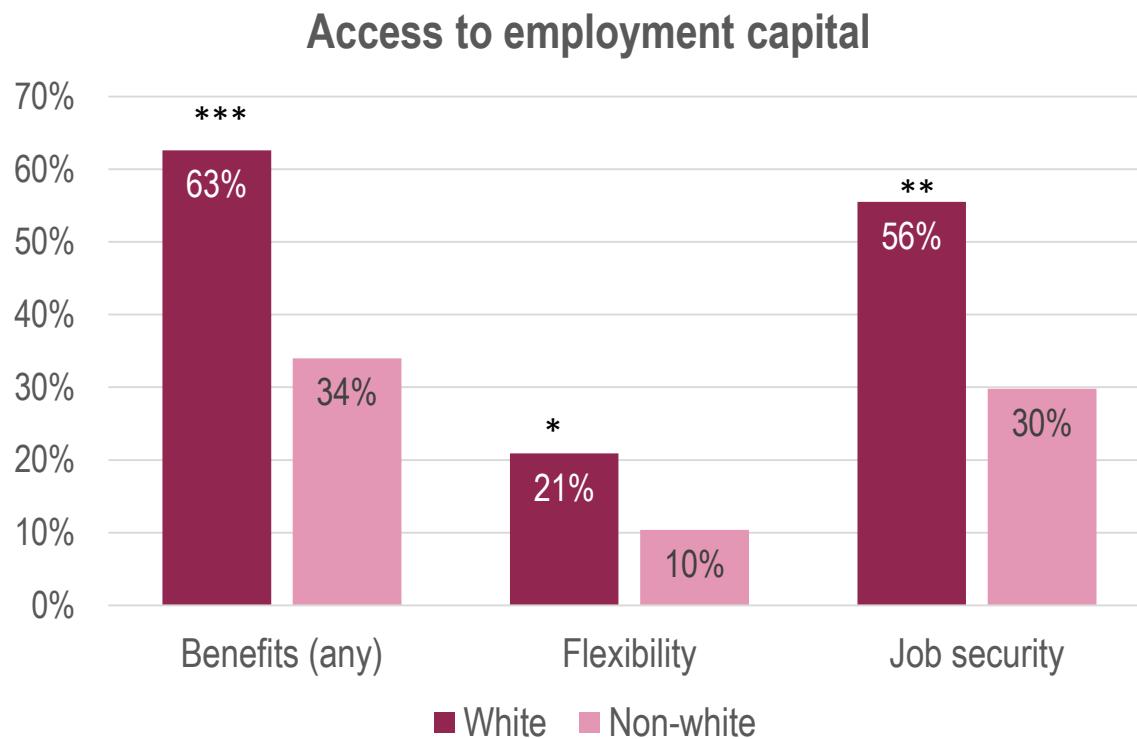
Findings

RQ1: Employment capital is positively associated w/ FWB



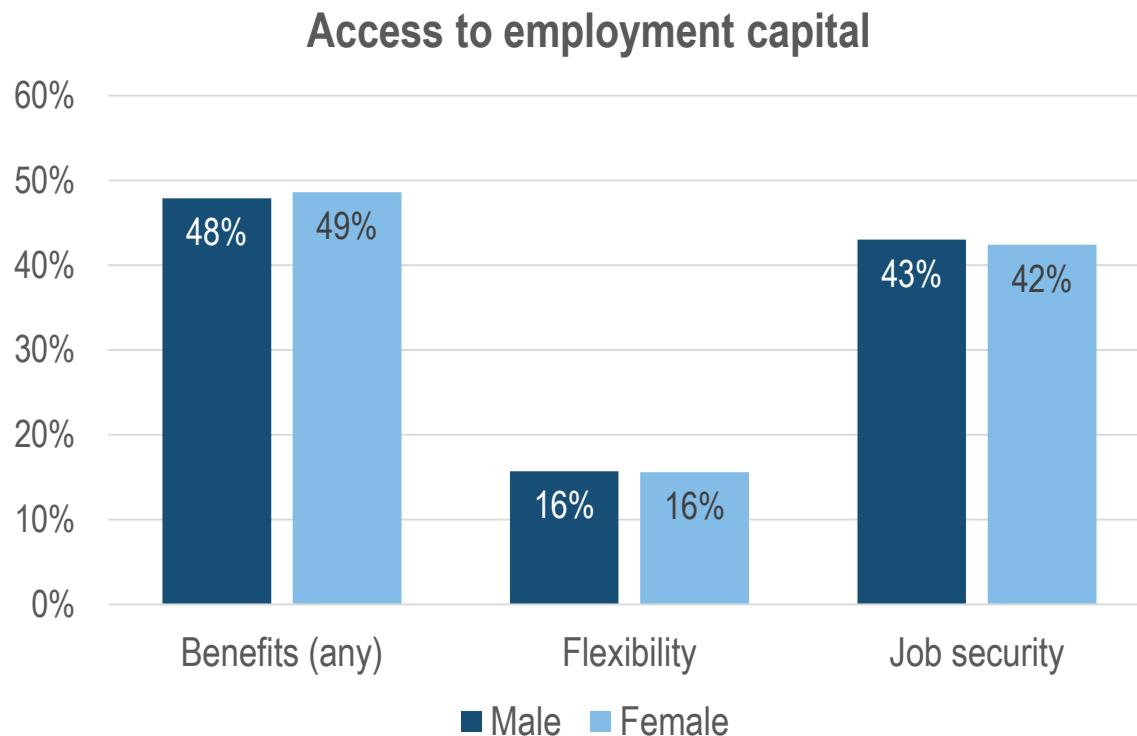
All differences are significant at $p \leq 0.001$ level

RQ2: FWB and employment capital vary by demographic group

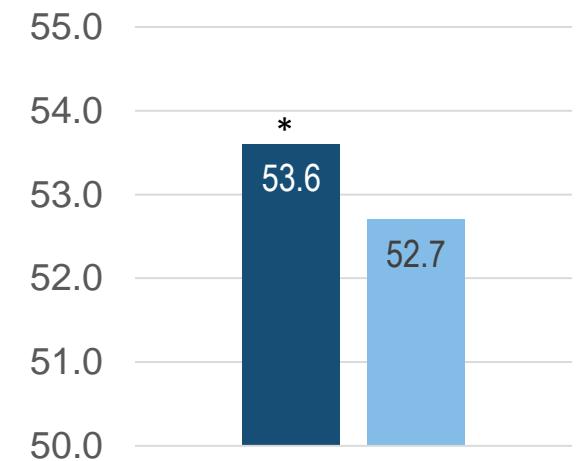


* $p \leq 0.05$; ** $p \leq 0.01$; *** $p \leq 0.001$

RQ2: FWB and employment capital vary by demographic group

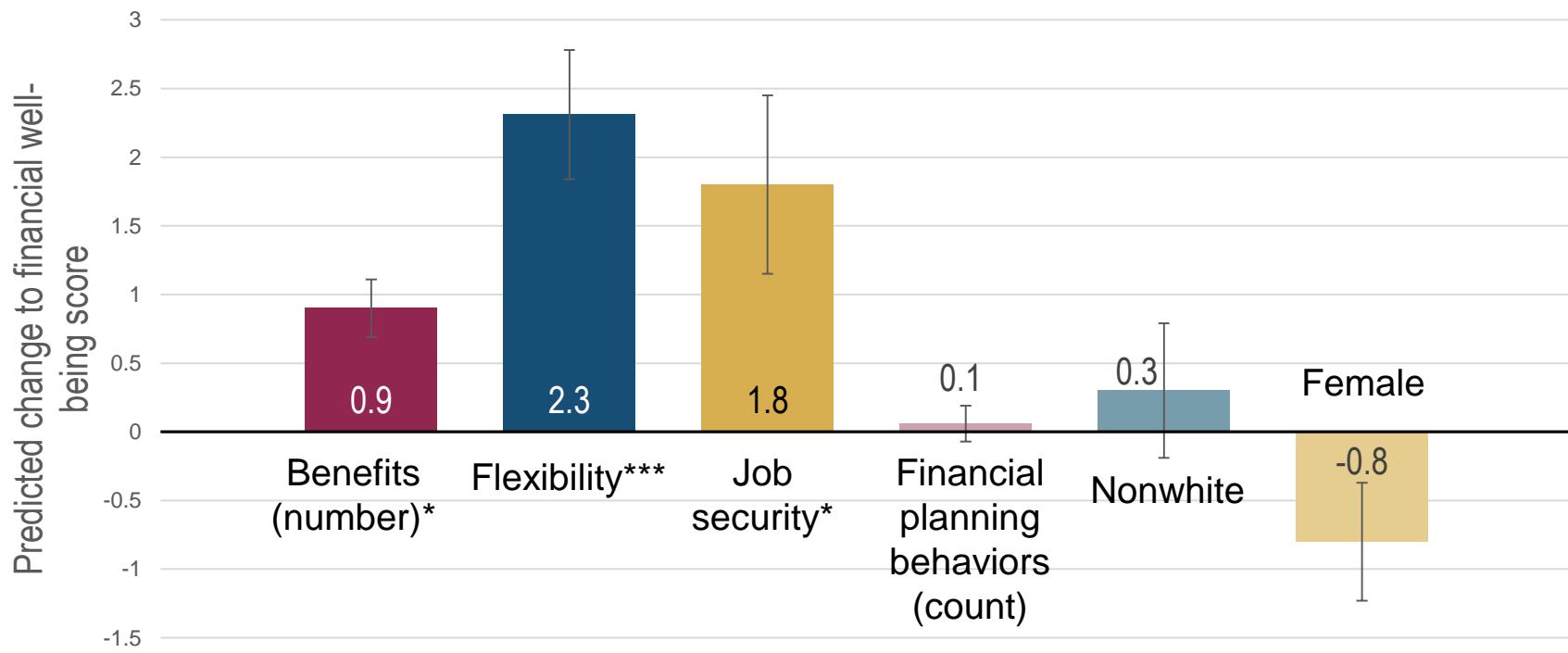


Mean financial well-being score



* $p \leq 0.05$

RQ2: Employment capital is positively associated w/ FWB, after all controls



Covariates: Age², education, household income (below median 0/1), own home, married/partnered

Conclusion

- **Summary of findings:**
 - Employment capital (benefits, flexibility, job security) is positively associated with FWB, after controlling for financial planning behaviors, demographics, and other factors
- **Limitations to be addressed by future research:**
 - Constructs for EC have not been validated → Create and validate measures
 - Subsample excludes self-employed people, partners in partnerships, and temporarily laid off → Examine broader group of workers
 - Study of demographics lacks nuance → Study EC and FWB for specific racial ethnic groups and intersectionally with gender
- **Implications:** Employment capital may be important to financial well-being and should be included in discussions of financial security for workers & families