Predictors and consequences of job insecurity: A preliminary study of Malaysian bank employees

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Abstract

Paid work is of fundamental importance in modern societies. For individuals, it serves not only to provide them with a means of financial income but also plays an important role in determining social status and prestige. Based on a quantitative study of 141 bank employees, this paper empirically explores the predictors and consequences of job insecurity components among bank employees in Malaysia. The main purpose of this study is to investigate the role of job security satisfaction in predicting organizational commitment and job performance among bank employees in Malaysia. Furthermore, the study explores the contribution of certain demographic variables such as monthly income, age, marital status, education level, job level, tenure in present job and tenure in present organization, as well as organizational factors such as an organization’s activity and training for explaining variations in the levels of satisfaction with job security among individuals. This study suggests that the relationships between job security satisfaction and both organizational commitment and job performance should provide managers with valuable information for developing plans to inspire and retain organizational commitment and to enhance employees’ performance.

Keywords: employee, internal locus of control, job insecurity, job performance, job satisfaction, psychological contract

Introduction

Over the past two decades huge changes have taken place in the structure of the labour market. The most important factors that contributed to these changes are Technological Innovation, Globalisation, Privatisation of public services and Global economic slowdown. These changes have also influenced the competition in job market and the employment contract features between employer and employee. This also has changed the dynamics of job insecurity. Job insecurity is influenced by many factors which ultimately lead to reduced individual performance at work. Job insecurity also significantly influences the social insecurity. The presence of children in the household is associated with a lower perceived job security. A possible explanation for this is that the cost of job loss is more severe for employees with dependent children. Job insecurity contributes a lot towards determining individuals’ life style, character and even his health (Sengenberger, 1995).

In the mid-1980s, research in this area began to more systematically focus on job insecurity and along with this came a change in the construct’s meaning; it went from being seen as a motivator to being defined as a stressor (Greenhalgh & Rosenblatt, 1984). In connection with this, a more systematic approach to this research began to take shape, regarding, primarily, empirical results and, to a certain degree, theory development (Sverke et al., 2002). Among the first to place job insecurity in a larger
theoretical context was Greenhalgh and Rosenblatt (1984) who, with their theoretical model, summed up the definitions of job insecurity and elaborated on the potential causes, effects, and organizational consequences of the phenomenon. Greenhalgh and Rosenblatt defined job insecurity as a “perceived powerlessness to maintain desired continuity in a threatened job situation”. They further maintained that job insecurity is based on the individual’s perceptions and interpretations of the immediate work environment.

Over the years, research have been carried out to determine the reasons for the feeling of job insecurity, its consequences on employee performance, its social and economic impact and mainly the impact on the organisation success. This study is an attempt to study the reasons for job insecurity and its consequences focussing on employees of banks in Malaysia. This paper was aimed to examine the relationship between cognitive and emotional components of job insecurity.

The paper is structured as follows: In the next section, about predictors and consequences of job insecurity. The following section describes the study method, after which is the presentations and discussion of the results. Finally, the paper concludes and offers suggestions for future research.

Literature review

One of the most consistent findings in the job satisfaction literature is that the effect of job security on job satisfaction is large and significant. Job satisfaction arising from job security is a major factor affecting the quality of the employer-employee relationship. Job insecurity perception by the employee is the major source of stress that will lead to poor work performance. Job security can be measured with a number of ways. According to Weiling (2001), job security is the likelihood of keeping a job until the person decides otherwise, or it can be measured in terms of unemployment prospect. In some surveys, respondents are asked whether they agree or disagree with the statement “My job is secure” (Bender & Sloane, 1999). However, this type of question may lead the respondents to consider the wider implications of insecurity, such as the stability of their employment conditions (Burchell et al., 1999).

Job insecurity

In these studies, self-reported job security was treated as one variable among many which, when taken together, reflected an individual’s overall sense of satisfaction in the work situation. With this conception of job insecurity as a theoretical starting point, a number of somewhat similar definitions have been presented in the literature. Job insecurity has, for example, been described as:

- “one’s expectations about continuity in a job situation” (Davy et al., 1997).
- “an overall concern about the future existence of the job” (Rosenblatt & Ruvio, 1996).
- “an employee’s perception of a potential threat to continuity in his or her current job” (Heaney et al., 1994).
- “a discrepancy between the level of security a person experiences and the level she or he might prefer” (Hartley et al., 1991).
- “the subjectively experienced anticipation of a fundamental and involuntary event” (Sverke et al., 2002).

Other researchers use combinations of various definitions and in their research. For example, Mohr (2000) discussed four different types of job insecurity: (1) “job insecurity as a state of public awareness” which involves a high degree of unemployment in society; (2) “job insecurity at the company level” which refers to unstable and insecure conditions in the organization; (3) “acute job insecurity” involving the concrete subjective experiencing of a threat to employment, and; (4) ”anticipation of job loss” which applies to a situation where layoffs have already begun to be carried out in the organization in which the individual is employed. Job insecurity can therefore either be experienced at a personal level or attributed
externally, such as in those situations where the researcher defines the population under investigation as being uncertain of how their future employment will progress (Ferrie, 2001). In a study comparing the consequences of objective and subjective types of job insecurity, De Witte and Näswall (2003) found that, amongst those experiencing a high degree of job insecurity; it was the permanent rather than the temporary employees who reported lower levels of both job satisfaction and organizational commitment in comparison with the temporary employees. These authors went on to argue that job insecurity cannot only be defined from characteristics of the situation but should contain an element of subjectivity.

**Job insecurity and job satisfaction**

Kaiser (2002) investigated cross-national differences in the determination of job satisfaction by different type of contract, namely full-time permanent, full time fixed-term, part time permanent, part-time fixed-term, and self-employment. Workers in permanent full and part-time jobs with the highest level of job security appear to also enjoy high job satisfaction. In contrast, those in fixed-term jobs and self-employment were found to have low job security and low job satisfaction.

Souza-Poza (2000) studied the determinants of job satisfaction and showed that job security significantly increases the individual’s job satisfaction and it is ranked 7th in importance among all the determinants of job satisfaction. Furthermore, the authors found that some determinants of job satisfaction such as job security are country specific. Thus, for instance, self-perceived job security is highest among Danish workers and lowest among French workers. Heaney et al., (1994) surveying US car manufacturing workers found that chronic job insecurity had an independent effect on job satisfaction and thus, they concluded that high likelihood of losing the job may be a cumulative stress or for the worker with increasing effects over time. The literature reviewed above shows that effects of job security on job satisfaction are significant and important.

**Psychological contract**

There are different types of contracts, which yield distinct predictions about the behaviour of both individual and organisation, and affect commitment between employers and employees (Rousseau & Wade-Benzoni, 1995). The traditional psychological contract also reflects what has been termed an implicit social contract, prevalent in western countries (Cabrera & Albrecht, 1995) that is that hard work, security and reciprocity are linked. While there is evidence that older members of the workforce feel that the psychological contract, as they understand it, has been violated, and have lost trust in their organisations (Herriot et al., 1997).

Traditionally many employees expected a job for life: organisations encouraged this expectation by adding various benefits, e.g. low mortgages, and in return for this security of employment, an organisation expected loyalty and commitment. An important aspect of the notion of a psychological contract is that it can be continually re-negotiated (Herriot, 1992); changing with an individual's, and an organisation's, expectations, and in shifting economic and social contexts. For this reason it may be misleading to talk about "the psychological contract" insofar as this implies homogeneity and consensus.

**Job insecurity and organisational commitment**

An issue of great concern to most managers in recent years is how to achieve a reasonable level of satisfaction with job security for their employees. Meltz (1989) defines job security broadly as “an individual remains employed with the same organization with no diminution of seniority, pay, pension rights, etc”. Similarly, Herzberg (1968) defines job security as the extent to which an organization provides stable employment for employees.

Furthermore, the linkages between overall job satisfaction and job performance have also received substantial attention in the literature (Meyer, 1989; Shore & Martin, 1989; Igbaria, 1992; Birnbaum & Somers, 1993). Bhuian and Islam (1996) examined the extent to which employees are satisfied with the
security of their jobs and the relationship between satisfaction with job security and continuance commitment. They found that employees do not strongly express that they are satisfied with their job security. Furthermore, employee’s satisfaction with job security is significantly correlated with continuance commitment. Furthermore, Ashford et al. (1989) examined the impact of job insecurity on organizational commitment, job satisfaction, and job performance.

*Locus of control and job insecurity*

Locus of control evolved from Julian Rotter’s (1954) social learning theory of personality. It is related to learned behavior and the reinforcement of such behavior (Rotter, 1966). Locus of control refers to the extent of the belief of a person in terms of whether or not the individual believes that actions taken can affect outcomes. If someone feels that she is in control of what happens, then he has an internal locus of control. Generally stated, persons with a strong belief in internal control are more confident and assertive, are active searchers for information that will help them to achieve their own objectives, and are attracted to situations that offer opportunities of achievement (Bush, 1988). In contrast, if someone feels that fate, luck, or chance affects what happens to him or her then he has an external locus of control. Externally controlled persons see that reinforcement does not come from their own behaviours but from events that are beyond their reach. They see themselves as pawns, possible victims of circumstances beyond their control, and feel that success and failure in a job depends on outside forces (Bush, 1988). Conversely, someone with an internal locus of control will likely have a greater confidence level concerning outcomes. Many studies have been conducted regarding locus of control (Dailey, 1980; Knoop, 1981; Kasperson, 1982). Overall, they felt more involved and felt that they had the power to make decisions.

*Job insecurity and intention to leave*

The turnover intentions construct is drawn from the beliefs-attitudes behavioural intentions model (Ajzen & Fishbein, 1977), which holds that one’s intention to perform a specific behavior is the immediate determinant of the behavior, meaning that turnover intentions is one’s behavioral intention to separate from job. Most turnover studies reported that the relationship between attitudes about the job or organization and behavioral intentions were significant (Iverson & Deery, 1997; Tett & Meyer, 1993; Allen et al., 2003; Parnell & Crandall, 2003). Findings from studies on the relationship between turnover intentions and actual turnover have provided empirical evidence for a significant and positive relationship between these two constructs (Hellman, 1997; Currivan, 1999; Lambert et al., 2001; Price, 2001). Hence, scholars (Price & Mueller, 1981, 1986; Price, 2001) have recommended the use of the turnover intentions construct as a proxy in measuring actual turnover.

*Job insecurity and fairness*

A major dimension of job satisfaction that emerged from Purani and Sahadev’s (2007) provided a factor of job satisfaction, which relate to the overall satisfaction with the human resources policies and strategies of the organization. This is often verbalized in terms of such statements like “This company always acts for the well being of its personnel” or the “I am satisfied with the overall working conditions”. This is a reflection of the trust in the organization’s inclination in favour of its employees. Purani and Sahadev (2007) argued that while issues like supervisory behaviour and compensation form part of the micro issues regarding a sales person’s engagement with the organization, the overall policies and strategies regarding the personnel is associated with a macro perspective with regard to the person’s evaluation of the organization. For instance, even if a particular supervisor is fair and empathetic, if the overall policies of the organization with regard to personnel are not up to the satisfaction level, he may be inclined to quit.
Consequences of job insecurity

Intuitively, one would expect feelings of job insecurity to have a strong psychological impact on those affected. Experiences of uncertainty concerning one’s future employment are likely to have severe consequences for an employee’s overall life situation in that economic and other highly valued aspects of life will be perceived as threatened (Ashford et al., 1989; Hartley et al., 1991). Employment provides individuals with income, social contacts, and opportunities for personal development, as well as a more structured life (Jahoda, 1982). The individual’s evaluation of work is also shaped by a strong desire for stability (Schabracq & Cooper, 2000), and losing the job would mean losing this structure and stability as well. According to stress theories, not knowing how to counteract a threat to something valued will lead to stress experiences (Lazarus & Folkman, 1984). Stress experiences are accompanied by stress reactions, which may be described as somatic, psychological, and behavioural (Jex & Terry, 1991; Spector, 2000). Consistent with this, job insecurity has been associated with several different health-related, attitudinal, and behavioural outcomes.

In terms of health-related consequences, many studies have documented that job insecurity is negatively related to employee well-being. Physical health complaints, mental distress, and work-to-leisure carry-over tend to increase with the level of job insecurity experienced (Ashford et al., 1989; Hartley et al., 1991; Barling & Kelloway, 1996). The majority of studies that have investigated the relationship between job insecurity and well-being are based on self-reported health data, but there is also evidence indicating that job insecurity is related to health indicators that are more physiological or biological in nature (Catalano et al., 1986; Siegrist et al., 1990; Arnetz et al., 1991). In addition, it has been shown that subjective job insecurity is both more strongly and more often related to mental health complaints as compared to the more physical and biological markers of health (Iversen & Sabroe, 1988; Mattiasson et al., 1990; Mohr, 2000).

Employees’ performance may also be affected by the degree to which they feel that their employment is secure. There are some inconsistencies in the empirical evidence for how job insecurity and performance are related. However, another view on performance in relation to job insecurity, which suggests that employees who perceive a risk of layoffs may increase their work effort in order to be more valuable to the organization, and therefore not be made redundant (Brockner et al., 1992; Sverke & Hellgren, 2001).

Job insecurity can also be associated with increased family problems (Larson et al., 1994; Rook et al., 1991; Westman et al., 2001; Mauno & Kinnunen, 2002; Lim & Leng, 2003). This not only has negative consequences for individuals themselves and their families but can also give rise ultimately to high costs for society as a whole. And finally, an excessively high level of societal uncertainty can also lead to a slump in consumer spending, with its well-known negative consequences for economic development (Benito & Benito, 2006).

Methodology

Job insecurity has been conceptualised and defined as uni-dimensional and multidimensional. From a uni-dimensional perspective job insecurity has been operationalised objectively and subjectively (Pearce, 1998). Pearce defined job insecurity as a psychological state in which employees’ perception vary in terms of how secure the job is. From a uni-dimensional perspective, single item measures were frequently used to assess job insecurity. Several measures have been developed to assess job insecurity from a multidimensional perspective. One of the few measures with a conceptual basis that assess threat to important job characteristics is the multidimensional scale developed by Ashford et al. (1989). This measure was based on the Greenhalgh and Rosenblatt (1984) conceptual model.
Description of the industry

There are presently a total of 22 commercial banks, comprising nine domestic banks and 13 locally incorporated foreign banks, which operate in Malaysia and which are members of Association of Banks in Malaysia (ABM). Commercial banks constitute the largest and most important group of all financial institutions in Malaysia with total assets of approximately RM1.2 billion as at 30 June 2008 (ABM, October 23, 2008). The central bank’s stringent supervisory and surveillance system has ensured that the Malaysian banking industry remains resilient in the face of the global financial crisis. Furthermore, domestically, Malaysia has a savings rate of 37 per cent which is high by international standards. The local financial system’s strong liquidity, backed by high domestic savings rate and Bank Negara Malaysia’s mid September 2008 external reserves of US$119 billion, will thus continue to facilitate the orderly functioning of transactional and lending activities so as to spur domestic economic growth, albeit at a more moderate pace. The banking industry in Malaysia will remain resilient due to its strong capitalisation, healthy asset quality and improved risk management standards and practices (ABM, October 23, 2008).

Banks in Malaysia have built more robust corporate governance and risk management frameworks to overcome the challenging economic environment. Bank employees form a considerable workforce and contribute towards the country’s economy. Hence the job insecurity study among them is very important to assess their state of mind which will help the managers to take positive action in case the job insecurity concerns affect their performance at work.

Research design

The research design selected is a descriptive study where detailed description and analysis on employees’ job insecurity features were gathered from the employees of banks in Malaysia. A total of 200 questionnaires were distributed to HSBC, AFFIN, OCBC, AMBANK and CITIBANK employees and 160 were returned. However, only 141 were completely filled. Incomplete questionnaires were filtered out before analysis and the results of the questionnaire obtained from these banks were used for the study. The main objective is to find the job insecurity components and its consequences towards employees’ overall well-being.

This research design was originally done by Jack K. Ito and Ce’leste M. Brotheridge (2006) and applied to the public sector employees. Here the study with necessary modification is applied to bank employees in Malaysia. Since the original design was conducted on public sector, this study would cross validate the results for private sector so that the generalisation of the results could be established.

Figure 1. Conceptual framework
For this study, a conceptual framework model proposed by Ito and Brotheridge (2006) was adopted and is shown in Figure 1. This conceptualization treats job insecurity as the sum of the threat to each job feature multiplied by its importance and by the level of one’s powerlessness in coping with the threat. Job features are diverse and include changes in the nature of the work (e.g., responsibility), and career issues (e.g., promotion, relocation), as well as the job as a whole (e.g., reduction of hours, loss of job itself). This study considers turnover intentions to be behavioural in nature (e.g., planning to search for another job) rather than representing emotional reactions (e.g., feeling like quitting a job). This reflects the fact that, although intended turnover is associated with dissatisfaction and stress, employees may also seek, evaluate, and accept opportunities as part of a career plan.

The expectation of further downsizing and organizational change contributes to a sense of job insecurity (Ashford et al., 1989; Brockner et al., 1992). These expectations may develop from frequent reorganizations and public statements regarding the need to adapt to changes and are signals that one’s job security may be at risk. The perceived fairness of employee treatment in past organizational changes influences employee attitudes (Brockner et al., 1992). Individuals may expect that previously experienced fairness will continue, that their contributions will be considered when layoff decisions are made, and that, if laid off themselves, they will be treated in a supportive manner (e.g., given assistance in finding another job).

Employees with an internal locus of control are also more likely than their external locus of control counterparts to feel able to cope with job transitions such as losing a job and seeking new employment (Latack et al., 1995). The nature of employees’ locus of control has been found to predict their sense of job insecurity (Ashford et al., 1989), in addition to job stress (Kahn & Byosiere, 1992; Kirkcaldy et al., 2002). Employment dependence, a component of continuance commitment (Meyer & Allen, 1984), may arise from significant investments in organizational-specific knowledge that are less transportable from one organization to another. It may also arise when the returns from these investments, such as salary increases and promotions, are normally best realized within the organization rather than in other contexts. Finally, employment dependence may stem from factors outside the organization such as the state of the local or national economy and the general demand for the types of knowledge, skills, and abilities that employees possess.

Data collection process

Combinations of both primary and secondary data collection methods were used for the purpose of the study. The measuring instrument used in this study is the set of questionnaire developed based on the research conducted by Ito and Brotheridge (2006). The questionnaire was distributed to bank employees and feedback was obtained. The secondary data for the study has been obtained from the literature review. Questionnaire was distributed among bank employees at various locations and different banks and their feedback collected in order to support the study.

Research questions

To guide the researcher to study the job insecurity components and its consequences, following questions were developed:

1. Do job insecurity associated to fairness of previous change, internal locus of control, job loss strain and employment dependence?
2. Do affective commitment associated to fairness of previous change, internal locus of control, job loss strain and employment dependence?
3. Does intention to search associated to fairness of previous change, internal locus of control, job loss strain and employment dependence?
Results

The main purpose of this study is to investigate the role of satisfaction with job security particularly in predicting organizational commitment and job performance among bank employees in Malaysia. Furthermore, the study explores the contribution of certain demographic variables such as monthly income, age, marital status, education level, job level, tenure in present job and tenure in present organization, as well as organizational factors such as an organization’s activity and training for explaining variations in the levels of satisfaction with job security among individuals.

It is evident from this brief outline of the possible implications of job insecurity that a better understanding of the extent and, in particular, the causes of self-perceived job insecurity is of both academic and practical and political interest. Hence this study was carried out to fine the job insecurity predictors and its consequences among bank employees in Malaysia. The methodology was to analyse the results obtained through questionnaire. The job security and affective commitment to the organisation were and the employees view on the organisation implementing the recent changes with relation to job insecurity is measured.

H1: Job insecurity is positively associated with job loss strain

Job insecurity can be viewed as having a cognitive component that reflects the likelihood of losing one’s job and a reactive or emotional component such as the strain associated with the prospect of job loss. This emotional component is significant when the job insecurity is high. Job insecurity will have an effect on employees’ behaviour and state of mind. Employees are affected emotionally which leads to psychological stress if the job insecurity is high.

Table 1. Correlation Relation between Job Insecurity and Job Loss Strain

<table>
<thead>
<tr>
<th></th>
<th>Job insecurity</th>
<th>Job loss strain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job insecurity</td>
<td>Pearson correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sigma (1-tailed)</td>
<td></td>
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<tr>
<td>Job loss strain</td>
<td>Pearson correlation</td>
<td>0.94</td>
</tr>
<tr>
<td></td>
<td>Sigma (1-tailed)</td>
<td></td>
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</tbody>
</table>

Table 1 shows the correlation relationship between the job insecurity and the of job loss strain. From the research it is evident that there is a very strong correlation between job security and job loss strain. Pearson correlation constants for this relation was found to be r=0.94, and p<0.01 which implies us to support the hypothesis.

H2: Job insecurity is negatively associated with affective commitment

The emotional component of the job insecurity which is the job loss strain will have significant effect on the employees’ commitment to the organisation and job satisfaction.

Table 2. Correlation Relation between Job Insecurity and Job Affective Commitment

<table>
<thead>
<tr>
<th></th>
<th>Job insecurity</th>
<th>Affective commitment</th>
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</thead>
<tbody>
<tr>
<td>Job insecurity</td>
<td>Pearson correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sigma (1-tailed)</td>
<td></td>
</tr>
<tr>
<td>Affective commitment</td>
<td>Pearson correlation</td>
<td>-0.92</td>
</tr>
<tr>
<td></td>
<td>Sigma (1-tailed)</td>
<td></td>
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</tbody>
</table>

Table 2 shows the correlation relationship between the job insecurity and the affective commitment in job. From the research it is evident that there is a very strong negative correlation between job insecurity
and job affective commitment. Pearson correlation constants for this relation was found to be $r=0.92$, and $p<0.01$ which implies us to support the hypothesis.

**H3: Job insecurity is positively associated with an intention to search for job**

The more an employee feels insecure with his job, the more he will search for another job. Table 3 shows the correlation relationship between the job insecurity and an intention to search for job.

<table>
<thead>
<tr>
<th>Job insecurity</th>
<th>Intention to search</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job insecurity</td>
<td>Pearson correlation 1.0</td>
</tr>
<tr>
<td>Sigma (1-tailed)</td>
<td>0.001</td>
</tr>
<tr>
<td>Intention to search</td>
<td>Pearson correlation 0.97</td>
</tr>
<tr>
<td>Sigma (1-tailed)</td>
<td>0.001</td>
</tr>
</tbody>
</table>

This research shows that the job insecurity has a strong positive relationship with an intention to search for job. Pearson correlation constants for this relation was found to be $r=0.97$, and $p<0.01$ which supports the hypothesis.

**H4: Fairness of previous change is negatively associated with job insecurity and job loss strain respectively.**

The changes made in the organisation especially at times of crisis and down turn will have considerable impact on the employees’ perception on job insecurity which in turn has relationship with the emotional consequence of job loss strain. Table 4.1 shows the obtained correlation between the two components. Results obtained shows that there is a strong negative correlation between fairness of previous changes and job insecurity thus supporting the hypothesis.

<table>
<thead>
<tr>
<th>Fairness of previous changes</th>
<th>Job insecurity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairness of previous changes</td>
<td>Pearson correlation 1.0</td>
</tr>
<tr>
<td>Sigma (1-tailed)</td>
<td>0.001</td>
</tr>
<tr>
<td>Job insecurity</td>
<td>Pearson correlation -0.88</td>
</tr>
<tr>
<td>Sigma (1-tailed)</td>
<td>0.001</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fairness of previous changes</th>
<th>Job loss strain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairness of previous changes</td>
<td>Pearson correlation 1.0</td>
</tr>
<tr>
<td>Sigma (1-tailed)</td>
<td>0.001</td>
</tr>
<tr>
<td>Job loss strain</td>
<td>Pearson correlation -0.85</td>
</tr>
<tr>
<td>Sigma (1-tailed)</td>
<td>0.001</td>
</tr>
</tbody>
</table>

This research shows that the employees’ perceived fairness of previous organisational changes has a strong negative correlation with job loss strain as shown in Table 4.2. Pearson correlation constants for this relation was found to be $r=-0.85$, and $p<0.01$ which implies us to support the hypothesis.
**H5: An internal locus of control is negatively associated with job insecurity and job loss strain respectively**

Employees’ internal locus of control plays a significant role in the consequences of job insecurity. Employees with high internal locus of control tend to be more resistant towards the consequences of job insecurity compared to employees’ with external locus of control. Table 5.1 shows the obtained results of the correlation between the two components.

**Table 5.1. Correlation between Internal Locus of Control and Job Insecurity**

<table>
<thead>
<tr>
<th></th>
<th>Internal locus of control</th>
<th>Job insecurity</th>
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</thead>
<tbody>
<tr>
<td>Internal locus of control</td>
<td>Pearson correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sigma (1-tailed)</td>
<td>-0.88</td>
</tr>
<tr>
<td>Job insecurity</td>
<td>Pearson correlation</td>
<td>-0.88</td>
</tr>
<tr>
<td></td>
<td>Sigma (1-tailed)</td>
<td>1</td>
</tr>
</tbody>
</table>

This research shows that the employees’ internal locus of control has a strong negative correlation with the job insecurity. Pearson correlation constants for this relation was found to be $r=-0.88$, and $p<0.01$ which supports the hypothesis.

Employees with high internal locus of control tend to be more resistant towards the Job loss strain compared to employees’ with external locus of control. Table 5.2 shows the obtained results of the correlation between the two components. A result obtained shows a strong negative correlation between internal locus of control and job loss strain thus supporting the hypothesis.

**Table 5.2. Correlation between Internal Locus of Control and Job Loss Strain**

<table>
<thead>
<tr>
<th></th>
<th>Internal locus of control</th>
<th>Job loss strain</th>
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</thead>
<tbody>
<tr>
<td>Internal locus of control</td>
<td>Pearson correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sigma (1-tailed)</td>
<td>-0.98</td>
</tr>
<tr>
<td>Job loss strain</td>
<td>Pearson correlation</td>
<td>-0.98</td>
</tr>
<tr>
<td></td>
<td>Sigma (1-tailed)</td>
<td>1</td>
</tr>
</tbody>
</table>

**H6: Employment dependence is positively associated with job loss strain**

Employees’ dependence on the current job to support themselves and the family has a considerable influence on the consequences of job insecurity. Table 6 shows the relation between the two components.

**Table 6. Correlation between Job Dependence and Job Loss Strain**

<table>
<thead>
<tr>
<th></th>
<th>Employment dependence</th>
<th>Job loss strain</th>
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</thead>
<tbody>
<tr>
<td>Employment dependence</td>
<td>Pearson correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sigma (1-tailed)</td>
<td>0.85</td>
</tr>
<tr>
<td>Job insecurity</td>
<td>Pearson correlation</td>
<td>0.85</td>
</tr>
<tr>
<td></td>
<td>Sigma (1-tailed)</td>
<td>1</td>
</tr>
</tbody>
</table>

This research shows that the employees’ dependence has a strong positive correlation with the job loss strain. Pearson correlation constants for this relation was found to be $r=0.85$, and $p<0.01$ which supports the null hypothesis.
H7: Employment dependence is negatively associated with an intention to search

One of the consequences of job insecurity is associated with the reduced affective commitment towards the organisation and intention to search for another job. This intention to search for another job increases significantly if the dependence of the employee on the current job is high. Table 7 shows the relation between the employee dependence and intention to search for another job.

<table>
<thead>
<tr>
<th>Intention to search</th>
<th>Employment dependence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson correlation</td>
<td>1</td>
</tr>
<tr>
<td>Sigma (1-tailed)</td>
<td>0.84</td>
</tr>
<tr>
<td></td>
<td>0.001</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employment dependence</th>
<th>Intention to search</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson correlation</td>
<td>0.84</td>
</tr>
<tr>
<td>Sigma (1-tailed)</td>
<td>0.001</td>
</tr>
</tbody>
</table>

This research shows that the employees’ dependence has a strong positive correlation with the intention to search for another job. Pearson correlation constants for this relation was found to be $r=-0.84$, and $p<0.01$ which supports the hypothesis.

Summary and conclusion

This study takes into account both the cognitive and emotional components of job insecurity among bank employees. Results obtained from the survey were analysed and tabulated based on various component variables that predicts job insecurity and its consequences. The component associated with each of the hypothesis was correlated using Pearson correlation to check the validity of the hypothesis. From the correlation results obtained, it was clear that the entire null hypothesis can be rejected as shown in Table 8.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Accept/Reject</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job insecurity is positively associated with job loss strain</td>
<td>Accept</td>
</tr>
<tr>
<td>Job insecurity is negatively associated with affective commitment.</td>
<td>Accept</td>
</tr>
<tr>
<td>Job insecurity is positively associated with an intention to search for job.</td>
<td>Accept</td>
</tr>
<tr>
<td>Fairness of previous change is negatively associated with job insecurity and job loss strain respectively.</td>
<td>Accept</td>
</tr>
<tr>
<td>An internal locus of control is negatively associated with job insecurity and job loss strain respectively.</td>
<td>Accept</td>
</tr>
<tr>
<td>Employment dependence is positively associated with job loss strain.</td>
<td>Accept</td>
</tr>
<tr>
<td>Employment dependence is negatively associated with an intention to search.</td>
<td>Accept</td>
</tr>
</tbody>
</table>

This study could be useful for academics and practitioners alike. From an academic perspective, this study could improve academics’ understanding of the predictors and consequences of job insecurity components among bank employees in Malaysia. This in turn will point out whether related theories and concepts which were generated in western countries are still valid when applied to Malaysia. From a practical perspective, understanding the nature of the relationships between job security satisfaction and both organizational commitment and job performance should provide managers with valuable information.
for developing plans to inspire and retain organizational commitment and to enhance employees’ performance.

Recommendations and future research

Based on the study, the following recommendations can be made which could improve the job insecurity perception and reduce its consequences for the bank employees in Malaysia.

First, job insecurity affects employees’ job performance and commitment towards organisation. Hence management should take every step possible so that the employees feel more secure with their jobs. Second, organisational changes should be carefully handled by the management. The employees should feel that they are treated fairly in implementing the changes. This becomes a very important factor for job insecurity in the case of downsizing. The perceived fairness of employee treatment in past organizational changes influences employee attitudes. Individuals may expect that previously experienced fairness will continue, that their contributions will be considered when layoff decisions are made, and that, if laid off themselves, they will be treated in a supportive manner (e.g. given assistance in finding another job). Third, internal locus of control influences the employees’ perception on job insecurity and its consequences. Employees with strong internal locus of control are found to be more confident and are well prepared to face the consequences of job insecurity. The management should provide training to employees to be more self confident and improve the internal locus of control. Finally, one of the major consequences of job insecurity is the psychological distress. Job insecurity affects the health of employees which in turn will affect their job performance. Management should take necessary steps periodically to assess this impact on the employees’ well being and act accordingly which will improve their sense of job security and job satisfaction.

Future research may benefit from the following suggestions: Firstly, future studies could be extended to bank employees in rural areas which could give slightly different results in terms of their perception of job insecurity and its consequences. Secondly, Pearson correlation coefficient used in this study as a measure of association between two variables only measures linear relationships. Other methods of measuring non-linear relationships between variables will advance future analyses. Finally, as this study was carried out during a global economic slowdown which might have affected the survey results, future studies should be carried out only after the Malaysian economy has settled down and started growing again.

References


