

Employment Security as Moderator on the Effect of Job Security on Worker's Job Satisfaction and Well Being

Fatimah, O.¹, Noraishah, D.², Nasir, R.¹ & Khairuddin, R.¹

¹ School of Psychology and Human Development, Faculty of Social Sciences and Humanities, Universiti Kebangsaan Malaysia, Bangi, Malaysia

² Universiti Tun Hussein Onn, Batu Pahat, Johor, Malaysia

Correspondence: Fatimah, O., School of Psychology and Human Development, Faculty of Social Sciences and Humanities, Universiti Kebangsaan Malaysia, 43600 Bangi, Selangor, Malaysia. Tel: 60-3-8921-3649. E-mail: faas@ukm.my

Received: June 4, 2012

Accepted: June 16, 2012

Published: July 16, 2012

doi:10.5539/ass.v8n9p50

URL: <http://dx.doi.org/10.5539/ass.v8n9p50>

Abstract

Economic instability around the world has resulted in many organizations having to lay off workers and also shut down to save their business. This economic strain and stress have impact on the worker's job satisfaction and well being through job insecurity. Thus, the purpose of this study is to examine the moderating effects of employment security on job security and job satisfaction and well being among workers in the banking sectors and manufacturing sectors who were most affected by the economic downturn. Participants were 600 workers of which 200 represented the workers who work in the bank, 200 in electronic industry and 200 in textile industry. They were randomly selected to participate in the research. A set of questionnaire comprising of Employment Security Scale, Job Security Scale, Job Satisfaction Scale and Well-Being Scale were used to measure the variables. Results from the multiple regression analysis showed that employment security did not moderate the relationship between job security and job satisfaction and well being of workers. However, job security had a direct relationship with job satisfaction and well being of workers. Thus, result from this study implicated that it was not the employment security that worried the workers but the security of their job that they were holding that impacted on their job satisfaction and well-being.

Keywords: employment security, job security, job satisfaction, well-being, workers

1. Introduction

The economic downturn and instability around the world caused economic strained globally. Indicators to this economic strain include job instability (frequency and time frame between unemployment and employment), economic unaffordability (low salary and loss of income), job insecurity and economic strain. As a result of this economic strain, many organizations have laid off their workers and some have also shut down as ways to save their business or organizations (Friedrich, 1997). This economic strain and stress will impact on the workers and their family (Kinnunen and Pulkkinen, 1998) and also contribute to uncertainty about job security (Fullerton and Wallace, 2007).

Restructuring of organization through mergers, workers laid off and closing of companies has impact on thousands of workers world wide through unemployment. This situation gives rise to the issue of job security (Probst, 2005). Many look at job security as a component of job satisfaction which is an important element in an organization because of its relationship with work behavior. When a worker is not satisfied with his job he will start looking for other jobs and be less committed to the organization. And when he gets the opportunity elsewhere he will have the tendency to leave the organization. Job insecurity will also contribute to the psychological stress experienced by the workers which includes depression, sadness, relationship problems, becoming alcoholic, drug abuse and low physical health (Jahoda, 1982) which will affect their well-being. In this context the instability in the economy have effect on the health and well-being of the society (Anom, 2009).

Employment security refers to the ability of an individual to look for jobs and being able to stay in the jobs which is relevant in the labor market (Clarke, 2008). It also refers to the ability to move in the labor market

through identifying one's potential to get a job and also looking for alternative jobs (Forrier and Sels, 2003). In other words, employment security relates to marketability of the workers in the existing labor market.

Researches on job security show that it relates with job satisfaction while job insecurity relates with job dissatisfaction (Ashford et al., 1989) and negative physical health (Roskies and Louis-Guerin, 1990). Job insecurity is said to be more stressful compared to job loss (De Witte, 1999). The risk of losing a job is said to be more frightful when an individual feels it is difficult to get an equivalent job and the risk is higher when unemployment rate is high. This is because when employees feel insecure with their jobs, they will face the threat of losing positive benefits socially and psychologically that come with the job. In addition, job employment insecurity will influence job satisfaction because of uncertainty in predicting and controlling the threat regarding the availability of the job (Reisel et al., 2007). The negative impact of job insecurity can be seen in job performance where the workers show less effort in performing the job (Reisel et al., 2007) and show increase in work deviant (Lim, 1996). Specifically the workers will become less productive, defy changes and have the inclination to quit to other jobs. This inclination to leave the job shows how job insecurity and job employment influences the organizational commitment of the workers (Barling and Kelloway, 1996). According to Ito and Brotheridge (2006), the effect of insecure employment can impact the relationship between job satisfaction and affective commitment and the propensity to leave the organization.

Mac Neil (1994) acknowledges that job security and job employment are important factors that affect job satisfaction for workers. Job security is ranked the third important factor that influences job satisfaction while job employment relates more to job dissatisfaction. Probst (2005) states that job employment correlates with high needs to leave the organization, lower job satisfaction and job performance. When workers feel that they are going to lose their jobs, they need to make adjustment and one of the way is through withdrawal in their job either physically or psychologically (Gupta and Jenkins, 1982). Heany et al. (1994) in their research among 207 automobile workers found that job satisfaction decreases when employment insecurity is prolonged. Ahmed et al. (2002) in their research among 5729 managers found there was a negative relationship between job security and level of economic uncertainty. While De Cuyper and De Witte (2007) in their study among permanent staff and non-permanent staff in Belgium found permanent staff showed higher job and employment security compared to non-permanent staff.

In the context of well-being, Sverke and Hellgren (2002) proposed that the relationship between employment security and well-being will be more positive when the workers feel that they have some other alternatives regarding chances of getting other jobs. Employment security can decrease the negative impact of job insecurity. Individuals who can vision their career prospect in the labor market and employment security can influence their reaction towards job insecurity. Various chances in the labor market can lessen the strain experienced by the individual (Bussing 1999) and lessen the psychosomatic complaints (Mohr, 2000). Research by Mohr (2000) on blue collar workers found the relationship between job employment and psychosomatic problems are stronger for workers who have less chance in the labor market. Silla et al. (2009) in their research among 639 workers from six organizations found employment security relates with well-being but job security did not and also the high perception of job security will also result in higher job satisfaction. Thus, here it can be said that employment security can affect life well-being (Silla et al., 2009). Research by Wolff (2008) reported that job insecurity showed a strong relationship with negative physical health such as fatigue, insomnia and pain in the body. While Borg et al. (2000) in their research found a positive relationship between employment insecurity with back pain.

Individuals who feel that their job is in jeopardy will report psychosomatic problems and those who report low job security will show higher depression and anxiety level (Mac Neil, 1994). In a research carried out in Canada, France, United States, Japan, Italy, German and United Kingdom by Wanberg et al. (2001), they found that there was a relationship between individual who is unemployed with decrease in psychological well-being and physical health.

This study will look at the moderator effect of employment security on the relationship between job security and job satisfaction and well-being of workers. It is predicted that job security will have a significant relationship with job satisfaction and well-being. However employment security does not influence the relationship between job security and job satisfaction and job security and well-being.

2. Methods

A survey was conducted to collect the data for this research. A set of questionnaire was distributed to participants who were made up of bank employees and factory/manufacturing workers. These two groups of respondents were chosen because they were among the most affected during the economic crisis through mergers

and downsizing of their organizations. A total of 600 workers participated in the research of which 200 represented the workers who work in the bank, 200 in electronic industry and 200 in textile industry. They were randomly selected to participate in the research.

Participants were administered with a set of questionnaire to measure the variables. Employment security was measured using Employment Security Scale by Vance and Kuhnert (1988) to measure how easily the respondents can find other jobs. It consists of six items using 5 point Likert type response format. Two of the items were negative items and reversed scoring was used for it. High scores indicate high employment security and low scores indicate low employment security. Examples of the items are 'I can get another equal job at other place if necessary' and 'If I lose my job now, I will probably be unemployed for a very long period of time'. Reliability of the scale was 0.7.

Job security measure was adapted from Lahey and Kuhnert's (1988) Job Security Scale. This scale consists of seven items to measure subjects' sense of security to their current job. The items were rated based on five point Likert scale. High scores indicate high job security and low scores indicate low job security. Examples of the items are 'I am willing to work here for all time'. Reliability of the scale was 0.7.

Job satisfaction in the research refers to the internal and external satisfaction that the respondents experience in relation to the job. It was measured using Warr et al.'s (1979) Job Satisfaction Scale which consists of 15 items. Eight items measure the internal aspects of job satisfaction while seven items measure the external job satisfaction. The sum total of the two aspects will be considered as job satisfaction. Examples of the items are 'Physical situations at my workplace' and 'How my organization was managed'. Reliability of the scale was 0.90.

In order to measure well-being, the questionnaire Well-Being Scale developed by Mauno and Kinnunen (1999) was adapted to be used in the research. This questionnaire consists of 15 items which was categorized into three dimensions namely, job exhaustion, somatic symptoms and negative spillover into parenthood. Job exhaustion is used as an indicator for work well-being. It consists of nine items. Examples of the item in this dimension are 'I feel used up at the end of the work day'. Somatic symptoms are used to evaluate the whole well-being based on the stress theory which measures the general amount of stress experienced by the workers. There are six items in this dimension. Example of the item in this dimension is 'Insomnia or waking at night'. Negative spillover into parenthood is used as an indicator for family well-being. This dimension consists of five items which looks at the negative parenting behaviors in subjects. Example of the item in this dimension is 'My job makes it hard for me to have a good relationship with my children'. The sum total of the obtained score from the three dimensions will be considered as the score of well-being. Reliability of the scale was 0.89. Data collected were then analyzed using multiple regression analysis.

3. Results and Discussion

The moderating effects of employment security on the relationship between job security and job satisfaction are presented in Table 1. Multiple regression analysis carried out showed that there was a moderate relationship between the variables. Results of the R^2 obtained showed that 22.6% of job satisfaction can be explained by both the employment security and job security which were significantly shown by the F test, $F(2,597) = 87.23$, $p < 0.05$. The beta value for job security showed when job security increased by one unit, job satisfaction increased by 0.478 units. This also means that the relationship between job security on job satisfaction was a direct correlation. The higher the job security the higher the job satisfaction experienced. Results of t-test showed that job security has a significant relationship with job satisfaction. However, the beta value for employment security showed a negative value without a significant relationship. This means that employment security did not affect or influence the job satisfaction. (refer Table 1).

Table 1. Multiple regression analysis results of standardized beta coefficients of the moderating effects of employment security on the relationship between job security and job satisfaction

	B	Beta	t
Constant	1.726		10.462*
Employment security	-0.027	-0.025	-0.700
Job security	0.543	0.478	13.179*

R Square = .226, $F = 87.231$, $p < 0.05$

This finding supports Clark's (2005) research which found that employment security did not influence the relationship between job security and job satisfaction. This may be because the subjects felt that their chances of

getting other jobs are higher even if they were retrenched from their jobs now. Thus, because of that they were not worried about their job security and it did not affect their job satisfaction. Furthermore, Green (2009) noted that in reality, workers actually felt little or no risk about job loss. As reported by Anom (2009), the workers were confident about their employability whereby only two thirds of those interviewed in her research will think about looking for other jobs while only 10% will look for other jobs actively. Thus, it can be concluded that if the workers were confident about their employability they did not really have to worry about looking for other jobs if the need arise, and thus it did not relate directly with their job satisfaction. However, job security was found to be significantly related to job satisfaction. This means that if the subjects felt secured with their jobs they will also feel satisfied with the job. This is because with job security the workers will not feel threatened by the economic strain and uncertainty that arises from job insecurity. The workers will also feel safe and thus this situation can lead to job satisfaction for the workers. With job security the workers will have no worry about their pay which was one of the factors that correlates significantly with job satisfaction (Schultz, 1982). This finding also supports finding by De Cuyper et al. (2011) who found perceived employability was negatively related to job satisfaction but positively related to job satisfaction and turnover intention.

The moderating effects of employment security on the relationship between job security and well-being are presented in Table 2. Results from the multiple regression in Table 2, showed a low correlation between the variables. The R^2 calculated showed that 10.7% of the subjects' well-being can be explained by employment security and job security. The F was significant, $F(2,597) = 35.935, < 0.05$. The beta value for job security was positive whereby when the job security increased by one unit, the well-being increased by 0.320 units. This also means that there was a direct relationship between job security and well-being. The t-test showed that the relationship was significant at 0.05. Thus it can be concluded that job security can affect the well-being of the workers. Results also showed that beta value for employment security was positive whereby when employment security increased by one unit, the well-being increased by 0.041. This means the relationship was a direct relationship. However the t-test calculated showed the relationship was not significant. Thus, in conclusion the employment security did not moderate the relationship between job security and well-being.

Table 2. Multiple regression analysis results of standardized beta coefficients of the moderating effects of employment security on the relationship between job security and well-being

	B	Beta	t
Constant	2.264		14.452*
Employment security	0.039	0.041	1.058
Job security	0.322	0.320	8.225*

$R^2 = 0.107, F = 35.935, p < 0.05$

Kuhnert and Vance (1992) in their research found that when employment security was high, the job security did not have large impact on the well-being of an individual. Individual who reported having low employment security and job security experienced high health problems. Individuals who felt that they did not have any chance on employment will have a strong relationship between job security and psychosomatic complaints. This research also supports the finding by Ferrie et al. (2002) who found that salesman who experienced job insecurity experienced heightened physical symptom. Also their findings found that if the workers were exposed to prolonged job insecurity they will experience high psychological stress. Burchell (2011) found the longer the workers experienced job insecurity it caused job dissatisfaction and increased physical symptom thus job insecurity have more extreme effect on individual than employment security. Mauno and Kinunnen (1999) in their research on 215 couples found that job insecurity can impact on marriage satisfaction and parenting in the form of job exhaustion and somatic symptoms. According to them, job insecurity which was part of job stress affected job exhaustion which in turn decreased their health gradually. This is because they were very dependent on their jobs. In a study carried out by Roskies and Guerin (1990), job insecurity was found to correlate with psychological stress. Job security showed a significant correlation with well-being because when the workers felt secured with their jobs, they will feel at ease and calm with their life without having to think about their financial situation to support their family. Also according to Bugard et al. (2009), if workers perceived job insecurity as persistent it can become predictors for poor self-rated health for the workers.

This study also supported the research by Israel et al. (1989) who showed that workers who were under insecure employment situation usually felt anxious and threatened and also showed the symptoms of distress and somatization. The workers experienced high anxiety and uncertainty in their job and worked hard to safeguard

their jobs and often asked for psychiatric help. They also experienced decrease in mental health, well-being, work fatigue, insomnia and headache (Wolff, 2008).

4. Conclusion

In conclusion results of this study showed that employment security did not affect or moderated the relationship between job security and job satisfaction. Results from this study also showed that employment security did not moderate the relationship between job security and well-being. This gives implications that employment security did not influence the job satisfaction and well-being experienced by the workers which was directly related to job security. Workers who perceived high employment security did not worry about their job security and thus it did not influence their job satisfaction and well-being. However, if the workers perceived that their job security was threatened and in jeopardy, this will affect their job satisfaction and well-being, thus, affecting their job performance.

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