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## **Consequences of Job Insecurity on the Mental Health and Well-Being of Employees**

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### **Abstract**

Globalization, outsourcing, subcontracting, downsizing and economic recession have collectively conspired to increase the number of employees experiencing persistent job insecurity in Nigeria. The consequences of such a situation are numerous. Millions of employees are constantly passing through sleepless nights and heart-pounding days, only finding solace in sleeping pills with attendant risks of coronary heart disease and sudden death due to fears of job insecurity. This paints a picture of what employees suffer when they live in constant fear that tomorrow's pay slip may be their last. There is no disputing the fact that job insecurity is eroding the quality of life of many generally. Its prolonged effects can lead to premature deaths. In this paper, some practical suggestions are offered on how employees can cope with the challenges of job insecurity.

### **Introduction**

Working life has been subjected to dramatic change over the past decades as a result of economic recession, new information technologies, industrial restructuring and accelerated global competitions (Hellgreen and Sverke, 2003). As a

consequence, organizations have been forced to engage in various adaptive strategies in order to tackle new demands and remain vigorous in this unpredictable environment. Organizations have two options to become more profitable – they can either increase their gains or decrease their employees. These organizational options often surface in actions like out sourcing and privatization often in combination with personnel reductions through layoffs, offers of early retirements and increased utilization of sub-contracted workers (Burke & Cooper, 2000). These changes have impacted tremendously on organizational structures and have created a continuous need for organizational changes in terms of retrenchments, right-sizing, mergers and acquisitions and downsizing. As a result of these changes, job insecurity has emerged as one of the most important issues in one's working life and has brought the issue of insecure working conditions to the forefront; (Sverke, Hellgreen & Naswell, 2002). These days, however, the world is much different. As a result of globalization, outsourcing, contracting, downsizing, recession and even natural disaster, "job security" now seem like a thing of the past. People who entered the labour force within the past four years may have more than ten different jobs before they retire. The lack of job security that goes with this is something that almost every one must face at one time or another, and learning how to cope with it is essential to being happy and keeping stress away.

Job insecurity is situated between employment and unemployment because it refers to employed people who feel threatened by unemployment, (Hartley, 1991). Job insecurity has been conceptualized from two points of view, as a multi-dimensional concept and as a global concept. In terms of the former, (Greenhalgh, 1984) saw job insecurity as a sense of powerlessness to maintain desired continuity in a threatened job situation. In terms of the latter view point, job insecurity signifies threat of job loss and job discontinuity (De Witte, 1999). Hence job insecurity is said to be an individual's expectations about continuity in a job situation, (Dary and Scheck, 1997) saw it as the perception of a potential threat to continuity in one's current job. This definition has been applied in the context of organizational crisis of change in which job insecurity is considered as a first phase of the process of job loss (Ferrie, 2007). Researchers who adopt a multi-dimensional definition of job insecurity argue that job insecurity refers not only to the degree of uncertainty but also to the components of job insecurity which include:

- a) The severity of the threat concerning job continuity or aspects of the job;
- b) The importance of the job feature to the individual;
- c) The perceived threat of the occurrence of a total negative effect on the job situations;
- d) The total importance of the changes, and

- e) Powerlessness and inability of the individual to control the above mentioned factors.

Rosenblatt (2005) stated that job insecurity is the threat perceived by the employee on the continuity of his or her current job. As it is understood from this definition, job insecurity is a completely different notion from the loss of a job. In the case of job loss, the individual tries to deal with the loss and problems originating from it. In the case of job insecurity, even the individual does not experience a job loss.

Job insecurity is more than the perceived threat of job loss, and includes thoughts about losing valued job features such as pay, status, opportunity for promotion and access to resources. Very often, individuals further characterize the threats to the entire job as more severe than the threats to the job features because one can lose one's job features but still maintain organizational membership. However, loss of the entire job entails potential job loss or loss of career advancement (Greenhalgh, 1984).

Greenhalgh differentiated between two different forms of job insecurity – qualitative job insecurity, (that is worrying about losing the job itself), and quantitative job insecurity, (that is worrying about losing important job features). Whilst quantitative job insecurity is related to the general comprehensive operationalization of the construct, qualitative job insecurity refers to feelings of potential loss in the quality of organizational position, such as worsening of working conditions, lack of career opportunities and decreasing salary development (Sverke & Hellgreen, 2002).

The underlying theme behind the various definitions is that job insecurity is a subjective phenomenon. It is based on the individual's perception and interpretations of the immediate work environment. Job insecurity refers to the anticipation of this stressful event in such a way that the nature and continued existence of one's job are perceived to be at risk, thereby implying that the feeling of job insecurity only occurs in the case of involuntary job loss. Two main themes within job insecurity are differentiated by (Borg and Elizur, 2000) as being:

1. Cognitive job insecurity which refers to the likelihood of job loss.
2. Affective job insecurity which refers to the fear of job loss.

### **The Dimensions of Job Insecurity**

It is often believed that in order for qualitative job insecurity to take place, individuals must attach importance to the job features and they must regard the existing job features as being salient. Therefore, the dimensions of job insecurity include:

- a. The importance of job features – this determines the existence of job features such as pay, status, opportunity for promotion, access to resources, career opportunities and position within the organization.
- b. Perceived threats to job Features – this refers to the estimated likelihood of losing salient job features and feelings that important job features are being threatened.
- c. Importance of Job – this determines how salient the total job is to the individual.
- d. Perceived threats to total job – this refers to the estimated likelihood of one's job itself being at risk or perceptions of losing one's job.
- e. Feelings of Powerfulness/Powerlessness – for example, during a process of transformation, individuals do not know how to protect themselves and this sense of powerlessness of being unable to secure their futures intensifies the insecurity that they experience.
- f. The dimensions of job insecurity – evidently, job insecurity is a subjective phenomenon. Hence the aim of the work is to determine whether specific biographical correlates exist in terms of job insecurity in order to assess which employees, if any are susceptible to job insecurity.

Villosio, Di Pierro, Giordanengo, Pasqua and Richardson (2003) found a significant relationship between age and importance to job features indicating that older workers attach more importance to job features than younger workers. Mohr (2000) discovered a strong, direct relationship between age and threats to features, indicating that older employees experience more threats to job features than younger employees. Sverke, Hellgreen and Naswall (2006) found a significant relationship between age and importance of total job, where employees in their 30s and 40s attach more importance to total job because of their family responsibilities. Green (2008), Mauno, Kinnunen, Makikangas and Natti, (2005) and Villosio (2008) opined that younger workers are likely to feel more insecure than older workers. However, Catalano and Rook (2007) stated that there is a significant difference in the level of threat to total job experienced by employees in the different age groups, indicating that younger workers between the ages of 16 and 24 do not fear losing their jobs because they do not have family responsibilities unlike those who are above 45 years.

According to Binder and Sloane (1999), there is a strong relationship between tenure and the importance that individuals attach to their jobs. This notion was supported by Muano and Portel (2005) finding that workers on a fixed term attach less importance to their features than those on permanent contracts. Cheng and Chan (2008) were of the belief that a significant relationship exists between tenure and

threats to job features. Bender and Sloane (1999), unlike Spector (2000) discovered a strong direct relationship between tenure and powerlessness.

It was also discovered that white employees attach less importance to their job features because of the insecurity that they feel, whereas their black counterparts attach more importance to job features (Ugboro & Obeng, 2001). Whereas, according to Burgard, Brand and House (2006), blacks indicated less attachment to their jobs unlike their non-black counterparts. Considering the features of job threats and race, Borg and Elizur (1992) discovered that black employees experience more threats to job features than white employees. Bender and Sloane (1999) found a significant relationship between perceived threats to total job and race indicating that white employees experience higher levels of threat to their total job than their black counterparts. Another finding discovered that white employees experience more powerlessness and job insecurity than black employees (Jorge, 2005).

Ugboro and Obeng (2001) were of the opinion that individuals who have spent a number of years in their current positions do not attach importance to their job features not minding the fact that they feel powerless. Thus employees with very short and with long job tenures in their current positions experience a relatively high level of job insecurity and attach less importance to their job features (Erlinghagen, 2007).

Gender also plays a role. Male employees experience insecurity more than females and may feel that organizational changes will affect the feature of their jobs (Ugboro and Obeng, 2007). However, according to Green (2008), female employees are felt more insecure than male employees thereby indicating that males are more confident of the existence of the salient features in their jobs. Erlinghagen (2007), on the other hand, found no gender-specific difference with regard to job insecurity and revealed no relationship between gender and importance of job features. He further revealed that there is a significant difference in the threats perceived by males and females regarding their job features. Likewise, Rosenblatt, Talmud and Ruvio (1999) found a significant gender difference and perceived no threats to job features in that men are felt more insecure than females because they emphasize financial concerns and family responsibilities whereas women express concern about their job features such as work content and work schedule. Furthermore, Rosenblatt et al also discovered a significant difference between gender and importance of total job in that females attach more importance to their jobs than males.

### **Consequences of Job Insecurity on Employees**

Job insecurity can be perceived as a stressor for employees and can be related to negative consequences: mental ill-health and diminished work commitment on the part of the employee. Studies have shown that if not properly managed, job insecurity

may tend to increased stress and uncertainty which could lead to dysfunctional outcomes. This is because excessive stress places special demands on the employee which in turn leads to lowered morale, job dissatisfaction, absenteeism and reduction in job performance (Moran, Barling, and Mendelson, 2005).

Researchers have also shown that job insecurity depletes the individual's resources and demands more than their coping abilities can handle. This in turn negatively affects the individual's well being, behaviour and attitudes. It is therefore not surprising that from the studies carried out by Barling and Kelloway (1996), Rothman and Joubert (2007) and De Witte (2010), increased emotional and physical exhaustion, hostility, psychological distress and depression, anxiety, psychosomatic complaints and decreased personal accomplishments were discovered to be some of the negative consequences of job insecurity on employees.

Other studies by Buggard, Brand and House (2006) found job insecurity to be associated with increased medical consultation. They also found that the effects of prolonged job insecurity are comparable to the health effects resulting from serious illness.

Job insecurity may equally affect such other areas as the family domain. For instance, a husband's uncertainty about the future of his job can spill over to his wife and eventually affect her health negatively (Westman, Etzion and Danon, 2001). Similarly, the children's academic performances can be negatively affected by their parents' job insecurity as the parents' negative moods would influence the children's outlook (Barling and Mendelson, 1999). Even on the societal level, job insecurity has effects. Job insecurity has been found to be related to increased health care costs and reduced household consumption (Matteson and Ivancevich, 1987).

According to Maslow as cited in Robins (2005), people are committed to satisfying five levels of needs and these include physiological, safety, social, esteem and self-actualization. At the bottom of this hierarchy of needs are the physiological needs that represent the basic issues of survival such as food, clothing and shelter. These needs can only be satisfied through job security, irrespective of age and gender. The thought of how to maintain a balance between these basic needs of life in the face of job insecurity, brings instant panic in the minds of most employees, who instead of hopeful planning, are unfortunately thrown into a state of melancholy and heightened apprehension. This state of affairs accounts for the reason why millions of employees are constantly passing through sleepless nights and heart-pounding days, and only finding solace in sleeping pills /tranquilizers with the attendant risks of coronary heart diseases and sudden deaths. There is therefore no disputing the fact that job insecurity is eroding our quality of life generally, as employees continue to live in constant fear of whether their jobs will be secured next year or even next week and whether tomorrow's pay slip may be their last.

### Consequences on Organizations

Job insecurity also influences organizational attitudes and behaviours which has consequences for the organization too. The perception of job insecurity is frequently associated with deterioration in organizational commitment, distrust of company management, resistance against organizational change, a performance decrease and a reduction in organizational citizenship behaviours (De Witte, 2000). Likewise, job insecurity seems to strengthen employees' intention to leave the company.

These attitudinal behavioural consequences of job insecurity threaten the survival of organizations. Dissatisfied and less committed employees are less dedicated to the organization and its goals, and tend to ruin its social atmosphere. According to Hartely (1991), the best qualified members of the workforce try to leave the organization as soon as possible, because they have better chances of finding a job elsewhere. Their departure however further weakens the organization's strength and creates new jobs because (expensive and time intensive) new recruiting efforts have to be made.

The conclusion that job insecurity affects organizational attitude and behaviours has been explained in various ways. These reactions could indicate a form of resentment on the part of the employees because they experience a violation of the psychological contract with the employers. As mentioned earlier, job security is one of the components of the traditional psychological contract between employers and employees. When less security is offered, the employee may attempt to restore the resulting imbalance by showing less involvement, less motivation and by lowering his or her performance.

### Coping with Stress when Faced with Job Insecurity

Living with constant insecurity can be stressful. Some studies suggest that living with job insecurity – the “fear” of losing one's job can be more harmful to your health than actually losing it. Here, keeping a positive attitude can make all the difference.

In order to avoid the fear of job insecurity, Severke (2002) advised as follows:

1. **Prove your worth** – If you face uncertainty in your field, make sure you give value to your organization. You will have to do more than “just the minimum” if you want to keep your job. Be willing to stay late to finish a project. Help another team member who is falling behind. Do things to show your boss that you love your job and you will do what it takes to help the organization succeed. This kind of commitment can help to set you apart from the crowd.

2. **Stay Current** – Keeping your skills current is essential if you want to offer value to your organization. Make sure you are up to date on your industry's certifications and trends. Take outside classes and read trade publications, so that you know what is going on in your field.  
  
Also, think about classes that would benefit your role in any organization. Skills like effective time management, leadership techniques and office organization can help you anywhere – no matter what job you are doing.
3. **Brag About Yourself** – Many people resist talking about their accomplishments because they do not want to boast. But think of it this way, your boss may not know how great you are, or what you are capable of doing if you do not tell him. By talking about your accomplishments, you keep him or her informed of your value.
4. **Keep your Resume up-to-Date** – This is smart for everyone to do, not just those who are directly looking for work (or afraid they might be soon). When your resume is current, you can be ready at a moment's notice to apply for a new position – even one within your own organization.
5. **Save Your Money** – Few things are more stressful than wondering how you will pay your bills if you suddenly lose your job. This alone can convince people to accept the first job offer they receive even if it is not the right match. Save at least three to six months of living expenses – this can help you take the time you need to find the best opportunity, if you are laid off. It can also give you the resources you need to look further, if work dries up in your area. This can help you turn a bad situation into a chance to re-evaluate your career, and put yourself onto a new, exciting path.

### Conclusion

The accelerating rate of organizational change indicates that job insecurity is a phenomenon that will continue to characterize modern working life in the years to come. Since both theoretical and empirical evidence have shown that job insecurity has detrimental consequences for the employees and organizations alike, it therefore becomes a matter of great concern on how best these negative consequences could be reduced. Thus, in addition to some of the measures earlier suggested in this paper on how the employees who find themselves in situations of constant job insecurity can reduce the stressful condition by adopting a positive attitude; organizations on their own part can take measures to prevent the most negative impact of job insecurity from occurring. This they can do by providing accurate information, enhancing communication, organizing training and retraining programmes for alternative employment, and educating their employees on how to cope with the stress created by job insecurity.

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