

Job Insecurity and Commitment during Economic Uncertainty:

The Effect of Job Insecurity on Workplace Commitment in Full-Time Employees



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Bankruptcy, downsizing, restructuring and outsourcing are all too familiar headlines in today's economic climate. Declining profits and substantial levels of debt have been the driving force behind many decisions in the modern organization. It is more crucial than ever to maintain control over operating expenses, promote efficiency and ultimately utilize human capital in order to remain competitive.

The dynamic nature of business operation today (magnified in the manufacturing sector) has introduced employees to unprecedented levels of ambiguity. This increase in uncertainty is undoubtedly accompanied by anxiety and stress for employees, also known as job insecurity. The ramifications of workplace insecurity can include; decreased productivity (time spent worrying about the future), increased absenteeism and turnover, decreased commitment, and negative attitudes. The costs of job insecurity can turn an unfavourable economic situation into an unmanageable one. So why isn't job insecurity on the forefront of every manager's agenda? Fact of the matter is, organizations across Canada are in "survivor mode" and have thus been forced to adopt a reactive state of mind. However, it is never too late to develop a proactive approach and alleviate losses.

Job insecurity is a predictable reaction to change and there are several proactive measures that organizations can implement to mitigate the consequences of this type of anxiety. In fact, research indicates that the psychological anticipation of a stressful situation may actually produce greater sources of anxiety than the actual event itself. So, in

other words, intervention early on in the process can go a long way.

Job insecurity is of increased importance because of the disruptive short term and long term effects it has on individuals and organizations. Highly insecure individuals are likely to experience increased anxiety, depression and insomnia (having rippling effects such as increased ST and LT disability costs). Further, this will lead to negative attitudes towards the workplace and decreased workplace commitment. A lack of organizational commitment has been linked to counterproductive behaviours including increased absenteeism, turnover, decreased job satisfaction and decreased motivation. It is reasonable to assume that individuals who possess negative attitudes toward their place of employment will share their opinions with others. This will not only negatively affect the organizations future recruitment and selection efforts but will also negatively affect the brand image.

Previous studies have determined that the relationship between job insecurity and commitment differed between fixed-term contract agency workers, temporary contract workers, and permanent workers. Typically, full time permanent workers experience elevated levels of job insecurity in comparison to their fixed term (contract) counterparts. Workers with short tenure and younger employees are also more susceptible to feelings of increased workplace anxiety leading to turnover intention. Workers with longer tenure, however, experience more severe negative health effects associated with job insecurity.

The best way to reduce uncertainty is to address it. Recent studies have concluded that that perception of receiving sufficient and accurate information about the organizational crisis was helpful in reducing feelings of ambiguity amongst workers. Simply by opening all available channels of communication and truly involving employees in the process (the sharing of all information) will allow employees to gain a sense of 'ownership' over the uncertainty and will lead to increased organizational commitment.