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# **TACKLING THE ROOT OF INSECURITY: WHY SOME WORKERS EXPERIENCE LESS INSECURITY IN TODAY'S LABOR MARKET**

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## **ABSTRACT**

Why do some workers experience less insecurity than others while facing the same labor market threat? This three-wave field study showed that proactive career behavior can buffer the damaging effects of labor market threats (e.g., an expiring contract), thereby preventing the emergence of insecurity and subsequent stress and career dissatisfaction.

## **INTRODUCTION**

Today's world of work is rapidly changing. The number of temporary contracts is increasing, major industries are being disrupted by the latest wave of digital innovation, and more and more jobs are being replaced by machines. Although these developments can be positive for organizations—they provide flexibility and reduce financial costs and risks—workers often have difficulties adapting to this new reality. Perhaps unsurprisingly in light of these developments, it is increasingly common for workers to experience uncertainty about the continuance of their present job (i.e., job insecurity; Vander Elst, Richter, et al., 2014) as well as uncertainty about their future job or career (i.e., employment insecurity; Huang, Niu, Lee, & Ashford, 2012). In fact, policy makers highlight insecurity as one of the major and most rapidly accelerating 'psychosocial hazards' in the work place (cf. De Witte, Vander Elst, & De Cuyper, 2015).

Hand in hand with the concerns about rising job- and employment insecurity, there is extensive evidence that the perception of insecurity can have dire personal consequences. Meta-analyses show that workers who experience high levels of insecurity have more stress, poorer health, poorer career prospects, and lower career satisfaction (cf. Cheng & Chan, 2008; Sverke, Hellgren, & Näswall, 2002). Consequently, considerable research has examined how workers may be able to deal with this sense of insecurity and which factors may weaken its impact.

Although helpful, these studies have focused on the consequences rather than the cause of perceived insecurity. In fact, they tend to assume that perceived insecurity is an inevitable consequence of today's labor market threats, which is a rather deterministic perspective. Instead, we argue that these labor market threats do not necessarily have to result in perceived insecurity and, by extension, negative consequences for workers' health and careers. We develop an alternative theoretical perspective that moves further up the causal chain to understand how perceived insecurity emerges in the first place, and why some workers experience less insecurity than others while facing the same labor market threat. In addition, we aim to replicate previous research by investigating the relationships between perceived insecurity and two of its negative outcomes, notably work stress and lower career satisfaction.

## Theoretical Background and Hypotheses

The two labor market threats we focus on here are an expiring temporary contract and a low level of education, because these threats are known to cause feelings of insecurity (e.g., Cheng & Chan, 2008; Keim et al., 2014; Parker, Griffin, Sprigg, & Wall, 2002; Sverke & Hellgren, 2002). To understand why some workers experience less insecurity than others while facing the same labor market threat, we turn to prior theory and research that highlights that a perceived lack of control over one's career underlies feelings of insecurity. Drawing upon control theory (Edwards, 1992), these two labor market threats are likely to cause such feelings of insecurity because they, respectively, undermine workers' sense of control and predictability regarding their current job future, and workers' sense of control over their labor market options and resources to overcome difficult work situations (De Witte et al., 2015; Keim et al., 2014). As such, we will consider how expiring temporary contracts contribute to perceptions of job insecurity, and how low education levels relate to perceptions of employment insecurity.

Yet, we extend beyond control theory by proposing that workers' feelings of lack of control result from their appraisal of the labor market threat, i.e., the combination of the objective situation and their resources to control this situation (Lazarus & Folkman, 1984). We propose that proactive career behaviors, or individuals' self-initiated and future-oriented actions intended to master and change one's current career circumstances (Grant & Parker, 2009; Parker, Bindl, & Strauss, 2010), function as resources that mitigate the lack of control that labor market threats might otherwise invoke. Proactive career behavior consists of four dimensions: career planning, skill development, career consultation, and networking (cf. Strauss et al., 2012). As each type of proactive career behavior conveys that employees take control over their fate and future, proactive career behavior will likely buffer the damaging effect of a labor market threat on workers' perceived control.

*Expiring Temporary Contracts.* The prevalence of temporary employment is an escalating phenomenon in today's world. For example, the share of temporary workers in Europe has grown by 25% in the last decade (Eurofound, 2015) to over 40% of the labor force (OECD, 2016). An expiring contract is a particular stressor for these temporary workers, as it can increase feelings of job insecurity (Vander Elst, Richter, et al., 2014). With the contract nearing its end, the continuance of one's job becomes less predictable and less controllable. Individuals' control over both having employment and the nature of that employment reduces, with less time to find preferred alternatives (de Witte et al., 2015). An expiring temporary contract thus threatens temporary workers' sense of control over the fate and future of their job, which should then increase their perception of job insecurity (Vander Elst, Van den Broeck, et al., 2014). Yet, we propose that when workers engage in proactive career behavior, they improve opportunities to keep their job or find a comparable job, which mitigates the effects of the expiring contract on perceived control:

*Hypothesis 1a : Proactive career behavior will moderate the indirect relationship between remaining contract duration and perceived job insecurity via perceived lack of control, such that the relationship between remaining contract duration and perceived lack of control will be weaker when proactive career behavior is high rather than low.*

*Low Level of Education.* Unfortunately, workers who have the security of an employment contract (whom we refer to as "contract-secure workers") are not immune to feelings of insecurity (Kinnunen, Mauno, Natti, & Happonen, 1999). They may still experience uncertainty about their future career and labor market opportunities, that is, employment security (Huang et al., 2012). We

hypothesize that contract-secure workers with lower levels of education may be more likely than those with higher levels of education to see their work situation as difficult to control. Research indicates that a low education level indeed provides workers with less control over their future employment options. For example, they have a lower chance of getting promoted (Muffels & Luijkx, 2008; Ng & Feldman, 2014), have fewer employment alternatives (Klandermans, Hesselink, & van Vuuren, 2010), and are especially likely to be outsourced or replaced by machines (Arntz, Gregory, & Zierahn, 2016). Additionally, they have less resources to make successful career transitions (Koen, Klehe, & Van Vianen, 2013). In terms of control theory, lower educated workers are less likely to feel in control over the future of their careers, which should increase their employment insecurity. Yet, we hypothesize that proactive career behavior can mitigate against the perceived lack of control that stems from a having a lower level of education:

*Hypothesis 1b : Proactive career behavior will moderate the indirect relationship between education and perceived employment insecurity via perceived lack of control, such that the relationship between education and perceived lack of control will be weaker when proactive career behavior is high rather than low.*

*Consequences of Perceived Insecurity.* As noted earlier, the perception of insecurity can have serious psychological and physical consequences –regardless of its type or form (cf. Cheng & Chan, 2008; Ng & Feldman, 2014; Sverke et al., 2002). Here, we focus on two prevalent consequences of perceived insecurity outside the workplace: perceived stress and career satisfaction. This allows us to replicate earlier research on perceived insecurity. We believe that our efforts to do so contribute to the field, given that replications are considered to be the scientific gold standard and have recently been strongly recommended (Jasny, Chin, Chong, & Vignieri, 2011; Kepes & McDaniel, 2013). Thus, we propose that:

*Hypothesis 2a : Perceived job insecurity will be positively related to a) perceived stress and negatively related to b) career satisfaction among temporary workers.*

*Hypothesis 2b : Perceived employment insecurity will be positively related to a) perceived stress and negatively related to b) career satisfaction among contract-secure workers.*

## METHODS

### Design

We conducted a three-wave field study in a European country among employees of a multinational staffing organization that provides temporary and permanent placement services. Participants received three consecutive online questionnaires each set one month apart. Following the hypothesized sequential relationships, we assessed the joint effect of proactive career behavior and the labor market threat on perceived lack of control at Time 1, perceived insecurity at Time 2, and its subsequent outcomes (i.e., stress and career satisfaction) at Time 3. Hypotheses 1a and 2a were tested among a sample of temporary workers without contract security (i.e., insecure temporary workers) and Hypotheses 1b and 2b were tested among a sample of secure temporary workers and permanent workers (i.e., contract-secure workers).

### Sample and Procedure

A total of 432 participants filled out all three questionnaires. There were no significant differences between participants who only responded at Time 1 and those who responded to all three questionnaires. The total sample of 432 participants consisted of 62.3% women and 37.7% men with an average age of 40.3 years ( $SD = 14.0$ ). The sample comprised  $N = 227$  (52.5%) insecure temporary workers and  $N = 205$  (47.5%) contract-secure workers. Sample comparisons revealed no meaningful differences between these two samples.

## Measures

*Labor Market Threats.* An expiring temporary contract was operationalized by assessing the number of months until participants' current temporary contract would end. Level of education was operationalized as participants' highest completed degree, ranging from 1[*high school*], 2[*basic training*], 3[*vocational training*], 4[*bachelor degree*] to 5[*master degree*].

*Proactive Career Behavior.* Proactive career behavior was assessed with a 13-item scale (Strauss et al., 2012). This scale contains the four subdimensions career planning (e.g., "*I am planning what I want to do in the next few years of my career*"), career consultation (e.g., "*I initiate talks with my supervisor about training or work assignments I need to develop skills that will help my future work chances*"), skill development (e.g., "*I develop skills which may not be needed so much now, but in future positions*") and networking (e.g., "*I am building a network of contacts or friendships to provide me with help or advice that will further my work chances*").

*Perceived Lack of Control.* Perceived lack of control was assessed with a question from the Survey of Midlife Development in the United States (MIDUS; cf. Johnson & Krueger (2006)): "*How would you rate the amount of control you have over the course of your career these days?*", with reversed-coded answers ranging from 1 [*no control at all*] to 5 [*a lot of control*].

*Perceived Insecurity.* Perceived job insecurity was assessed with Vander Elst, De Witte and De Cuyper's (2014) 4-item scale (e.g., "*I think I might lose my job in the near future*"). Perceived employment insecurity was assessed with Caplan et al.'s (1975) 4-item scale (e.g., "*how certain do you feel about whether your job skills will be valued 5 years from now?*")

*Perceived Stress and Career Satisfaction.* Perceived stress was assessed with Cohen, Kamarck, and Mermelstein's (1983) 10-item scale (e.g., "*In the last month, how often have you felt nervous and 'stressed'?*") with answers ranging from 1[*never*] to 5 [*always*]. Career satisfaction was assessed with Greenhaus, Parasuraman and Wormley's (1990) 5-item scale (e.g., "*I am satisfied with the success I have achieved in my career.*")

*Demographic- and Control Variables.* Following De Cuyper et al. (2008), we included gender, age and contractual hours per week to reflect the objective heterogeneity of workers. To control for the subjective heterogeneity of temporary workers and to ensure that our findings were not influenced by participants' preference for a temporary contract (e.g., "*My current employment contract is the one that I prefer*", cf. Bernhard-Oettel, Rigotti, Clinton and de Jong, 2013).

## RESULTS

*Expiring Temporary Contracts.* Results showed that lower remaining contract duration was

related to higher perceived lack of control, and that higher perceived lack of control was related to higher perceived job insecurity. Next, the relationship between remaining contract duration and perceived lack of control was moderated by proactive career behavior. Exploratory analyses on the subdimensions of proactive career behavior showed that career planning and career consultation moderated the relationship between remaining contract duration and perceived lack of control, while skill development and networking did not moderate this relationship. Finally, job insecurity was positively related to perceived stress but unrelated to career satisfaction. Bootstrapping analyses revealed that the proposed moderated mediation was significant. Specifically, the indirect effect of remaining contract duration on perceived job insecurity via perceived lack of control was significant at one SD below the mean, but was no longer significant at the mean or at one SD above the mean. Thus, when insecure temporary workers engage in average to high proactive career behavior, an expiring contract does no longer affect their perception of job insecurity through their perceived lack of control.

*Low Level of Education.* Results revealed that education was unrelated to perceived lack of control, although higher perceived lack of control did relate to higher perceived employment insecurity. Next, results revealed that the interaction effect between education and proactive career behavior on perceived lack of control was not significant. However, exploratory analyses on the subdimensions of proactive career behavior showed that skill development and career consultation did moderate the relationship between education and perceived lack of control, although not in the hypothesized direction. Finally, higher employment insecurity was related to higher stress and to lower career satisfaction. Bootstrapping analyses revealed that the proposed moderated mediation was significant at the 90% CI. Specifically, the indirect effect of education on employment insecurity via perceived lack of control was significant at one SD above the mean, but not at the mean or at one SD below the mean. Together, the results indicate that only when contract-secure workers engage in high proactive behavior, a high level of education can reduce employment insecurity through reducing perceived lack of control. Put differently, proactive career behavior may only protect against the sense of loss of control –and thus, employment insecurity– for those with higher education.

## DISCUSSION

Our study examined how workers may be able to deal with the insecurities that arise from today's labor market threats, using a three-wave design among two groups of workers. We demonstrated that workers' proactive career behavior can buffer the extent to which a labor market threat results in the emergence of low perceived control and, hence, feelings of insecurity. In other words, proactive career behavior can tackle the root of perceived insecurity.

### Theoretical Implications

The results of this study make several contributions to the literature. First, our focus on buffering the emergence of insecurity moves beyond the stressor-strain explanation typically invoked in the insecurity literature (e.g., De Cuyper et al., 2008; Sverke et al., 2002). We showed that the relationship between labor market threats and perceptions of insecurity is less deterministic than often assumed. Instead, we draw attention to the possibility that workers can be active agents in creating their own security, rather than reactive respondents to their environment. As such, we shift the focus from a symptom control approach –in which feelings of insecurity are taken a

given—, to a proactive approach in which feelings of security can be created by workers themselves.

Yet, our results point out that different types of proactive career behavior may be appropriate for different types of labor market threats. For temporary workers, we found that career planning and career consultation could mitigate the feelings of job insecurity caused by an expiring contract. Unexpectedly, however, skill development and networking had no such mitigating effect. It may be that career planning and career consultation are behaviors more proximal to one's current job and, hence, fit better with reducing perceived job insecurity. Conversely, skill development and networking may fit better with reducing feelings of employment insecurity, given that these are more future oriented career behaviors.

Also some of our other findings suggest that proactive career behavior is not a one-size fits-all approach to mitigating the insecurities in today's labor market. In fact, for contract-secure workers, it only seemed to be beneficial for those with higher education. Perhaps education can function as an additional resource: highly educated workers may be better able to engage in effective proactive career behavior. Alternatively, such behavior might be better suited to overcome threats in a higher educated line of work, while it cannot overcome threats such as outsourcing and digitalization in a lower educated line of work. That is, the latter type of work may be less manufacturable, or, less 'protean' than generally assumed (cf. Hall, 2004).

### **Limitations and Future Research Directions**

One limitation of our study is that we used a single-item measure of perceived lack of control. Additionally, despite our use of three waves and objective operationalization of the labor market threats—which minimizes the threat of common method bias (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003)—, our design is correlational and involved self-report measures.

Despite its limitations, our study suggests fruitful directions for future research. One important finding is that a low level of education was not related to perceived lack of control, nor to employment insecurity. Given other research, however, we do believe that lower educated workers are suffering more in today's labor market than higher educated workers (e.g., Muffels & Luijkx, 2008; Ng & Feldman, 2014). Yet, education may not be a suitable operationalization here: instead, workers' type of job (Frey & Osborne, 2013) or the type of tasks they do (Arntz et al., 2016) might result in job loss due to developments such as digitalization and globalization. In addition, the taxonomy of labor market threats in the current study is by no means exhaustive. Other threats that may cause insecurity are aging, advancing technology and changing demands regarding workers' skills and abilities. On that same note, results suggested that different labor market threats require different proactive career behaviors. Perhaps that workers who face a certain labor market threat will only evaluate the threat as controllable if they possess the *appropriate* proactive resources. We believe that this nuance in the benefits of proactivity deserves further examination and fits well with recent theorizing regarding 'wise' proactivity (cf. Liao & Parker, 2016).

### **Conclusion**

In sum, our study shows that workers do not have to be passive victims of labor market threats. Engaging in proactive career behavior can mitigate the lack of control that arises from today's labor market threats, and, hence, reduce workers' perceptions of insecurity and the subsequent negative effects on their health and careers.

**REFERENCES AVAILABLE FROM THE AUTHOR(S)**

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