The consequences of job insecurity for employees: The moderator role of job dependence

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Abstract. With globalization and increased international competition have come more flexible forms of employment and increased job insecurity. The authors address the impact of perceived job insecurity on employees’ work attitudes and intentions. After reviewing relevant research on stress theory and the relationship between job insecurity and its consequences, they test two hypotheses on 942 employees in Spain, namely: first, that job insecurity relates negatively to job satisfaction and organizational commitment and positively to intention to leave; and, second, that job insecurity, economic need and employability interact in the prediction of these outcomes.

As a result of globalization and international competition, the labour market has undergone rapid change over recent decades. Organizations have therefore had recourse to various measures to reduce costs and increase efficiency, for example downsizing, restructuring, merging, privatization and outsourcing (Hellgren and Sverke, 2003; Allen et al., 2001; Reisel and Banai, 2002; Tivendell and Bourbonnais, 2000; Probst, 2003). Out of these transformations there have emerged new forms of employment relationship based on flexibility – and these can increase workers’ feelings of insecurity about actual jobs (Sverke and Goslinga, 2003; Chirumbolo and Hellgren, 2003). Job insecurity has been defined as “perceived powerlessness to maintain desired continuity in a threatened job situation” (Greenhalgh and Rosenblatt, 1984, p. 438). In response to job insecurity, workers’ attitudes evolve in ways that can have important consequences for their health and behaviour (Davy, Kinicki and Scheck, 2003).
1991; Chirumbolo and Hellgren, 2003; Burke, 1998). However, research findings are not consistent on these issues. Sverke, Hellgren and Näswall (2002) have suggested that this inconsistency could be due to the fact that the relationship between job insecurity and employees’ reactions may be moderated by individual differences. In our view, situational variables such as job dependence (understood as a combination of lack of employability and economic need) could “moderate” these relationships, especially in national contexts where high rates of unemployment, low unemployment benefits and great cultural value attributed to job security may promote job dependence (Greenhalgh and Rosenblatt, 1984). The aim of this article is to examine the consequences of job insecurity on employees’ attitudes and intentions towards their jobs and to analyse the moderator role of job dependence in the relationship between job insecurity and its consequences in an unsupportive environment, such as Spain’s (Caballer et al., 2005).

Job insecurity as an antecedent of attitudes and intentions at work

According to stress theory (Lazarus and Folkman, 1984), job insecurity is perceived as a work stressor, given that the anticipation of possible job loss can be perceived as a source of anxiety just as important as the loss itself. In this vein, a growing body of research has focused on how job insecurity can be harmful to employees. In fact, it has been observed that job insecurity has a negative influence on employees’ attitudes, including their job satisfaction and organizational commitment (Adkins, Werbel and Farh, 2001; Chirumbolo and Hellgren, 2003; Armstrong-Stassen, 1993), as well as a positive relation to intention to leave the organization (Rosenblatt, Talmud and Ruvio, 1999; Chirumbolo and Hellgren, 2003). Thus, within the framework of stress-strain research, we aim to analyse the influence of job insecurity on employees’ attitudes towards their jobs and intended behaviour. More specifically, based on the results of previous studies, the following hypothesis was generated:

Hypothesis 1: Job insecurity is negatively related to job satisfaction and organizational commitment and positively related to intention to leave the organization.

Job dependence as moderator between job insecurity and its consequences for employees

Although previous research indicates that job insecurity negatively influences employees’ work attitudes and behavioural intentions, some aspects of these relationships are not fully understood. In their meta-analysis, Sverke, Hellgren and Näswall (2002) observed incongruent results in previous studies. They analysed the strength of the relationship between job insecurity and its consequences and noted that the studies varied very considerably in their findings. Indeed, a number of studies have found that job insecurity has significant nega-
The consequences of job insecurity for employees

The consequences of job insecurity for employees are complex and multifaceted. Recent studies have highlighted the impact of job insecurity on various aspects of employee well-being and performance. For instance, job insecurity has been linked to decreased job satisfaction, increased stress, and reduced overall well-being (Davy, Kinicki, and Scheck, 1991; Hollenbeck and Williams, 1986; Cavanaugh and Noe, 1999). These findings suggest that job insecurity can create a negative work environment, leading to a decline in employee motivation and productivity.

Several studies have also explored the relationship between job insecurity and the propensity to leave. While some research indicates a strong correlation, other studies do not find such a significant link (Davy, Kinicki, and Scheck, 1991; Hollenbeck and Williams, 1986; Cavanaugh and Noe, 1999). This inconsistency highlights the need for further investigation into the factors that influence the relationship between job insecurity and turnover.

Incorporating these findings, Sverke, Hellgren, and Näswall (2002) proposed that other factors might be influencing the relationship between job insecurity and its consequences. Similarly, Greenhalgh and Rosenblatt (1984) suggested that individual differences could moderate the relationship between perceived job insecurity and employees' reactions. Furthermore, situational variables can also influence the perception of job insecurity as a more or less dangerous threat, which, in turn, can influence how serious the consequences are. In this context, an individual's dependence on his/her current job can be an important situational variable that could play a moderator role. Specifically, Greenhalgh and Rosenblatt (1984) suggested that employees whose chances of finding another job were small and whose main source of income was provided by the job under threat would probably be more dependent on that job than employees with great employability and alternative sources of income. They concluded that when employees perceive job insecurity, the more job-dependent employees will probably perceive it as a more dangerous threat and will react more negatively than will less job-dependent employees.

Additional evidence can be found in the literature. The economic outcomes of work are fundamental determinants for workers. Some studies have analyzed the ranking of the importance of outcomes (Lawler, 1971; Wahba and Bridwell, 1976). They showed that at higher levels of pay, the importance of economic results as a motivator decreased relative to other outcomes, and that if employees were poorly paid, they ranked pay levels higher (Brief and Aldag, 1989). Following this line of reasoning, Brockner et al. (1992) carried out a study with a sample of 597 employees of retail stores, whose results showed that the inverted-U relationship between job insecurity, perceived control, and work effort was moderated by economic need. Therefore, the employees with a higher economic need to work were more influenced by perceived job insecurity than employees with a low economic need to work. Regarding employability, Herriot, Hirsh, and Reilly (1998), Silla, Gracia, and Peiró (2005) and Martin, Staines, and Pate (1998) highlighted that, currently, employees seek to increase their training and development in order to raise their employability, since new contracts are not of long duration. Employees with high employability therefore perceived themselves as more skilled, adaptable and confident and, consequently, they evaluated the possibility of job loss as less harmful, or even as an opportunity for growth (Fugate, Kinicki, and Ashforth, 2004). Thus, employability involves "determining, attaining, and maintaining the skills needed to work, marketing oneself in order to obtain work, and working competently in order to retain work" (Romaniuk and Snart, 2000, p. 319). In summary, these studies point out that economic need and employability can mitigate the negative effects of job insecurity, so that the perception of job insecurity may lead to less detrimental experiences for employees and organizations. Following this rationale, we assume that highly job-dependent...
employees with high economic need and low employability will not find a new job easily and quickly. They will therefore perceive job insecurity as a more dangerous threat, and will react more negatively to it, compared with employees less dependent on their jobs. According to this rationale, we hypothesize the following:

Hypothesis 2: There will be three-way interaction between job insecurity, economic need and employability in the prediction of job satisfaction (H2a), organizational commitment (H2b) and intention to leave the organization (H2c). Employees who perceive job insecurity and experience high job dependence will have lower job satisfaction and organizational commitment, but a stronger intention to leave the organization.

Methodology

Sample
The sample of this study consisted of 942 employees of 47 Spanish organizations in three sectors of the Spanish economy: the food industry (Norganization = 17; Nemployees = 380), retail (Norganization = 10; Nemployees = 269) and education (Norganization = 20; Nemployees = 293). Of these, 50.5 per cent were women (n = 476) and 47.3 per cent were men (n = 446), while the data for the remaining 2.2 per cent were missing (n = 20). Their average age was 34.38 years (sd = 9.86). Sixty-four percent of the sample had graduated from high school. Finally, regarding status, 33 per cent of the sample had contingent contracts (n = 311) and 67 per cent had permanent contracts (n = 631).

Procedure
Human resources departments of various firms were contacted to take part in the study. The purpose of the research and the questionnaire instructions were explained by researchers. Anonymity and, if needed, confidentiality were guaranteed. Employees voluntarily filled out the questionnaires in the presence of a research assistant in 2004. Exceptionally, it was not possible to complete some questionnaires during the data-gathering period, and they were mailed to the research team by the subjects. As participation was requested in person and as most of the questionnaires were gathered during work time and in the presence of a research assistant, a response rate of 87.7 per cent was achieved overall, with rates ranging from 22.5 to 100 per cent across organizations.

Measures
Socio-demographic variables. Employees were asked their age and sex. Type of contract was measured with one question: “Do you have a permanent contract with this company?” The possible replies were: “No, I do not have a permanent contract with this company” or “Yes, I have a permanent contract with this company”. The questions concerning temporary contracts referred to dependent em-
employment of limited duration, whereas all other types of employment relationship were termed permanent contracts. This classification thus differentiates between contracts that offer the prospect of a long-lasting employment relationship and those that do not (OECD, 2002).

*Job insecurity* was measured on a four-item scale developed by De Witte (2000), with responses to each item ranging from 1 (strongly disagree) to 5 (strongly agree). An example of the items on the scale is: “Chances are, I will soon lose my job”. The Cronbach alpha (reliability measure) of this scale in the present study is 0.84.

*Employability* was measured on a five-item scale developed by De Witte (1992), also with possible responses ranging from 1 (strongly disagree) to 5 (strongly agree). For example, one of the items on the employability scale is: “I am confident that I could quickly get another similar job”. The reliability for this scale was .88.

*Economic need* was measured by the question: “What is your contribution to the household’s income?” (Hoffmeyer-Zlotnik and Warner, 1998). The possible responses were: sole earner (100 per cent); main earner (over 50 per cent); joint earner (about 50 per cent); and contributory earner (under 50 per cent).

*Job satisfaction* was assessed on a four-item scale developed by Price (1997) – for example, “I find enjoyment in my job”. The responses ranged from 1 (strongly disagree) to 5 (strongly agree). The Cronbach’s alpha of this scale was 0.81.

*Organizational commitment* was measured on a five-item scale (Cook and Wall, 1980) – for example, “I am proud to be able to tell people who I work for”. The responses ranged from 1 (strongly disagree) to 5 (strongly agree). Cronbach’s alpha was .74.

*Intention to leave organization*. Based on Sjöberg and Sverke (2000), we developed a four-item scale (for example, “I have had enough and intend to leave”). The responses ranged from 1 (strongly disagree) to 5 (strongly agree). The reliability was .84.

**Data analysis**

Preliminary analyses of the data were descriptive statistics (means, standard deviations) and correlation analyses (table 1). Later on, three hierarchical multiple regression analyses were developed to test the hypotheses. Following Cohen and Cohen (1983), variables of lower order were introduced first, and the higher-order terms later. Accordingly, control variables were entered in step 1: sex, age and type of contract. In step 2, predictor variables (job insecurity, economic need and employability) were introduced. In step 3, second-order interaction terms were added (job insecurity x job dependence). Finally, in step 4, the third-order interaction was introduced (job insecurity x economic need x employability). We used centered scores to solve the possible problem of multicollinearity and to maximize interpretability. Finally, graphical representation was performed to understand the nature of interactions (Jaccard, Turrisi and Wan, 1990).
Results

Table 1 presents means, standard deviations and correlations between variables. The correlations between job insecurity and the other variables are significant, except for employability. Hierarchical multiple regression analysis provides support for hypothesis 1, presenting a significant relationship between job insecurity and job satisfaction, organizational commitment and intention to leave the organization. Employees who perceived job insecurity reported lower job satisfaction (table 2, $\beta = -0.39$, $p < 0.01$) and organizational commitment (table 2, $\beta = -0.34$, $p < 0.01$), and higher intention to leave the organization (table 2, $\beta = 0.44$, $p < 0.01$).

Moreover, substantial support was found for our three-way interaction hypothesis (see table 2). The regression analysis shows significant three-way interactions. Concretely, the combination of economic need and employability moderates the relationships between job insecurity and job satisfaction ($\beta = -0.06$, $p < 0.1$), organizational commitment ($\beta = -0.07$, $p < 0.05$) and intention to leave the organization ($\beta = 0.07$, $p < 0.05$), confirming our hypothesis 2. The explained variance of these outcome variables ranged from 13 to 20 per cent.

The results are plotted in figures 1, 2 and 3, which graphically depict the nature of the effects of interaction between job insecurity, economic need and employability on job satisfaction, organizational commitment and intention to leave the organization.

Figure 1 presents the plot of interaction between job insecurity, economic need and employability in predicting job satisfaction. All employees with low economic need present a similar decline in job satisfaction independently of their level of employability when they perceive job insecurity. In other words, employability does not seem to have much effect on the relationship between job insecurity and job satisfaction in circumstances of low economic need. Nevertheless, where economic need is high, the impairment of job satisfaction varies depending on employees’ employability. Specifically, in the face of

| 1. Sex (dummy) | — | — | — |
| 2. Age | 34.38 | 9.86 | .05 | — |
| 3. Type of contract (dummy) | — | — | .07* | .43** | — |
| 4. Job insecurity | 2.09 | .96 | .02 | -.29** | -.42** | — |
| 5. Economic need | 2.79 | 1.11 | -.19** | -.35** | -.24** | .13** | — |
| 6. Employability | 3.44 | .95 | .08* | -.21** | .00 | -.05 | .00 | — |
| 7. Job satisfaction | 3.99 | .85 | .07* | -.11** | -.32** | -.08* | -.01 | .64** | — |
| 8. Organizational commitment | 3.85 | .71 | .03 | .16** | .04 | -.32** | -.08* | -.01 | .64** | — |
| 9. Intention to leave organization | 1.72 | .85 | .04 | -.05 | .09** | .31** | .02 | .12** | -.72** | -.57** | — |

*p < .05. ** p < .01. *** p < .001, two-tailed.
Table 2. Hierarchical regression analysis of job insecurity and job dependence in predicting job satisfaction, organizational commitment and intention to leave organization

<table>
<thead>
<tr>
<th>Step</th>
<th>Job satisfaction</th>
<th>Organizational commitment</th>
<th>Intention to leave organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sex</td>
<td>-.11</td>
<td>-.04</td>
<td>.08</td>
</tr>
<tr>
<td>Age</td>
<td>.02*</td>
<td>.01*</td>
<td>-.01*</td>
</tr>
<tr>
<td>Type of contract</td>
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<td>-.07</td>
<td>.24*</td>
</tr>
<tr>
<td>Step 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job insecurity</td>
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<td>-.25*</td>
<td>.38*</td>
</tr>
<tr>
<td>Economic need</td>
<td>-.30</td>
<td>-.03</td>
<td>.03</td>
</tr>
<tr>
<td>Employability</td>
<td>-.04</td>
<td>.00</td>
<td>.10*</td>
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<tr>
<td>Step 3</td>
<td></td>
<td></td>
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<td>Job insecurity x economic need</td>
<td>.07*</td>
<td>.03</td>
<td>-.08*</td>
</tr>
<tr>
<td>Job insecurity x employability</td>
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<td>-.02</td>
<td>.01</td>
</tr>
<tr>
<td>Economic need x employability</td>
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<td>-.03</td>
<td>-.01</td>
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<tr>
<td>Step 4</td>
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<td>-.05***</td>
<td>-.05*</td>
<td>.06*</td>
</tr>
<tr>
<td>R²</td>
<td>.18***</td>
<td>.14***</td>
<td>.19***</td>
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<td>.04</td>
<td>.02</td>
<td>.01</td>
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<tr>
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<td>.01</td>
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<tr>
<td>R² change step 4</td>
<td>.01</td>
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<td>.01</td>
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</tbody>
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*p < .05. ** p < .01. *** p < .1.

Figure 1. Interaction between job insecurity, economic need and employability in predicting job satisfaction
increased job insecurity employees’ job satisfaction reaches lower levels when their employability is high. Yet job insecurity provokes a much smaller decline in job satisfaction among employees who combine high economic need with low employability.

Figure 2 shows the three-way interaction of job insecurity, economic need and employability in predicting organizational commitment. Overall, job insecurity negatively affects organizational commitment, although this effect is

Figure 3. Interaction between job insecurity, economic need and employability in predicting intention to leave the organization
weaker among those employees with the highest job dependence, i.e. those with high economic need and low employability.

Finally, figure 3 shows the interaction of job insecurity, economic need and employability in predicting intention to leave the organization. When they perceive job insecurity, all employees with high employability report a similar increase in intention to leave the organization independently of economic need. By contrast, if employability is low, the increase in intention to leave the organization varies according to economic need. Faced with heightened job insecurity, low-employability employees with low economic need present a greater increase in intention to leave the organization than those with high economic need. Overall, job insecurity provokes higher intention to leave the organization in employees with high employability compared to those with low employability, especially those with the highest job dependence (i.e. low employability and high economic need).

Discussion

This article has aimed to improve understanding of the influence of job insecurity on employees’ attitudes and intentions, as well as to shed light on the role played by employees’ job dependence in the relationship between job insecurity and its outcomes. The underlying study was conducted in a national context (Spain) where job dependence is reinforced by indications of deprivation, including a high unemployment rate and scant unemployment benefits.

The results show that job insecurity adversely affects job satisfaction, organizational commitment and intention to leave the organization. Those employees who perceived job insecurity reported lower job satisfaction and organizational commitment and higher levels of intention to leave the organization. These findings thus provide additional evidence for the conclusions of previous studies. Job insecurity seems to be perceived as a work stressor, which negatively impacts on employees’ attitudes (Adkins, Werbel and Farh, 2001; Chirumbolo and Hellgren, 2003) and increases their intention to leave the organization (Rosenblatt, Talmud and Ruvio, 1999; Chirumbolo and Hellgren, 2003). In fact, according to Chirumbolo and Hellgren (2003), these negative reactions may be considered as distancing strategies that allow employees to disassociate themselves from this stressor.

Moreover, the results also confirm that job dependence influences the relationship between job insecurity and job satisfaction, organizational commitment and intention to leave the organization. Thus, our second hypothesis was confirmed, although not in the direction expected. Curiously, the employees who were highly dependent on their jobs reacted negatively when they perceived

\[1\] Namely, there will be three-way interaction between job insecurity, economic need and employability in the prediction of job satisfaction (H2a), organizational commitment (H2b) and intention to leave the organization (H2c). Employees who perceive job insecurity and experience high job dependence will have lower job satisfaction and organizational commitment, but a stronger intention to leave the organization.
job insecurity, decreasing their levels of job satisfaction, organizational commitment and increasing their levels of intention to leave the organization. However, this impairment was minor compared with the effects of job insecurity on employees who were not so job-dependent. A possible explanation of these results might be found in psychological contract theory, which reflects “the idiosyncratic set of reciprocal expectations held by employees concerning their obligations […] and their entitlements” (McLean Parks, Kidder and Gallagher, 1998, p. 698; see also Guest, 2004; Guest and Conway, 2000). The violation or non-fulfilment of psychological contract has been associated with employees’ negative reactions, such as attitudinal and behavioural responses (for example, Johnson and O’Leary-Kelly, 2003; Gakovic and Tetrick, 2003). In this respect, job insecurity seems to be a key element of psychological contract and represents a violation of the organization–employee exchange (Millward and Brewerton, 2000; De Cuyper and De Witte, 2006). So, the impairment of job satisfaction and of organizational commitment and its effect on intention to leave the organization may be due to the non-fulfilment of psychological contract, given that the outcomes result from an unbalanced exchange between organization and employee. Accordingly, highly job-dependent employees will probably contribute less than other employees owing to their personal characteristics (high economic need and low employability) and they will expect a lesser contribution from their organizations. So, job insecurity will be perceived as a less serious violation of psychological contract by highly job-dependent employees compared with employees with higher expectations.

Furthermore, economic need has a very significant role in the three-way interaction predicting job satisfaction. In this respect, job satisfaction reflects an effective response to the job or to its features. Taking economic outcomes into account is fundamental for employees, especially those with high economic need (Brief and Aldag, 1989; Jahoda, 1982; Wahba and Bridwell, 1976), and it seems plausible that the level of job dissatisfaction is mainly affected by economic need when job insecurity is perceived. Likewise, employability also plays a determinant role in the three-way interaction predicting intention to leave the organization. Regarding intention to leave the organization, a key factor is the existence of other employment possibilities. Given that employability helps employees to find another job, it may indeed be assumed that it plays a fundamental role in shaping their intention to leave the organization when they perceive job insecurity.

These results contribute to clarifying the issue that much of the research about job insecurity has raised, namely, the need to explore the role of other factors that may influence the relationship between job insecurity and its consequences (for example, Sverke, Hellgren and Näswall, 2002; De Witte, 1999; Orpen, 1993; Greenhalgh and Rosenblatt, 1984). In this vein, our study provides evidence for the assumption made by Greenhalgh and Rosenblatt (1984), who stressed the moderator role of job dependence in the relationship between job insecurity and its consequences, although in the opposite suggested direction. In other words, the degree of dependence on a current job may influence the negative outcomes of job insecurity for employees.
Nevertheless, our results should be interpreted bearing in mind the potential limitations of this study. First, as all our variables were measured by self-reported questionnaires, the results may be influenced by common method variance. Other methods could usefully be applied in future research to provide further evidence on the relationships found here. Another possible limitation is that causal relationships between variables cannot be inferred since a cross-sectional design was used. In the job insecurity literature, there are few longitudinal studies that test causal relationships over time and study the possible changes. More work is needed in this area. Finally, although we controlled for some of the most critical external factors that might have affected our analysis, it must be borne in mind that other, unmeasured variables could also influence the relationship between job insecurity, job dependence and outcomes (for example, firm, labour sector, education, family income). On this point also, more research is needed to provide additional support for our results.

The results also suggest several practical implications. For example, concern about job insecurity levels should be a priority, as should psychological contract. Organizations should be careful when making promises, because employees expect them to be kept. This helps determine employees’ image of their organization regarding whether they can trust it and whether it is fair. These factors are central to employees’ reactions and their working lives. Moreover, governments’ employment policies should include the notion that improving employees’ quality of life has a positive effect on organizations’ competitiveness and efficiency.

In conclusion, it would be helpful for future research to consider job insecurity as a violation of psychological contract and to investigate its effect on employees and organizations. Job insecurity is indeed a subjective notion that depends on employees’ personal characteristics and individual perceptions. In this connection, we wish to emphasize the critical role of type of contract in the perception of job insecurity within the framework of psychological contract. The existing literature points to differences in the perception of psychological contract between permanent and temporary workers, and therefore also differences in the perception of job insecurity. Specifically, De Cuyper and De Witte (2006) showed that temporary workers experienced higher levels of job insecurity compared with permanent workers, but that the latter’s reaction was more detrimental because they perceived job insecurity as a violation of their psychological contract, whereas temporary workers did not. Thus, further research is also needed to determine the factors making employees more inclined to suffer the negative effects of job insecurity, as well as the factors that can serve as buffers for them.

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