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Measuring job insecurity in the WageIndicator questionnaire

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WOLIWEB

The socio-economic determinants of citizens' work life attitudes, preferences and perceptions, using data from the continuous web-based European Wage Indicator Survey

Measuring job insecurity in the *WageIndicator* questionnaire

Deliverable: D13 State of the Art Report

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1. THE OVERALL OBJECTIVE OF WOLIWEB

WOLIWEB addresses the impact of the socio-economic framework on attitudes, preferences, and perceptions. Attitudes, preferences, and perceptions are inherently subjective in nature. They are potentially influenced by a host of factors related to one's socio-economic framework, referring to concepts such as occupation; labour market status; earnings; working, household and leisure time; marital status and family phase; socio-economic status; gender and ethnical background; and spatial characteristics. WOLIWEB focuses on four issues:

- perceptions of pay discrimination by gender or ethnicity in relation to any factual pay gap;
- preferences for more or fewer working hours in relation to working hours and household duties;
- attitudes towards collective bargaining coverage in relation to actual coverage by agreements;
- perceptions of job insecurity in relation to dismissals and reorganisations at the workplace.

The data needed for the proposed analyses are gathered through the international, continuous web-based *WageIndicator*, consisting of:

- an attractive website with labour market related information for a large public;
- a crowd-pulling Salary Check providing with very detailed salary information related to a set of variables such as education, firm size, supervisory position;
- a *WageIndicator* questionnaire with 67 – 85 questions; the dataset provides insight in issues related to work and wages;
- nation wide promotion, publicity, and answering visitors' email.

All WOLIWEB papers are downloadable from <http://www.wageindicator.org/>, section Research Lab.

2. WORK PACKAGE 3 JOB INSECURITY

This paper is WOLIWEB's Deliverable 13 (D 13) 'State-of-the-art-review on job insecurity', which is part of Work Package 3 (WP3) 'Perceptions of job insecurity and bargaining coverage'. Among others, WP3 deals with modelling the perceptions of job insecurity in relation to dismissals and reorganisations at the workplace.

According to the WOLIWEB proposal, its contribution to the modelling is threefold.

1. WOLIWEB will produce a working paper that models perceptions of job insecurity from (1) organizational and institutional characteristics, such as dismissals at the workplace, employment growth or decline at the workplace, bargaining coverage, and other variables, and (2) individual characteristics, such as employment contract, career perspectives, job search behaviour, job search expectations, previous periods of unemployment, and other variables. Regression analyses will be used to estimate job insecurity – a composite variable - across countries.
2. WOLIWEB will produce a working paper that extends the model for the perceptions of job insecurity with the impact of organizational characteristics related to structural readjustments by firms, such as reported reorganisations, reported use of new technology of the workplace, reported firm's technology level, and other variables.
3. The questionnaire will be designed to measure perceptions of job insecurity, based on a state-of-the-art report with question proposals. In addition, the design will include the major variables that are assumed to influence the model.

According to WP3 the work concerning job insecurity includes (p.24 Annex 1):

- review the literature as how to measure perceptions of job insecurity, dismissals and reorganisations at the workplace, as well as their major determining variables
- in cooperation with the national researchers draw an inventory as to how these issues usually are measured in national surveys
- propose how to synchronize the questionnaire with regard to these issues
- report the findings in State-of-the-art reviews (D13), to be discussed at the kick-off conference (M1)
- draw an analytical framework for understanding the relationship between perceptions of job insecurity and dismissals or reorganisations at the workplace

- analyse and test this analytical framework across countries, using the Wage Indicator dataset
- report the findings in Working Papers (D14) at the Final conference (M3) (provided funding)

The WP3 deliverables concerning job insecurity include (p.19 Annex 1):

D 13 1 State-of-the-art-review on job insecurity; This State-of-the-art-review on the measurement of job insecurity and perceptions of job insecurity, dismissals and reorganisations at the workplace should include the major determining variables, resulting in proposals for the survey.

D 14 2 Working papers on job insecurity (P7USAL) WOLIWEB will produce working papers that model perceptions of job insecurity from (1) organizational and institutional characteristics, such as dismissals at the workplace, employment growth or decline at the workplace, bargaining coverage, and other variables, and (2) individual characteristics, such as employment contract, career perspectives, job search behaviour, job search expectations, previous periods of unemployment, and other variables. Regression analyses will be used to estimate job insecurity – a composite variable - across countries.

As regards this WP, a first inventory, called 'National comments regarding the measurement of working hours, wages, collective bargaining coverage, job insecurity, education, ethnicity, self-employment and employee representation in the *WageIndicator* questionnaire', was distributed among the WOLIWEB partners in April 2004. National comments were received in May and June (see Appendix). These comments led to a proposal for the *WageIndicator* questionnaire, discussed at the launch meeting 8-10 July 2004 (the kick-off conference M1). Based on the discussions at the meeting, a next paper was distributed among the partners, summarizing the decisions taken at the meeting: 'Proposal Country Specific Questions in the *WageIndicator* questionnaire', dated 16.07.2004. Partners could once more react and then the so-called master questionnaire was made. This version was distributed for translation. Since October 2004, the *WageIndicator* questionnaire became operational in the WOLIWEB countries, one after another.

This paper, D13, discusses the results of the discussions with regard to job insecurity. In Section 3, theoretical approaches and measurement of job insecurity are reviewed. In Section 4, the questions about job security in the *WageIndicator* questionnaire are presented. In Section 5, the questions about dismissals and reorganisations at the workplace are presented.

3. REVIEWING JOB INSECURITY IN RELATION TO DISMISSALS AND REORGANISATIONS AT THE WORKPLACE

Both, new technology and economic recession will lead to structural readjustments by firms, during downsizing and efforts to reorganize the labour process. Perceptions of job insecurity are correlated to both. In 2000, an OECD study estimated that over half of the workers were worried about the future of their company, and 29 percent were unsure of their job even if they performed well (Arnal, Ok & Torres, 2001). Compared to 1996, the situation had improved due to the economic boom, but the percentages were still considered high. One interpretation is that job insecurity probably is related with firm reorganisation and changes in job requirements – rather than lower employment tenure, for which there was no general evidence.

A Dutch study indeed showed that, controlled for other factors, job insecurity perceptions were nearly three times higher for employees reporting a reorganisation in their firm last year compared to employees not reporting so (Tijdens and Van Klaveren, 2002). Compared to employees in firms with growing employment, employees in shrinking firms are far more likely to experience a reorganisation. Assuming an organizational cycle model, where compared to growing firms the workforce is on average older in shrinking firms, this is in line with the finding that younger employees are far less likely to report reorganisations than older employees. Yet, it is in contrast to observations that young people more often are found in insecure jobs. According to a US study, expectations of job loss tend to decrease markedly with age, but so do expectations of a good outcome should job search become necessary (Manski and Straub, 1999). The net result is that composite job insecurity tends not to vary at all with age. Moreover, in the US perceptions of job insecurity varied little by sex, but substantially by race.

Several indicators are used to measure perceptions of job insecurity. However, large-scale European-wide data measurement on this issue hardly exists, and if so, it is not suited for detailed statistical analyses, according to the OECD study.

Nevertheless, perceptions of job insecurity will be a major indicator for citizen's well being. Studies have shown that expectations about future labour market outcomes even may affect current fertility decisions, and in particular unemployed are likely to postpone maternity (Del Bono, 2001). In addition, it can be assumed that perceptions of job insecurity may also act as a predictor of dismissals, and thus act as an indicator of economic forecasting. The relationships between perceptions of job

insecurity, job search perspectives and reorganisations and dismissals in firms need further study.

Furthermore, job security is an important aspect of work quality and there are evidences that show that insecurity has deleterious impacts on individuals and households. A study in a number of industrialised countries (Francis Green 2003) shows that insecurity increased in the 70s and the 80s and that during the 90s it had become a middle class phenomenon. It also shows that at the beginning of this century most occupations have experienced declining insecurity and that insecure workers are concentrated in jobs with temporary contracts and short job tenures especially in the private sector and foreign owned firms. Therefore, the inclusion of individual characteristics, such as those mentioned above and some other that can be found in the WOLIWEB database, together with organizational and institutional characteristics in the study of the perceptions of job insecurity need to be done.

Our inventory showed that a number of surveys have questions about job insecurity. For example in Paid Work in Britain (January 1997): Q: Do you think there is any chance at all of your losing your job and becoming unemployed in the next twelve months? A: Yes / No. If yes, Q: How would you rate the likelihood of this happening? A; Very likely / Quite likely / Evens / Quite unlikely / Very unlikely".

The Danish equivalent to the European Community Household Panel (ECHP) "Welfare of Danish Families" asks: Q52: How satisfied are you with your present primary job or business in terms of earnings, job security, working conditions etc ? A: Using the scale 1 to 6 please indicate your degree of satisfaction in each case. Position '1' means that you are not satisfied at all, and '6' that you are fully satisfied.

In a major Polish survey, the Gazeta Wyborcza and Consulting Firm HRK (the name of survey: Monitor Rynku Pracy), 2003, job insecurity is asked: Q: How long have you been working for your current employer? A: Less than 6 months / 6 months – 1 year / 1 – 2 years / 2 – 5 years / 5 – 10 years / 10 years and more. Job insecurity is also asked in a major national survey in PL: Social Diagnosis, 2003, Q: In the recent months: You felt that your source of income was unstable and uncertain? A: often / it happened / never / not applicable

There are also major national surveys that have been used to measure job insecurity. For example, a recent study from the Spanish Institute of Fiscal Studies aimed at assessing job security in Spanish labour market using data from the Spanish Labour Force Survey. The job security is assessed by analysing the job break rate between the first and the second year (J.M. Arranz and C. García-Serrano 2004)

4. JOB INSECURITY QUESTIONS

4.1 MEASURING JOB SECURITY

In the WOLIWEB proposal, it is assumed that job insecurity can be best measured as a composite variable. Therefore, several questions address the employee's perception of both own job insecurity and organisational job insecurity. In the tables below these questions are shown. The questions are not posed to respondents who never had a job, who are self-employed, own-account worker, freelance, or who are a family worker / working for family business. The Polish partner suggested to include a question whether the source of income was unstable and uncertain. This has been done, as the table below shows.

A36	item_42_A	Your opinion
		<i>1 fully disagree ... 5 fully agree, 8 n.a.</i>
A36d	jobsecur2	I worry about my job security
C35		What do you expect to happen in the next 12 months?
		<i>1 yes, 0 no, 8 n.a.</i>
C35d	payunsta	My income is likely to be unstable and uncertain
C36c	jobloss	My post is likely to be made redundant
C29	jobfutu3	Do you expect still to have your business in a year's time?
		<input type="checkbox"/> 1 yes
		<input type="checkbox"/> 0 no
		<input type="checkbox"/> 8 I don't know
		If no:
C31	jobfutu5	Why would this not be the case?
		<input type="checkbox"/> 3 I'll be with another employer
		<input type="checkbox"/> 4 I'll be caring for children
		<input type="checkbox"/> 13 I'll be housekeeping
		<input type="checkbox"/> 5 I'll be taking (early) retirement
		<input type="checkbox"/> 6 I'll be self-employed or in a family business
		<input type="checkbox"/> 7 Because of health problems
		<input type="checkbox"/> 8 I'll be undertaking further training or study

<input type="checkbox"/>	9	I'll have been dismissed
<input type="checkbox"/>	10	My contract will have expired
<input type="checkbox"/>	12	My business will go broke
<input type="checkbox"/>	11	Other reasons

B27		In the past 12 months, has your organisation ...
		<i>1 yes, 0 no, 8 don't know</i>
B26d	firmbro1	... been under immediate threat of bankruptcy?
B27a	firmdis1	... announced redundancies?
B27b	firmpri2	... been privatised?
B27d	firmreo1	... faced reorganisation that has affected your workplace?

B28		What do you expect to happen in your organisation in the next 12 months?
		<i>1 yes, 0 no, 8 don't know</i>
B28a	firmmer2	Merger with another organisation
B28b	firmcom3	Renewal of computer equipment / machinery
B28d	firmbro2	Urgent threat of bankruptcy
B29a	firmdism	Announcement of redundancies
B29b	firmpri3	Privatisation
B29d	firmreo2	Reorganisation / organisational change

Based on the comments from Spain with its high rate of fixed-term contracts, items have been added for those respondents who tick that they don't have a permanent employment contract. The questions are shown in the tables.

E05	confixe1	When your contract comes to an end, what are your prospects with your current employer?
<input type="checkbox"/>	1	I expect to become permanently employed
<input type="checkbox"/>	2	I expect to sign a new fixed-term contract with the same employer
<input type="checkbox"/>	3	My contract will not be renewed, so I will lose my present job
<input type="checkbox"/>	4	Other
<input type="checkbox"/>	7	I don't know

E06		A fixed-term contract ...
		<i>1 fully disagree ... 5 fully agree, 8 n.a.</i>
E06a	confipar	... forces me to stay with my parents

E06b	confichi	... forces me to postpone having children
E06c	confiper	... is the only option because permanent work is not available
E06d	confiemp	... gives me the opportunity to look for the best employer
E07a	confiski	... gives me the opportunity to increase my skills
E07b	confiexp	... gives me the opportunity to build up work experience
E07c	confipen	... restricts my capacity to build up a pension
E07d	confihou	... restricts my ability to buy a house

4.2 DETERMINING JOB SECURITY

Major determinants of job security are expected to be related to (1) organizational and institutional characteristics, such as dismissals at the workplace, employment growth or decline at the workplace, bargaining coverage, and other variables, and (2) individual characteristics, such as employment contract, career perspectives, job search behaviour, job search expectations, previous periods of unemployment, and other variables.

Some of these determinants are discussed here, some have been discussed extensively in other WOLIWEB deliverables, such as D11 about the questions measuring collective bargaining and employees' work place representation in the *WageIndicator* questionnaire. Other determining variables are part of the employment history section of the questionnaire. This section is not detailed here. It can be easily searched in the document 'WageIndicator master-questionnaire'.

Individual characteristics are expected to be related to job security. Among these are subjective reports about the job content.

A36	item_42_A	Your opinion
		<i>1 fully disagree ... 5 fully agree, 8 n.a.</i>
A36c	jobinte1	My job has become more interesting in the past year

Organizational and institutional characteristics are expected to be related to job security. such as dismissals at the workplace, employment growth or decline at the workplace. These questions are asked as follows.

B02	item_2	Your opinion
		<i>1 strongly decreasing ... 5 strongly increasing, 8 n.a.</i>
B02a	firmgro1	Over the past 12 months, the workforce has been ...

B02b	firmgro2	In the next 12 months, the workforce is likely to be ...
B02c	firmhie1	Over the past 12 months, the number of managers has been ...
B02d	firmhie2	In the next 12 months, the number of managers is likely to be ...
B06	item_23	In your workplace, would you say that ... <i>1 fully disagree ... 5 fully agree, 8 n.a.</i>
B06a	depmach	... machines/equipment are in a good state of repair.
B06b	depstaf2	... staffing levels are sufficient.
B06d	depwork	... work is well-organised.

In addition, collective bargaining coverage and employee representation at the workplace may be an important determining factor in predicting job security. The questions about collective bargaining coverage and employees' workplace representation are discussed in detail in D11 'Measuring collective bargaining coverage in the *WageIndicator* questionnaire'.

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APPENDIX 1 NATIONAL COMMENTS ON MEASURING JOB INSECURITY

The national comments are listed in detail in this Appendix. First we summarize some major comments. Spain asked for more detailed questioning of employees with a temporary contract. In section E3 extra questions are asked for this category. Poland proposed to include the issue of 'source of income was unstable and uncertain'. One item was added under the heading 'expectations' in section C. Finland asked for questions about retirement plans. Section E has a question 'I am worried about my pension'. Denmark proposed items about satisfaction with job in terms of earnings etc. Section F has 8 items about satisfaction. In addition, Denmark proposed to measure both 'fear of being unemployed' and 'Will you be employed in a year's time?'. Now the questionnaire has several items on job insecurity, ranging from 'My tasks are bound to change' and 'I worry about my job security' to 'I'll be obliged by employer to leave' and 'Redundancies will take place'. In addition, several items are added in section B concerning reasons for workforce reductions, such as bankruptcy, outdated equipment and the absence of sound management policy.

DE

No comments on the *WageIndicator* questions on job insecurity. Job insecurity is not asked in the major national surveys in DE.

DK

The Danish Labour Force Survey does not include questions about job insecurity.

Another point of departure is the Danish equivalent to the European Community Household Panel (ECHP) "Welfare of Danish Families" – made by The Danish National Institute of Social Research (Socialforskningsinstituttet). The data have been collected from 1994 to 2001 and include personal interviews with approximately 5,600 individuals. One of the response categories in question number 52 in the Danish version concerns job security. (The original questionnaire and variable list are attached as a file to this document.) Q52: How satisfied are you with your present primary job or business in terms of earnings, job security, working conditions etc ? A: Using the scale 1 to 6 please indicate your degree of satisfaction in each case. Position '1' means that you are not satisfied at all, and '6' that you are fully satisfied.

The following comments are general comments.

A10: What are we in particular interested in here: Does the question concern people's fear of being unemployed? Or are we interested in people's valuation?

In order to measure people's answers it is our opinion that this question should be more precise as well as the response categories.

What kind of questions (measures) are we interested in: "I expect to become unemployed within the next two years" or "I fear that I will become unemployed within the next two years" Furthermore, the response categories should not be YES and NO but AGREE and NOT AGREE (i.e. five different response categories from completely agree to completely disagree).

B06: It seems a bit unclear to mix the questions concerning own and organisational job security. For instance the underlined question (line 9) seems to fall outside the rest of the options. A solution could be to ask two questions instead: Q1: Will you be employed in a year's time? Q2: Why / Why not

ES

Using question C05 as a filter, we think that it could be interesting to ask how many times she has been unemployed, and how long as an average. Of course, this question would be only asked to those that had been unemployed more than once before. In the Spanish case at least, this would be very interesting (it is a very good indicator of insecurity, etc.).

We would also add a question only for temporary workers, asking the prospects. Something like Q: "When your contract comes to an end, what are your prospects with your current employer? A: I expect to become permanent / I expect to sign a new temporary contract with the same employer / My contract will not be renewed, so I will lose my present job / I do not know"

Job insecurity is not asked in the major national surveys ES.

FI

Questioning job insecurity has not yet found tested and standardised questionnaires. Questions are also dependent on fashions and cyclical fluctuations in the mass media discussion. At present it is quite popular to include a lot of questions about retirement plans and efficiency of different employment and employability schemes.

PL

Questions indicated below are important to measure job insecurity, but there should be question concerning the number of years of working in current organization and turnover.

Job insecurity is asked in a major national survey in PL: the Gazeta Wyborcza and Consulting Firm HRK (the name of survey: Monitor Rynku Pracy), 2003, Q: How long have you been working for your current employer? A: Less than 6 months / 6 months – 1 year / 1 – 2 years / 2 – 5 years / 5 – 10 years / 10 years and more

Job insecurity is also asked in a major national survey in PL: Social Diagnosis, 2003,
Q: In the recent months: You felt that your source of income was unstable and
uncertain? A: often / it happened / never / not applicable

UK

No comments on the *WageIndicator* questions on job insecurity.