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AUTHOR Vance, Robert J.; Kuhnert, Karl W.
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ABSTRACT

This study explored the consequences of perceived job security and insecurity on the psychological and physical health of employees. Data were gathered from employees of a large midwestern manufacturing organization that produced products for material removal applications. Surveys were sent through company mail to a stratified random sample of 442 employees resulting in 230 usable surveys. Subjects completed measures of job security, psychological and physical health, organizational commitment, job performance, and demographic information. The results provided support for the general hypothesis that feelings of job security/insecurity would be related to psychological adjustment and job performance. The relationships appeared to be fairly complicated, contingent on other perceptions and/or employee characteristics. In general, employees who reported feeling insecure in their present job and who felt that it would be difficult to find a comparable job elsewhere experienced more psychological difficulties than did employees who reported job and/or employment security. (NB)

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Job Insecurity and Employee Well-Being

Robert J. Vance

Ohio State University

and

Karl W. Kuhnert

University of Georgia

CG 021340

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Job Insecurity and Employee Well-Being

Abstract

A survey that assessed perceptions of job and employment security and psychological adjustment was distributed to a random sample of 430 employees of a large Midwestern manufacturing organization. Surveys returned by 230 employees were analyzed. As predicted, job and employment security perceptions were found to interact in their effects on the psychological adjustment dimensions of depression, somatization, anger-hostility, and anxiety. Employment security, the belief that a comparable job can easily be found elsewhere if one's present job is lost, was found to buffer the effects of job insecurity on adjustment. Employees who felt both job and employment insecure reported higher levels of adjustment difficulties than employees who felt job insecure but employment secure. Employees who felt secure in their present jobs reported good adjustment regardless of whether or not they felt they could get a comparable job elsewhere. Employee age and job security were also found to interact in affecting adjustment, although not as expected. Younger employees who felt threatened by job insecurity reported greater levels of adjustment difficulties than did older workers. The reverse was predicted. In general, these relationships were not strong; however, they were statistically significant.

Job Insecurity and Employee Well-Being

Hardly a week goes by that the media doesn't run a story on new threats to the security of the American worker. Competition from abroad, technological revolutions, outdating of plants, products, and worker skills, and, perhaps most significantly, the efforts of American managers to downsize their operations in efforts to become "lean, mean, fighting machines" are some of the oft-cited factors that contribute to the trend. And how does the typical worker react? How salient are threats to security in the minds of workers? Do most employees perceive their jobs as at risk, or is the threat of layoff something for their neighbors to worry about only? What effect does a perceived threat to economic well-being have on the individual? How does the individual prepare for job loss? What effects do individuals' perceptions of insecurity, whether valid or not, have on the organization? Is a feeling of insecurity detrimental to the individual's productivity, and what is the cost to the organization? What can an organization do to lessen these costs?

The evidence that for many Americans job security is a salient issue is mostly circumstantial. Very little research has actually examined individual perceptions of security and insecurity as they relate to personal and organizational outcomes. Even less attention has been focused on the antecedents of security perceptions. Such research as exists suggests that people react to feelings of insecurity in much the same way they react to actual job loss. There is a much more extensive literature which looks at effects of unemployment on physical health and psychological adjustment, and the findings, if they can be generalized to the case of insecurity, indicate that the consequences of perceived insecurity may be

serious indeed. Individuals who believe that their jobs are at risk may suffer in ways that adversely affect them, their families, and their employers. Such effects may have implications for sound personnel management practices, and should be of concern to employers as well as to human resource scientists.

To understand the potentially deleterious effects of anticipated job loss or threat of job loss on an individual, we first need to consider the central role that work plays in most peoples' lives. On the basis of nearly fifty years of research on the "psychosocial" effects of unemployment, Jahoda (1982) proposed that work acquires meaning to an individual as a result of both its manifest and latent consequences. Manifest consequences are the obvious, concrete benefits of the job (e.g., pay, benefits, economic security). Latent consequences are the inevitable if less tangible effects of holding a regular job. Of these, first and perhaps foremost, a job provides a time structure to one's daily routine. Second, it provides shared experiences and contacts with people outside the immediate family. Third, work provides one with identity and status in society. People often try to improve their social standing through advancements at work.

Loss of one's job produces abrupt though foreseeable changes in the manifest consequences of work; it also mandates often unanticipated adjustments to the loss of the latent consequences. Jahoda (1982) reported that initial reactions to unemployment were shock combined with optimism for re-employment. As the term of unemployment lengthened, however, optimism faded and both the workers and their families became bitter, gloomy, and apathetic about their futures. Reactions to unemployment

derived as much from loss of the latent consequences of work as from loss of the manifest consequences. Recent studies have supported Jahoda's conclusions: psychological problems associated with unemployment include depression, anxiety, poor self-esteem, and strained personal relationships; physical problems include increased incidence of heart disease, alcoholism and drug abuse, and early death.

Working conditions can have similar untoward effects on those with jobs, as the extensive literature on stress and the health of workers attests (e.g., Bhagat, 1983; Cooper & Marshall, 1976; Hendrix, Ovalle, & Troxler, 1985). Indeed, physical and psychological health problems of workers directly cost employers billions of dollars each year in employee health insurance; the indirect costs accrued from absenteeism and reduced quantity and quality of performance are greater still. Threat of job loss as a stressor in the work environment with implications for employee maladjustment is a topic in need of further research.

Much of the early thinking about job security in the social and behavioral sciences regarded it as a component of job satisfaction. It was one aspect of the safety need category of Maslow's (1953) need hierarchy theory, satisfaction of which allowed the individual to progress to the next higher category. Hoppock (1935) identified job security as one of six major components of job satisfaction. Hersey (1937) reported that "a steady job" ranked second in importance among sources of job satisfaction for union workers, and first for non-union workers. The "My Job Contest" conducted by General Motors (Evans & Laseau, 1949) indicated that job security ranked 8th out of 18 major themes described by workers. Herzberg (Herzberg, Mausner, Peterson, & Capwell, 1957) included job security as a

hygiene factor in his two-factor theory of job satisfaction, although others (e.g., Kornhauser, 1965) argued that security acts as a source of both satisfaction and dissatisfaction. Smith, Kendall, and Hulin (1969) reported the development of the Job Descriptive Index (JDI), the currently most widely used measure of job satisfaction. Although initially considered for inclusion in the instrument, in its final form the dimension of job security was omitted. Consequently, there has been, until recently, little attention paid to the topic of job security in the satisfaction literature in the years since the JDI was introduced.

Recently, Greenhalgh and Rosenblatt (1984) produced a model of the causes, effects, and organizational consequences of perceived job insecurity. According to this model, a message concerning an objective threat of job loss is transmitted to the individual via intended and unintended cues from the organization, and through rumors. The individual attends to the message and may react to it with decreased effort expenditure at work, increased resistance to change, and greater likelihood of leaving the organization. For the organization these reactions mean lower productivity, higher employee turnover, and lower adaptability to a changing environment. To the list of adverse behavioral reactions to insecurity we would add the psychological and physical maladjustments discussed above, based upon the previously cited research and recent work on the effects of insecurity by Kuhnert, Sims, and Palmer (1986).

This study explored the consequences of perceived security and insecurity on the psychological and physical health of employees. A survey provided the data necessary to test an expanded version of Greenhalgh's model. The following hypotheses were tested:

1. Perceived job security is directly related to job performance, such that higher performers report greater security.
2. Job security, employment security, and organizational commitment interact in their effects on physical and psychological health, as follows:
 - (a) for employees low in commitment, those who report high employment security will report good health (physical and psychological) regardless of level of job security;
 - (b) for employees low in commitment, those who report low employment security will report good health if they perceive themselves as high in job security, but poorer health if they perceive themselves as low in job security;
 - (c) for employees high in commitment, those who report high employment security and high job security will report good health, whereas those who report low employment and low job security will report poorer health.
3. Age and job security interact in their effects on employee health, with older employees being adversely affected to a greater degree by insecurity than younger employees.

Method

Setting and Sample

Data were gathered from employees of a large Midwestern manufacturing organization (about 1000 employees) that produces products for materials removal applications (e.g., grinding, polishing, drilling). Sales in the three year period from 1984 to 1986 did not meet expectations, resulting in substantial cutbacks in the workforce. Senior management of the firm was also replaced during this time period, and the new management team has adopted a radically different approach to running the business. Their efforts have been quite successful to date, as sales have increased during

1987 and 1988, but the change in management philosophy has, in effect, created a new and dynamic corporate culture. We have worked as external consultants with the organization on two projects in the past three years, both before and after the management change, and have had an opportunity to informally monitor the effects of the transition on employees. Many employees have worked for this organization for 15 or more years, and we would characterize their reactions to the changes as excited but with a distinct sense of trepidation. Our conversations with senior management indicate that these reactions are well-founded.

Surveys were sent through company mail to a stratified random sample of 442 employees (about 45% of the population). Stratification was on the basis of broad job categories, including exempt, technical and clerical, and production and maintenance. Approximately 12 surveys could not be delivered due to recent retirement, job transfer, or termination. Surveys were returned in sealed envelopes via company mail to a mail slot reserved for this study. At the time data were analyzed, 232 surveys were returned (or 54%). Two of these were returned blank, so the useable sample was 230.

Instruments

Perceived job security was assessed using the Job Security Survey, developed by Lahey (1984). This is a 50-item instrument that measures six components of security perceptions: company concern for its employees, job permanence, job performance as it relates to security, company growth, individual commitment to the organization, and alternative employment opportunities. A 5-point response scale was used, from (1) strongly disagree to (5) strongly agree. The psychological and physical health measure was the SCL-90, a self-report symptom checklist produced by

Derogatis, Lippman, and Cori (1973). A shortened version containing 65 items was used in this study, measuring psychological depression, anxiety, anger-hostility, interpersonal sensitivity, obsessive-compulsive tendencies, and somatization (the latter being the tendency to express stress reactions through physical symptoms such as headaches, other aches and pains, numbness or weakness, etc.). A 4-point response scale that asked participants to indicate how much they were bothered by each complaint, from (1) not at all to (4) extremely, was used. Organizational commitment was assessed by a 9-item instrument developed by Cook and Wall (1980). Components of commitment included organizational identification, involvement, and loyalty. A 7-point response scale was used, from (1) disagree strongly to (7) agree strongly. Job performance was measured by means of a self-assessment of quality and quantity of performance. Biographical data such as gender, age, marital status, tenure in the organization, and number of times job layoff has been experienced were also gathered.

Analyses

Data analyses consisted of descriptive statistics (means and standard deviations) for all variables, as well as internal consistency estimates of reliability (Cronbach's alphas) for summated variables.

The first hypothesis was tested by correlating job security component scores with a composite performance score.

The second hypothesis was tested via hierarchical moderated regression analyses. Physical and psychological health component scores were regressed on a set of seven predictor variables, including in order: job security, employment security, organizational commitment, the product of

job and employment security, the product of commitment and job security, the product of commitment and employment security, and the product of commitment, employment, and job security.

The third hypothesis was also tested using moderated regression analyses. Again using psychological and physical health measures as dependent variables, these were regressed on, in order, job security, age, and the product of age and job security. Support for the hypothesis would be obtained if the regression coefficient associated with the product term is significant and the interaction takes the predicted form.

Results

Approximately 10 out of 230 respondents did not complete the biographical information section. Of those who did, 86% were males and 84% were married. Respondents were in their late thirties, on average, with a standard deviation of about 10 years. They had worked for the company for about five years, on average, and had experienced job layoff an average of 1.3 times during their working lives (SD = 1.64).

Table 1 presents means and standard deviations for variables, and number of items and reliabilities for summated scales. Inspection of means and standard deviations reveals that employees, on average, were neutral or somewhat positive about employment and job security. Means for the job security scales were above the neutral point of the scale ('3'), whereas the mean for employment security was just below it. Highest values were reported for the security dimensions of job performance and company growth (4.26 and 4.03, respectively). Standard deviations were moderate to large for security variables, ranging from .42 to .72. The mean for self-assessed job performance indicated generally good performance (above

average to excellent), although the standard deviation was fairly large (.56). Employees generally reported strong levels of commitment to the organization ($M = 5.69$ on a 7-point scale), though with a lot of variability ($SD = .92$).

Self-assessed psychological adjustment as measured by the SCL-90 data indicated a well-adjusted workforce, on average. The highest mean was for obsessive-compulsive tendencies (1.41), a comparatively low value on the 4-point scale. Nevertheless, there was a substantial amount of variability in the adjustment scale scores, with SD's ranging from .30 to .42. All of these distributions were positively skewed, with relatively few employees reporting significant adjustment problems.

Hypothesis one was tested by correlating self rated performance with the components of job security. Performance was found to correlate significantly with two security dimensions, job performance ($r = .48$) and job permanence ($r = .19$), thus offering some support for hypothesis one. The performance-performance correlation is not surprising, since the two variables are conceptually very similar. Performance as assessed by the Job Security survey asks whether the respondent thinks his or her supervisor knows how good a job he or she does, whether his or her work meets company standards, and the like. Thus, the two measures tap similar though not identical constructs. The finding that self-rated performance is related to perceptions of job permanence lends credence to the idea that employees tend to see their job security as contingent on their performance.

Moderated regression analyses testing the predicted three-way interaction among organizational commitment, job security, and employment

security on psychological adjustment revealed no support for the hypothesis for any adjustment variable. However, support was found for significant ($p < .05$) two-way interactions of job and employment security on depression, somatization, anger-hostility, and anxiety. These interactions are graphically depicted in Figure 1. Consistent with hypothesis two, employees who reported both job and employment insecurity demonstrated greater adjustment problems. Respondents who reported employment security were relatively unaffected by job insecurity, particularly for the variables of somatization and anger-hostility. Respondents who reported higher job security reported consistently high levels of adjustment, regardless of their perceptions of employment security. Thus, employment security, the belief that another suitable job can easily be found if the present job is lost, served as a buffer for the adverse effects of job insecurity. Employment security was irrelevant, however, for respondents who felt that their present jobs were secure.

Hypothesis three was also tested using moderated regression analysis. Support was found for the predicted two-way interaction ($p < .05$) between job security and age on the adjustment variables of depression, anger-hostility, anxiety, and interpersonal sensitivity. Graphic depictions of these results, however, revealed that the form of the interaction was opposite to that predicted (see Figure 2). It was expected that older workers who felt insecure in their jobs would suffer more serious psychological consequences than younger workers who felt insecure. Instead, older workers were relatively unaffected by job insecurity. Younger workers differed markedly in adjustment depending on whether they felt secure or insecure in their jobs, with insecure workers reporting

greater levels of depression, anger or hostility, anxiety, and feelings of inferiority and strain in personal relationships.

Hypothesis three was also tested for significant interactions between employment security and age on psychological adjustment. In no case was the interaction significant.

Discussion

Support was found for the general hypothesis that feelings of job security/insecurity would be related to psychological adjustment and job performance. Also as expected, the relationships appear to be fairly complicated, contingent on other perceptions and/or employee characteristics. In general, employees who reported feeling insecure in their present job and who felt that it would be difficult to find a comparable job elsewhere experienced more psychological difficulties than employees who reported job and/or employment security. Although these effects were not strong, they were statistically significant.

Older employees were relatively unaffected by feelings of job insecurity as compared to their younger counterparts. The latter result may reflect in part the tendency of older workers to have longer tenure in the organization (the correlation between tenure and age was .43), and, therefore, to be less threatened with job layoff. However, the analysis takes into account the joint effects of age and security on the dependent variables; it is not the case that older workers felt uniformly secure in their jobs. Indeed, the correlation between age and job security (permanence) was only .26; the correlation between age and employment security was -.27. Although significant and in the expected directions, neither correlation is large enough to support an argument that older

workers do not feel insecure. Another explanation might be that older workers are more sanguine about job insecurity because they have more experience with past layoffs. The correlation between age and number of past layoffs, however, was $-.05$, a non-significant value. The question of why younger workers suffer greater adverse psychological effects of job insecurity than older workers merits further investigation.

As noted above, the actual levels of psychological difficulties reported by employees were quite low, as would be expected in a normal population. Nevertheless, adjustment problems were related to feelings of job insecurity, as expected. Of course, the direction of causality cannot be determined from correlational data such as these. However, interactions such as those found between job and employment security would be difficult to explain if one assumes that adjustment problems cause perceptions of security, rather than the other way around. The security to adjustment directional interpretation is consistent with findings reported in the unemployment and stress literatures cited above.

These results are preliminary. As of the time of this writing, completed surveys were still being returned to the authors (265 to date). The survey measured additional variables, including job satisfaction and valence of job security, and their roles have not yet been explored. We expect to have a complete report available in early autumn.

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Table 1.

Descriptive Statistics and Reliabilities for Summated Variables

| Variable | Number of | | Mean | Standard Deviation |
|--|-----------|---------------------|------|-----------------------|
| | Items | Cronbach's Alpha | | |
| Employment Security ^a | 6 | .80 | 2.95 | .72 |
| Job Permanence ^a | 12 | .81 | 3.57 | .56 |
| Company Concern ^a | 16 | .90 | 3.30 | .61 |
| Company Growth ^a | 5 | .54 | 4.03 | .46 |
| Performance (Security) ^a | 6 | .67 | 4.26 | .42 |
| Job Performance ^b | 3 | .72 | 3.61 | .56 |
| Somatization ^c | 12 | .80 | 1.24 | .30 |
| Depression ^c | 12 | .88 | 1.35 | .42 |
| Anxiety ^c | 9 | .82 | 1.21 | .31 |
| Anger-Hostility ^c | 5 | .81 | 1.26 | .40 |
| Obsessive-Compulsive ^c | 9 | .79 | 1.41 | .38 |
| Interpersonal Sensitivity ^c | 7 | .77 | 1.36 | .40 |
| Organizational Commitment ^d | 9 | .81 | 5.69 | .92 |

Note. N = 230.

^a5-point response scale, 1 = strongly disagree, 5 = strongly agree.

^b4-point response scale, 1 = below average, 4 = excellent.

^c4-point response scale, 1 = not at all, 4 = extremely.

^d7-point response scale, 1 = disagree strongly, 7 = agree strongly.

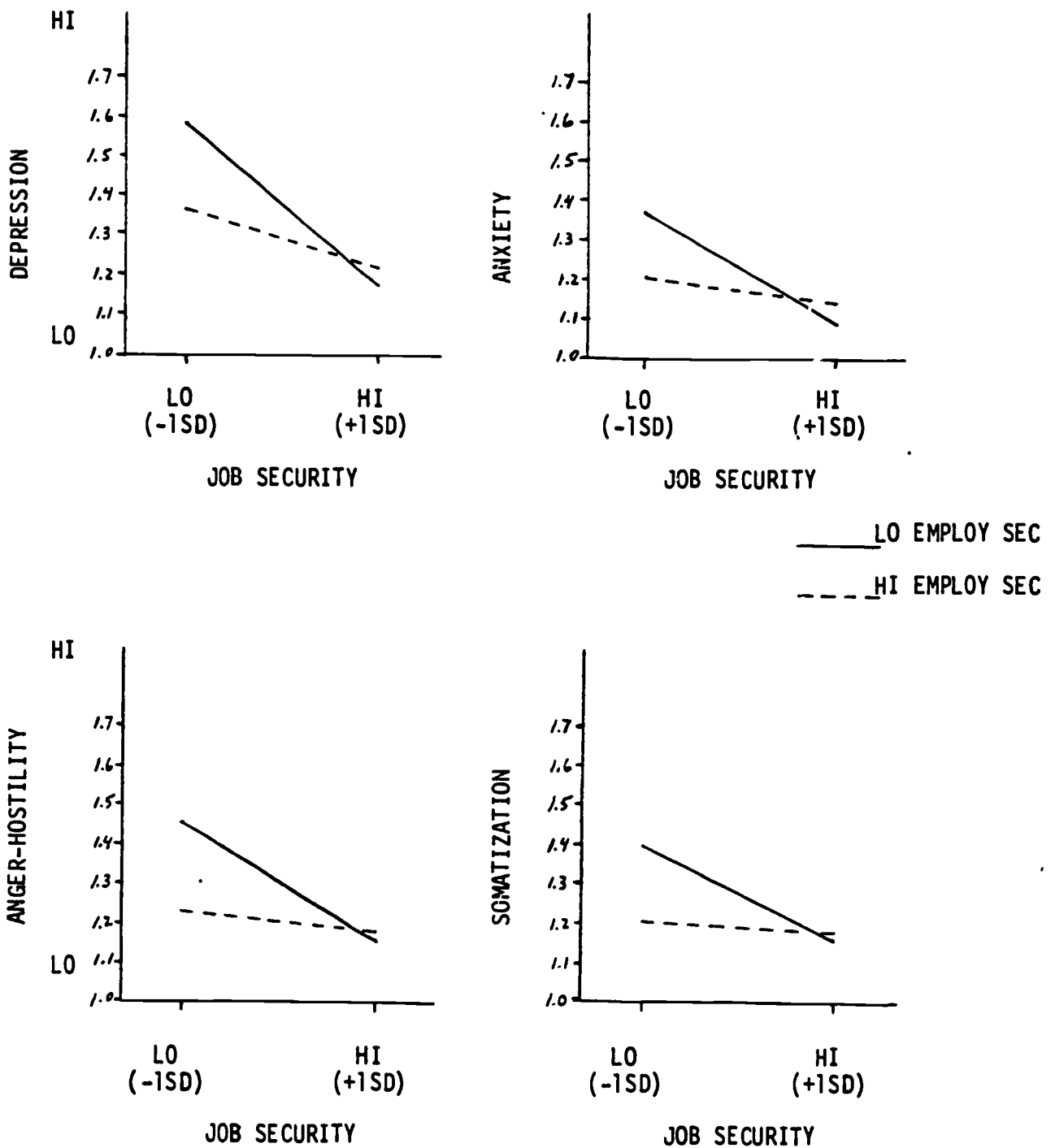


Figure 1. Significant interactions between Job Security and Employment Security on employee adjustment.

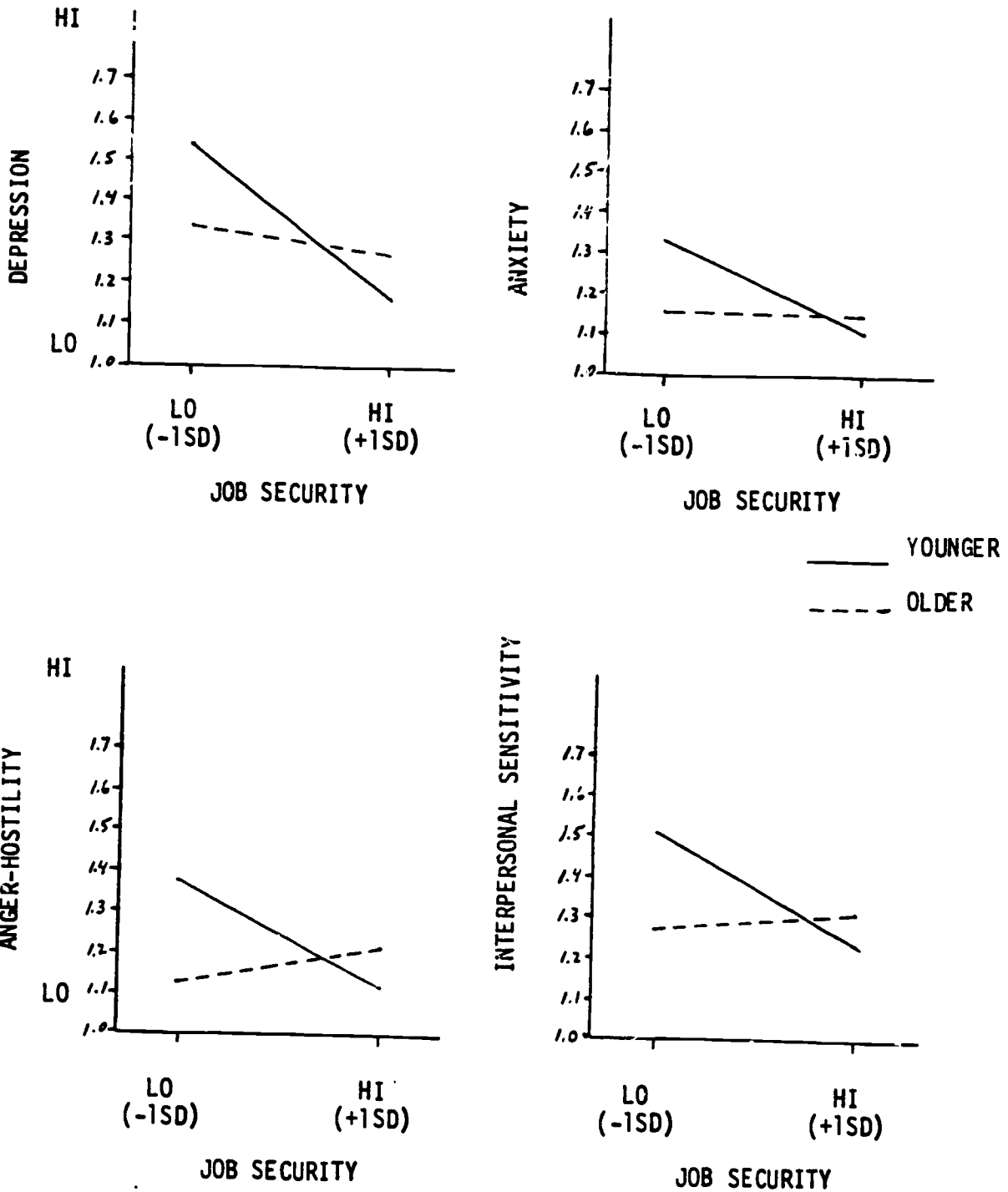


Figure 2. Significant interactions between Job Security and Age on employee adjustment.