

**EFFECTS OF JOB INSECURITY ON JOB SATISFACTION,
ORGANIZATIONAL COMMITMENT AND TURNOVER
INTENTION**

By

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PENGARUH SIFAT JOB INSECURITY TERHADAP KEPUASAN KERJA, KOMITMENT KERJA DAN NILAI INTENSI TURNOVER

Abstrak

Perubahaan dalam organisasi seperti aktiviti perampingan organisasi adalah suatu faktor yang amat mendalam (Gandolfi, 2008) malah ia juga adalah suatu isu yang dianggap problematik di kalangan korporasi moden, badan biasiswa, agensi kerajaan, and organisasi global yang lain (Carbery & Garavan, 2005). Penstrukturan syarikat, adalah suatu konsep relatif yang luas untuk difahami. Dalam penyelidikan Black dan Edwards (2000), mereka telah menetapkan penstrukturan syarikat sebagai satu process penukaran composisi aset syarikat yang disertai penukaran besar dalam arah and strategi syarikat. Sebagai akibat itu, persepsi Job Insecurity ataupun, insekuriti terhadap kerja telah menerima peningkatan ikhtiraf sebagai satu determinan penting terhadap sikap dan perilaku pekerja. Selain itu, kajian empirik telah menunjukkan persepsi insekuriti terhadap kerja adalah berkaitan dengan efek-efek sampingan pekerja, sebagai contohnya adalah job satisfaction ataupun, kepuasan kerja (Locke, 1976) dan organization commitment atau, komitmen organisasi (Meyer & Allen, 1991). Dalam kajian dari sejarah, ia telah dituntutkan sebagai nilai Intensi Turnover (Turnover Intention) telah meningkat sejurus peningkatan insekuriti terhadap kerja (Tett & Meyer, 1993). Oleh itu dalam kajian ini, insekuriti terhadap kerja telah dijadikan satu model penyelidikan fundamental dan ia telah diperluaskan dengan pengenalan pembolehubah yang lain. Data dikumpulkan dengan penyerahan senarai soalan untuk dikendalikan sendiri dari 110 responden. Regresi ganda telah dianalisisikan untuk menguji hipotesis yang telah

dikemukakan dalam kajian ini. Analisis kajian ini telah menunjukkan job insecurity telah bersetuju dengan penemuan dahulu dalam sejarah ketika ia dipadankan dengan kepuasan kerja dan komitmen organisasi tetapi keputusannya terhadap intensi turnover telah berkembang sebagai sebuah ideologi yang baru. Penemuan ini juga telah menjumpai bahawa dimensi Total Job atau, kerja keseluruhannya yang berasal dari faktor Job Insecurity mempunyai tiada pengaruh terhadap mana-mana dimensi dalam faktor-faktor seperti kepuasan kerja, komitmen organisasi ataupun intensi turnover. Dalam memahami perbezaan dalam keputusan kajian ini yang telah mengikuti kecenderungan fikiran masakini, keputusan ini akan menterjemah suatu ideologi dan panduan baru bagi syarikat-syarikat yang merancang untuk praktis perampingan organisasi dalam kemelesetan ekonomi.

EFFECTS OF JOB INSECURITY ON JOB SATISFACTION, ORGANIZATIONAL COMMITMENT AND TURNOVER INTENTION

Abstract

Organizational change initiatives such as downsizing, represents some of the most profound (Gandolfi, 2008) and problematic issues facing modern-day corporations, non-profit organizations, governmental agencies, and global workforces (Carbery & Garavan, 2005). Corporate restructuring, or simply 'restructuring', is a relatively broad concept. Black and Edwards (2000), for instance, define restructuring as a major change in the composition of a firm's assets combined with a major change in its organizational direction and strategy. As a result of that, the perceived job insecurity is receiving increasing recognition as an important determinant of employee work behavior and attitudes. Empirical studies have shown that job insecurity are associated to many adverse reactions of the employees, in terms of reduced job satisfaction (Locke, 1976) and organizational commitment (Meyer & Allen, 1991). Turnover intention has been increasing when there is increase in the sense of insecurity at a job (Tett & Meyer, 1993). In this study, job insecurity has adapted as the fundamental model and extended by introduction other variables. Data was collected with a self-administered questionnaire from 110 respondents. Multiple regression analyses were performed to test the hypotheses posited in this study. The findings indicated that job insecurity has concurred with previous findings when it comes to job satisfaction and organization commitment but it has relatively flourished a new ideology when it came to turnover intentions. The

findings also found that there is no significance between the total job dimension of job insecurity towards any of the dimensions in job satisfaction, organization commitment or turnover intention. Understanding the difference in result which due to the change in the trend of thinking from the sampled population, it provides better insights to what has transpired as results to organizations who are planning to practice downsizing during the recession.

CHAPTER 1

1.0 INTRODUCTION

1.1 Background of the study

Organization downsizing in a nutshell, is the process of reduction in the workforce of an organization. Following a common operational understanding, it is defined as a process to make organizations cope with economical irregularities by eliminating unwarranted workforce to achieve a leaner operation. The economic irregularity causes a reduced demand for goods and services which leads to an organization's decision to opt for such a strategy.

As a whole, downsizing is done to cope with increased competitive pressure of globalization and demand for efficiency (Antonio & Johnny, 2003; Ugboro, 2006). Therefore, downsizing can be illustrated as an activity undertaken on the part of the management of an organization and designed to improve organization efficiency, productivity, and competitiveness. In another illustration by the Cameron (1994), the researcher defines that downsizing is meant as a strategy implemented by managers that affects the size of the firm's work force, the costs, and the work processes. Despite its status as a contemporary organization realism, the effects of downsizing has been relatively unstudied by researchers till date (Cameron, Freeman, & Mishra, 1993).

The cause of many organizations to go for downsizing can be due many effects but one certainly known to everyone is the effect of a competitive pressure called the 'Recession'. Recession is a general slowdown in economic activity in a country over a

sustained period of time, or a business cycle contraction. Downsizing in many countries around the globe has accounted to the loss of thousands of jobs with major reconfigurations of the organization structures which results to obsolescence of skills, shift in the organization requirements, outsourcing, modernization and lay-offs with VSS (Voluntary Separation Schemes). In addition to this downsizing is also accountable for redesigning of jobs in an organization in retrospect of designing a robust business strategy geared to increase competitiveness and ensure long-term sustainability (McKinley, Zhao, & Rust, 2000; Sronce & McKinley, 2006; Pamela, Stephanie, Matrecia, Arthur, Timothy, Gerald & Wayne, 2008).

While these changes are expected to fetch significant gains for the organizations in the long run, an analysis of corporate experiences of downsizing shows that such measures are not always implemented with careful consideration of all the implications. As the result of this, researchers Ito and Brotheridge, (2007), Pamela, Stephanie, Matrecia, Arthur, Timothy, Gerald & Wayne, (2008) have illustrated the existing effects on the surviving employees during a downsizing and job insecurity has been a considerable effect of the process. Despite this, Armstrong-Stassen (1998), Brockner (1998), Brockner, Grover, Reed, DeWitt and O'Malley (1987), Cascio (1993); Kets de Varies and Balazs (1997), Ryan and Macky (1998), Wager (2001), have concluded that the surviving employees work-related attitudes and behavior changed during the scenario and their changes have been documented with evidences of feelings of high turnover intention, decline in organizational commitment, loyalty and trust among others.

Researchers in the area of organizational psychology, management and economics Greenhalgh and Rosenblatt (1984), Jacobson and Harley (1991) have long identified that economic recession and organization downsizing to be the major antecedents of job insecurity. The global economic crisis and recession in the 1970's and 1980's, for instance, have indeed stimulated extensive research on this topic, particularly within the developed countries such as the United States and United Kingdom. The phenomenon has undoubtedly paved routes for the researchers to investigate not only on the effects of mass job loss and unemployment, but also on the psychological well-being of the surviving employees in terms of job insecurity.

As previously mentioned, the top management has adopted to downsize its organization during an economic recession. For most employees, these changes often result in the experience of uncertainty, ambiguity, stress, tension and anxiety (Bruno & Bowditch, 1989). In fact, these senses of uncertainty about the future of employment is made clear to be the chief factor that gives rise to insecurity, mainly because it may occur wherever change occurs (Klandermans & Vuuren, 1999). And due to such consequences, organizational changes are frequently associated with decreased organizational commitment and satisfaction, and increased in turnover intention. These findings suggest that future research may examine the impact of job insecurity on job satisfaction, organizational commitment and turnover intentions. This study is therefore examining the relationship between job insecurity and job satisfaction, organizational commitment and turnover intention in the Malaysian context.

1.2 Problem Statement

The economical turmoil inevitably exists now around the world, and there are activities of downsizing going on in the regions of many major employment giants of the world, such as Toyota, GM, Intel and Dell to name a few. In Malaysia, there were some serious job cuts in the manufacturing industries and a number of prominent factories in Malaysia began cutting their expenditures by temporarily shutting down their plants and letting their staff go for forced leave beginning of early year 2009.

As 2009 progressed, the Malaysian economy faced stable interest rates, demand for housing industry finance sustained and the capital market remained moderate. All these were positive signs for a stabilizing economy, but due to speculations of the domino effect that proposed that the recession would prolong for 2 more years, the ever optimistic Malaysian government became pessimistic and fixed the GDP rate to a mere 3.5% for fear of the prolonging recession.

In an ideal situation, an existing employee should gear himself mentally to accept the fact that downsizing is inevitable. They need to learn to survive the workforce until they are retrenched or given VSS and find another job elsewhere. But an ideal situation is not what all employees can adapt them to. Researchers Ashford, Lee and Bobko (1989), Reisel, Swee-Lim, Maloles, III and Slocum(2007), Luthans and Sommer(1999), have discovered that insecure feelings of losing a job in a surviving employee reflects in negative outcomes such as dissatisfaction, reduced organizational commitment, distrust,

anger, and hatred only to mention a few. As a whole, job insecurity has been a very subjective feeling and it is often based upon perceptions and interpretations of the actual work environment (Klandermans & Vuuren, 1999). However, in the Malaysian environment, the measurement of such behavior has not been dealt with in greater depths.

According to Antonio and Johnny (2003), fear is the manifestation of itself into many outcomes. One of such outcome is the job insecurity which can be detrimental to both the person and also the organization as a whole. Stressors like this could jeopardize the organization's goals and aspirations for the future. In the context of human resource management (HRM) theory, job satisfaction has vast effects on the overall organization performance which was induced at the individual level as job insecurity (Huselid, 1995). Most studies have generalized that job insecurity is a conceived overall concern about the future existence of the job (Rosenblatt & Ruvio, 1996). Job insecurity also influences sense of justices, empowerment and job redesign (Ugboro, 2006).

With the current ambiguity in the Malaysian economy and also the world economy which adopts the 'wait and see' policy, the purpose of this study is to focus on analyzing the relationship between the growing feelings of job insecurity and turnover intentions and the dwindling organizational commitment and job satisfaction.

The researcher's extensive quest for this current literature has revealed sparse studies investigating the effects of job insecurity on organizational commitment, job satisfaction and most importantly turnover intention. This provides a need to conduct an

analysis in the perspective of organization behavior and attitudes of an employee. The reinforcement for this necessity is the possibility of a recession in the future, if not in immediate times. The unstable economy has always shown fluctuations for goods and services which also reflects in the variations in the workforce demands. This research could be valuable in understanding the existing feeling of insecurity among the surviving employees in Malaysia during such crisis.

1.3 Research Objectives

To understand further the effects of job insecurity on surviving employees' work attitude and behavior. Thus, this study has been formulated to contribute to the understanding of the behavioral perspectives of the surviving employees of a downsizing practice. Keeping in view of the impact of job insecurity that may affect the employees' attitudes and behaviors, the following objectives were developed for the study:

- 1) To investigate the relationship between job insecurity and job satisfaction.
- 2) To investigate the relationship between job insecurity and organizational commitment.
- 3) To investigate the relationship between job insecurity and turnover intention.

1.4 Research Questions

Based on the research objectives discussed above, this study attempts to address the following issues:

- 1) What is the relationship between job insecurity and job satisfaction?
- 2) What is the relationship between job insecurity and organizational commitment?
- 3) What is the relationship between job insecurity and turnover intention?

1.5 Scope of the Study

Downsizing is a natural method of workforce reduction process; it is not right to say that the phenomenon can be avoided completely when it occurs down the years of working life of an individual.

From a theoretical point of view, the study hopes to contribute to the understandings of the organization behavior in the responses of the surviving employee which would allow for top managements to execute the process more meticulously and pristinely, in an account to be able to maintain a lower level of insecurity amongst those remaining employees who are the survivors of the downsizing and restructuring process. Specifically, the findings from this study will provide additional knowledge to the existing body of knowledge on the effect that is taking place on the minds of a survivor who is insecure with the job in an organization with the dependant variables such as job satisfaction, organizational commitment and turnover intentions. It is hoped that this study will validate this theory within the Malaysian context.

From a practical point of view, every year companies spend millions in recruitment due to employee turnover. Turnover and its associated costs are a huge burden that used to be just the cost of doing business. But more and more companies are investing time and effort in making better hiring decisions and doing more to keep the employees they do hire. Employee retention is now a big buzz word in today's business world.

This study has also targeted to extend the reasons for the outcome of job insecurity by: a) examining the relationship between job insecurity and job satisfaction; b) examining the relationship between job insecurity and organizational commitment; c) examining the relationship between job insecurity and turnover intention.

1.6 Significance of the Study

Most researches done in Malaysia, concluded as it is supporting the theory of cross-cultural generalizability of which measures the level organizational commitment towards an organization amongst different cultures in different countries (Ali & Roger, 1999; Meyer & Allen, 1991). Ali and Roger also concluded that their theory is in support of McGee and Ford's (1987) proposal to the continuance commitment which supports to say that there are contemplations of turnover intention in terms of monetary benefits or if there are other available alternatives to turnover intentions in the Malaysian context.

Further probes into the research world also show that the companies are not profound in valuing the employee retention strategies as a remedy to alleviate feelings of job insecurity in the Malaysian workforce population. Thus from this notion, it is believed that this research findings would certainly be very beneficial to any organizations and most profoundly be important to the Multi National Corporations (MNC) of the Malaysian industrial sector to help them be aware of existence of such phenomenon and enhance, refine their strategies of downsizing to be adaptable to the Malaysian culture.

Ashford, Lee and Bobko, (1989) noted in their studies that despite the importance of job security and insecurity of employers and employees, the studies have not yet been given adequate theoretical or empirical attention. However, most studies have pointed out that turnover intention has been the causal outcome of job insecurity with job satisfaction and with organizational commitment (Ito & Brotheridge, 2005; Mobley, 1977; Mobley, Horner & Hollingsworth, 1978; Mobley, 1977; March & Simon, 1958; & Locke, 1976).

To the researcher's knowledge, no researches have emphasised the importance of the security perspective of a job to affect turnover intention directly in Malaysia. This created an idea for the researcher to study how job insecurity can individually affect job satisfaction, organizational commitment and also turnover intention of a surviving employee after the aggressive downsizing process. Therefore, this study will also be an eye opener for the organizations to identify their potential areas of improvement in executing the process of downsizing in the future. It is also hoped that the empirical data

findings of the present study will provide an avenue for the development of further research in this area.

1.7 Definition of Key Terms

In this section, the definitions and descriptions of the study variables are explained. A more detailed definition will be given in the literature review section. The research variables consist of dependant and independent variables.

- ***Job Insecurity:***

Job insecurity represents an individual's perceived powerlessness to maintain desired continuity in a threatened job situation which is conceptualised into four major factors (Greenhalgh & Rosenblatt, 1984);

- a) Job Features – is defined as the importance of features in a job.
- b) Total Job – is defined as the importance of the job itself.
- c) Threat to Total Job – is defined as the perceived threat to overall job.
- d) Powerlessness - is defined as being powerless towards a loss at work.

- ***Job Satisfaction:***

Job satisfaction is an emotional state resulting from the evaluation or appraisal of one's job experiences (Locke, 1976). It has been conceptualised into three major components;

- a) Intrinsic Satisfaction - is defined as a reflect of employees' general, stable, and deep-rooted 'dispositional variables' that will maintain temporal and cross-situational stability in a work setting.

b) Extrinsic Satisfaction – is defined as external to the individuals, and highly influenced by situational and environmental factors (e.g. company policy, supervision, and pay).

c) General Satisfaction - is defined as the overall satisfaction in general in the work setting.

○ ***Organizational commitment:***

Organizational commitment is defined as an individual's commitment directly related to that recognition of the costs associated with leaving the organization is a conscious psychological state that is shaped by environmental conditions (Meyer & Allen, 1991); There are three defining factors of Organizational Commitment, which are;

a) Affective Commitment – defined as the emotional attachment to the organization.

b) Normative Commitment – defined as the perceived obligation to remain with the organization.

c) Continuance Commitment – defined as the recognition of the costs associated with leaving the organization.

○ ***Turnover Intention:***

Turnover Intention is defined as a conscious and deliberate willfulness to leave the organization (Tett & Meyer, 1993).

1.8 Organization of Remaining Chapters

Chapter 1 presents the introduction, problem statement, research questions, research objectives, significance of the study, and definitions of key terms. Chapter 2 reviews the relevant literature for dependant and independent variables. Chapter 3 discusses the methodology for this study, the instrument used, distribution of the questionnaires, the research model and the statistical methods used to analyse the data. Chapter 4 explains the data analyses and the overall results of the study. Finally, Chapter 5 discusses the findings, implications, limitations and the recommendations for future research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The literatures that have been researched have vastly been explaining the behavioral aspects of the downsizing. In the literature review, it is mentioned that the whole world is in tremor of the economical crisis. Due to globalisation, every country around the globe be it first world countries or the third world countries are very interdependent with each other for establishment to maintain the health of the global economy. As such, it is a must to understand that the economy and the history behind recessions, which has a repercussion of causing downsizing in brief. This chapter will also present the relevant literature on job insecurity, job satisfaction, organizational commitment and turnover intention. The proposed conceptual framework, along with the hypotheses for this study, is presented towards the end of the chapter.

2.2 The Economic Repercussions

The economy has left substantial number of nations in recession as of early 2009. The US the largest influencer of the economy, entered a recession at the end of 2007. As a result of which 2008 saw many other nations to follow suit. The US housing market correction (consequences of United States housing bubble) and subprime mortgage crisis has significantly contributed to the recession. The 2008 and 2009 recessions was seeing private consumption fall for the first time in nearly 20 years. This indicated the depth and severity of the recession with consumer confidence hampering the recovery time.

Consumers in the U.S. have been hard hit by the current recession, with the value of their houses dropping and their pension savings decimated on the stock market. Not only have consumers watched their wealth being eroded but they now fear for their jobs as unemployment rises in its toll due to organization downsizing practises. As a consequence, the existence of insecurity of the job was present amongst many all around the world because when the US is affected, the third world countries will definitely feel that heat. This resulting chain reaction is due to the fact that most other economies are inter linked to the US economy. The U.S. employers had to shed 63,000 jobs in February 2008 which was the highest in five years and it was believed that the United States at that time stood more than a 50 % chance to go into recession. Eventually by November 2008 employers in the US had eliminated 533,000 jobs, the largest loss in 34 years of history and by the end of year 2008, an estimate of 2.6 million U.S. jobs were eliminated.

The recession in the US began in 2007 and the unemployment rate drastically grew to 8.5% in March 2009. This soaring unemployment rate resulted in a whopping 5.1 million job losses by March 2009. A December 1, 2008, report from the National Bureau of Economic Research stated that the U.S. has been in a recession since December 2007 (when economic activity peaked), based on a number of measures including job losses, declines in personal income, and declines in real GDP. A few other countries have seen the rate of growth of GDP to decrease, which generally attributed to reduction in liquidity, sector price inflation in food and energy, and the U.S. slowdown. These include the United Kingdom, Canada, Japan, Australia, China, India, New Zealand and many Asian countries. The economic recession has been inevitable over the years and US being the world's largest market today, has encountered 32 cycles of expansions and

contractions (recession), with an average of 17 months of contraction and 38 months of expansion since 1854 which have later on affected many other countries. The aftermath of the recession was seriously felt in the employment sector of all countries.

Downsizing has been accounted as the core strategy for organizations during a recession and it is the cause of thousands of lost jobs through major reconfigurations by adapting to strategies such as obsolescence of skills consequent upon up gradation of technology, shift in the organization requirements settings, outsourcing, modernizing, restructuring or even reducing the activities of industrial units and redesigning the job in an organization, despite the fact that it is practiced for the intention of increasing competitiveness and to ensure continuous survival in the long run not only in the US but throughout other developing countries around the world, losses in terms of jobs still maintained to grow and increases in insecurity was following suit to the phenomenon (Brandes et al., 2008).

Downsizing strategy was adopted by almost all major industries including banking, automobiles, chemical industries, information technology, fabrics, air transportation and petroleum over the many years. It has also been adopted all over the world even in companies in developing countries such as India, Indonesia, Thailand, Malaysia and South Korea.

In the employment perspective, the employees and organizations during the downsizing process enter into a psychological contract in which it is clear what each will give and receive (Schein, 1980). Such contracts give individuals a sense of master control over a situation at work which will make them be able to at least predict the events in

their personal capacities. Given the importance of such sense of control or predictability in people's lives (Staw, 1977; Sutton & Kahn, 1986), organizations have successfully threatened employees of such control which have induced a strong counter reaction of feelings of insecurity by misconstrued acts without proper planning and strategising.

According to Rubach (1994), the second most traumatic thing to an employee besides the death of a relative or friend is that of losing a job. It is a trend that has created fear in the lives of millions of employees across the world, many people lost their jobs at a very short or no advance notice time period, and many others lived in a state of uncertainty regarding the security of their jobs. Companies claimed that worldwide economic slowdown during the late-1990s had forced them to downsize, cut costs, optimize resources and survive the slump. Though the concept of downsizing had existed for a long time, its use had increased only recently since the late-1990s. Therefore, downsizing has important consequences to those who lost their jobs and those whom are surviving and remaining in the organization after the downsizing has commenced and completed (Hellgren & Sverke, 2001), and a constantly growing number of employees have been feeling insecure with the increased use of this method.

2.3 Downsizing in Malaysia

As one of the countries affected by the economic crisis, Malaysia has taken many steps and measures to strengthen the nation's impaired economy. The most profound financial crisis of the year 1997 created intense economic turmoil and left a trail of ruin, which has thrown years of economic growth and stability into disarray (Hazman &

Parasuraman, 2003). The Malaysian government has taken measures with varying degrees of success to mitigate and even reverse the effects of the financial meltdown over the progressive number of years till today. But despite the tough measures taken to check the dramatic decline in financial markets, the economy has not fully recovered from the free fall. Although the focus during the recent and the previous crisis have been on large businesses and the financial intermediaries the two primary culprits have alleged to exacerbate the decline (Parasuraman, 2006). Major casualties of them, were the employees of the old economies who were quickly retrenched to keep ill-managed companies to stay afloat.

Among the large businesses that fought against the battle of the financial crisis was from the Malaysian manufacturing sectors. The Malaysian manufacturing sectors have proved to be one of the most important backbones of the Malaysia economy, even though the trend of growth has been steadily declining recently. The global competitiveness of the industry has driven many multinational companies to look for other alternative manufacturing avenues, particularly China. As a result of that globalization phenomenon, mergers, downsizing and firm closures have brought a drastic decline in the lives of the affected employees (Yun, 2002).

In one perspective, such drastic organizational changes are important to strengthen the employment system that was badly hit by the economy. However, in other view, a sudden implementation of the strategy affects the employee's perspective of their job future which spirals uncertainties in their minds. Downsizing will lead to

retrenchment which then leads to many job losses for reasons beyond the employee's control (Aminuddin, 2003). Most of these surviving employees went through a painful life experience during the economic crisis period. They were people who felt powerless as nothing could be done except feel rage because of their own helplessness (Yun, 2002). In the employees' opinion, the organization really was having no sense of consideration for their employees at all. In actual fact, the employees do not have power to over rule their employers' decisions on the downsizing because downsizing is part of the managerial prerogatives to shed unwanted workforce to operate leaner. Such conditions give rise to job insecurity.

2.4 Job Insecurity (JI)

Greenhalgh and Rosenblatt (1984) have long identified that job insecurity is defined as an individual's perceived powerlessness to maintain desired continuity in a threatened job situation. The feelings of job insecurity occur when an employee becomes unable to accept the fact of what is being offered by the employer or if the methods used by the employer seemed to threaten the existence and security of an employee's job. The works of Greenhalgh and Rosenblatt further suggested that job insecurity is best to be measured as the interaction of several components: job features, total job, threats to overall job and powerlessness. Job features is defined as opportunities for promotion and freedom to schedule work, total job is defined as possibilities of being fired or laid off for a short while, threat to overall job is defined as threat that maybe perceived or seen by the

individual in their overall work situation and finally, powerlessness which is defined as being powerless towards a loss at work.

It is understandable that job insecurity is highly threatening to employees given the prospect of losing the positive material, social, and psychological benefits associated with employment (Reisel, Swee-Lim, Maloles, & Slocum, 2007). Comparing the 1986 Social Change and Economic Life Initiative (SCELI) data and the 1997 Skills Survey studies, Academic researchers Nickell et al. (2002), Burchell et al. (1999) and Fevre (2007) concluded that feelings of job insecurity in the late 1990s were higher than at any point in the post-war years denoting to the level of mentality, the growth of knowledge and the thinking patterns of humans that has flourished on par with the technological growth. The study also reveals the multidimensional character of job insecurity. For example, many employees were not duly worried about losing their job *per se* but were extremely concerned about the loss of valued job features, such as their control over the pace of work and their opportunities for promotion (Burchell et al., 1999 & Fevre, 2007).

The study of Borg and Elizur (1992) proposed that employees who possessed higher job insecurity have to cope with the feeling of insecurity towards the future of their jobs by reducing the value that they put on to their jobs. Employees with a strong work ethic are those who have the most to lose when they lose their jobs. Hence, it is those with the strongest work ethic who tend to have the strongest psychological withdrawal process.

Based on the work of Smith and Lazarus (1993), it can be argued that the emergence of job insecurity was often the product of extensive prior events and influences (e.g. mergers, layoffs, and reorganizations) and it represents a core-relational theme that elicits some form of coping. Core-relational theme has been defined as the harm or benefit that underlies each of the negative and positive emotions. As such, job security beliefs can be seen as inducing various coping strategies. Behavioral withdrawal is one coping strategy (Lazarus & Folkman, 1984). Withdrawing from such situation by quitting one's job is one means of coping with a stressor such as job insecurity (Latack, 1986). In this way an individual avoids the stress caused by job insecurity by leaving the situation. Employees thus may begin to think about quitting an organization as job insecurity increases (Arnold & Feldman, 1982; Ashford et al., 1989; Jacobson, 1991).

As mentioned before, organizations have been downsizing, restructuring, and merging with increasing frequency over the past decade. For employees, these major changes have caused feelings of anxiety, stress, and insecurity concerning the nature and continued existence of their jobs (Jick, 1985; Romzek, 1985; Schweiger & Ivancevich, 1985). Thus, Brockner (1988) concluded that insecurity as being the primary outcome of potential layoffs.

According to Lim (1996), job insecurity was related to lower levels of job satisfaction. Employees need to feel secure and satisfied to perform their job effectively. Further to that, Davy et al. (1997) also reported a link exists between job insecurity and job satisfaction, organizational commitment, and intentions to withdraw. The researchers

reported that job insecurity grows when there is job dissatisfaction, a lack of organizational commitment, and increased intentions to withdraw. To note, the reason that job insecurity reduces job satisfaction is attributable to the uncertainty of not knowing how to predict or control job threats (Bordia & Difonza, 2004).

Job satisfaction on the other hand, has been included in more than 50 studies of job insecurity (Sverke et al., 2006). Jobs provide many sources of satisfaction. They ensure economic stability, provide social interaction, and offer reinforcement contingencies that enhance self-efficacy (De Witte, 1999). Despite the importance of job insecurity to both employers and employees, academicians have not yet given them adequate theoretical or empirical attention to the totality of understandings on insecurity at the workplace. And furthermore to the researcher's knowledge, there has not been any elaborate study pertaining to job insecurity ever conducted in Malaysia. The present research is therefore designed to investigate the effect of greater job insecurity on employees job satisfaction, organizational commitment and turnover intention. It is believed that job insecurity may lead to an impact on employees' commitment and satisfaction and intention to quit.

2.5 Job Satisfaction (JS)

One of the major introductions and the definition of job satisfaction were given through the Hawthorn studies. Elton Mayo is the chief of this study analyzed the work habits of the employees at the Hawthorne Western Electric Plant in the 1920's. He

discovered that the perceptions the employees had about how they were treated by management had some effect on their work habits and production (Pugh, 1990).

Progressively over the years in the history after the 1920's, the definition of job satisfaction were also theorised by Herzberg F., Mausner. B.,and Snyderman. B (1959) called the motivator-hygiene theory suggesting two factors namely, intrinsic and extrinsic job satisfaction. Intrinsic job satisfaction is an 'intrinsic' factor and it is internal to the employees (i.e. work itself or 'type of work') and the extrinsic job satisfaction is 'extrinsic' factor and it is external to the individuals highly influenced by situational and environmental factors (e.g. company policy, supervision, and pay).

The subsequent years have seen Edwin A. Locke's Range of Affect Theory (1976) which was arguably one of the most famous job satisfaction models. In Locke's Range of Affect theory, job satisfaction was given a clearer definition, as it is an emotional state resulting from the evaluation or appraisal of one's job experiences. The main premise of this theory is that satisfaction is determined by a discrepancy between what one wants in a job and what one has in a job. Further to that the theory also states that how much one values a given facet of work (e.g. the degree of autonomy in a position) moderates how satisfied or dissatisfied one becomes when expectations are or aren't met. When a person values a particular facet of a job, his satisfaction is more greatly impacted both positively when expectations are met and negatively when expectations are not met compared to one who doesn't value that facet.

Locke (1984) later added that job satisfaction was also defined as the condition whereby the actual outcomes match the individual's needs and expectation. Greenberg and Baron (1997) on the contrary defined the job satisfaction as an individual's responses towards his or her job from the cognitive, affective and evaluative perspective. According to Thierry (1997), job satisfaction is actually an outcome of a behavioral cycle and it is seen as a source of behavior. In other words, it can be perceived as a component of a control system where the decisions with regards to whether or not changes will be made are actually based on the evaluation outcomes.

Reliable and valid measures of job satisfaction have been developed over the course of the history of the development of job satisfaction. Typical measures used include: The Job Satisfaction Survey (JSS) (Spector, 1997), the Job Descriptive Index (JDI) (Smith, Kendall, & Hulin, 1969), the Minnesota Satisfaction Questionnaire (MSQ) (Weiss, Dawis, England, & Lofquist, 1967) and the Job Diagnostic Survey (JDS) (Hackman & Olham, 1975). Dawis (2004) stated that the MSQ is one of the most popular job satisfaction measures still being utilized. The MSQ is based on the conceptual framework of the Theory of Work Adjustment and a product of the Work Adjustment Project facilitated by the Minnesota Vocational Rehabilitation Administration. It is described as a measure of one of the primary indicators of work adjustment using several aspects of the work environment (Weiss et al., 1967).

In terms of job satisfaction's relationships with other behaviour and attitudes, it is seen that its relationship between job satisfaction and organizational commitment has been extensively studied all these years (Mathieu and Zajac, 1990; Meyer, Stanley,

Herscovitch & Topolnytsky, 2002). But even though job satisfaction and organizational commitment are related, they however are of distinguishable attitudes (Steers, 1977). In an organization, satisfaction represents an affective response to specific aspects of the job and it denotes the pleasurable or positive emotional state resulting from an appraisal of one's job (Igbaria, 1991). Although distinguishable some researches have indicated that both job satisfaction and organizational commitment are highly interrelated (Meyer 1997; Dipboye, Smith & Howell 1994; Sagie 1998; and Tett & Meyer 1993). Nevertheless, according recent study of Karin and Birgit (2007) these kind of work-related attitudes are still considered as two individual constructs.

In the past, research has consistently shown that job satisfaction is negatively related to job insecurity (Sverke et al., 2002). Armstrong-Stassen, Cameron, and Horsburgh, (1996), Luthans and Sommer (1999) have found that a workforce reduction induces job insecurity that leads to reduced job satisfaction. Further to this, Sverke et al, (2002) claimed that effects of job insecurity can be classified as immediate and long-term on job attitudes such as job satisfaction.

In a recent further meta-analysis, Podsakoff, LePine and LePine (2007) also found that hindrance stressors (job insecurity) were directly negatively related to job satisfaction. Thus, job satisfaction is negatively related to job insecurity.