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## An Empirical Research on the Relationship between Job Insecurity, Job Related Stress and Job Satisfaction in Logistics Industry

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### Abstract

Job insecurity is characterized by a discrepancy between the level of security a person experiences and the level he/she might prefer regarding the preservation of his/her employment status (Swaen et al., 2004: 443). The employees' experience of job insecurity may be described as a combination of a perceived threat regarding their job, and the sense of powerlessness to do anything about this very threat. Job insecurity has been found to be associated with an increase in job related stress (Storseth, 2006: 541). Job insecurity has become a frequently examined stressor in modern working life and scholars have found empirical support for a link between job insecurity and employee reactions. The findings thus far indicate that job insecurity is negatively related to job and organizational attitudes as well as to employee health and well-being (Hellgren et al, 1999; Jonge et al, 2000; Sverke et al., 2002; Hellgren and Sverke, 2003; Cheng et al, 2005; Storseth, 2006; Cuyper et al, 2008;)

*Keywords: Job insecurity, job satisfaction, job related stress*

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### 1. Introduction

In a rapidly changing today's environment, characterized by intensified competition and escalating demands for flexibility and adjustment, organizations have taken to reorganizational activities such as outsourcing, downsizing, and mergers in order to adapt to the new situation (Hellgren and Sverke, 2003: 215). Reorganizations, downsizing, and unpredictable changes associated with fusions, takeovers, outsourcing, and moving of production facilities to low salary regions produce uncertainty and turbulence in many organizations. Downsizing, often a precursor of job insecurity, is associated with different health problems (Lau and Knardahl, 2008: 172). In today's environment of

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economic and technological change, job insecurity is recognized as a chronic condition affecting the general workforce (Ito and Brotheridge, 2007: 41). It is characterized by a discrepancy between the level of security a person experiences and the level he/she might prefer regarding the preservation of his/her employment status (Swaen et al., 2004: 443). The employees' experience of job insecurity may be described as a combination of a perceived threat regarding their job, and the sense of powerlessness to do anything about this very threat (Storseth, 2006: 541).

Job satisfaction is also a crucial phenomenon in present organizations because of its diverse effect upon organizational effectiveness and individual wellbeing. Job satisfaction has been defined as a pleasurable emotional state resulting from the appraisal of one's job, or affective reaction to one's job. According to Singh, job satisfaction is the function of the perceived relationship between what one wants from one's job and what he/she gets therefrom. (A P Singh and Sadhana Singh, 2009) A large number of researches mentioned job satisfaction is positively related to many organizational variables, for example, organizational commitment, performance, cohesion, citizenship behavior and other extra role behaviors (Crammer, 1996; Currivan, 1999; and Lok and Crowfold, 1999) It can be also said that, job satisfaction is one criterion for establishing the health of an organisation; rendering effective services largely depends on the human source and job satisfaction experienced by employees will affect the quality of service they render.

A large number of studies have been conducted to study the relationship between stress and job satisfaction in different types of organizations (Chaudhary 1990; Hinger et al. 1997; Jagdish and Srivastava 1983; Pestonjee and Singh 1981; Sharma 1987; Singh 1987; Watson 1986). In these studies, the overall indices of stress and job satisfaction were found to be correlated negatively. It is evident from these findings that the greater the role stress, the lesser would be the job satisfaction, or, in other words, the higher the stress, the greater would be the job dissatisfaction. (D.M. Pestonjee and Prabhat Kumar Mishra, 1999)

## **2. Literature Review and Hypotheses**

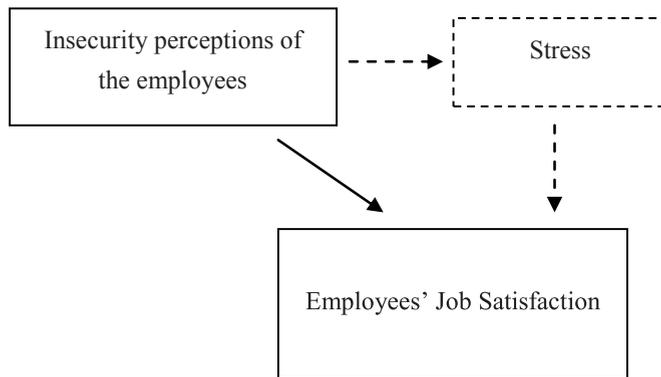
One pervasive consequence of recent organizational trends is the perception of increased job insecurity on the part of affected employees. Job insecurity has been defined as the perceived stability and continuance of one's employment with an organisation. A recent meta-analysis found that job insecurity can have pervasive negative effects both for employees and their organisations. Specifically, job insecurity was shown to be related to lower job satisfaction, a greater incidence of physical health conditions, higher levels of psychological distress, reduced job performance, and lower job involvement. Job insecurity has also been identified as a major source of job stress, leading to increased feelings of time pressure and role ambiguity lower organisational commitment (Sverke et al., 2002), increased work and job withdrawal (Probst, 2002; Sverke et al., 2002), and more negative job safety outcomes. Job insecurity among today's employees is not surprising given the competition that, in the face of global recession, businesses are under intense pressure to remain profitable and/or sustainable. Job insecurity relates to the perception of threats, opportunities and the control individuals have regarding their responsibilities at work. When threats are perceived to be greater than opportunities, when there is perceived lack of control and changes in job characteristics, survivors will experience job insecurity.

Most existing research on job insecurity has focused on its negative effects on individuals as on organizations (Kinnunen et al., 2000: 445). Job insecurity has become a frequently examined stressor in modern working life and scholars have found empirical support for a link between job insecurity and employee reactions. The findings thus far indicate that job insecurity is negatively related to job and organizational attitudes as well as to employee health and well-being (Hellgren et al., 1999; Jonge et al., 2000; Sverke et al., 2002; Hellgren and Sverke, 2003; Cheng et al., 2005; Nooney, 2005; Storseth, 2006; Lau and Knardahl, 2008; Cuyper et al., 2008;) There has been growing interest in recent years in studying the impacts of insecure employment on health. Job insecurity has been found to be associated with a decrease in both physical and mental health status (Storseth, 2006: 541). These studies were consistent in showing that the experience of job insecurity before actual job changes increased the risks of mental and physical illnesses (Cheng et al., 2005: 42; D'Souza et al., 2006: 205). Studies accept that job insecurity and adverse working conditions may create physical and mental health problems during the course of one's life (Kim et al., 2006: 567). On the other hand, few studies (Probst and Brubaker, 2001; Størseth, 2006) have examined the association between job insecurity and negative safety outcomes in the work context. In Størseth's (2006) study, job insecurity was identified as a contributor to the employees' level of risk taking behavior and accepted that job insecurity was directly associated with risk taking behavior. According to Kang, Gold and Kim's research; results showed that the perception of job insecurity led to both reduced extra-role and impression management behavior and the intensity of withdrawal increased as employability increased.

A recent meta-analysis found that job insecurity can have pervasive negative effects both for employees and their organisations (Sverke, Hellgren, & Näswall, 2002). Specifically, job insecurity was shown to be related to lower job satisfaction, a greater incidence of physical health conditions, higher levels of psychological distress, reduced job performance, and lower job involvement. Job insecurity has also been identified as a major source of job stress, leading to increased feelings of time pressure and role ambiguity, lower organisational commitment, increased work and job withdrawal, and more negative job safety outcomes (Probst & Brubaker, 2001).

On the other hand; the purpose of this study, in this context, is to investigate the relationship among job insecurity and job satisfaction; however this time taking stress as a mediating effect. Survey technique will be used to collect data for the research. Research is limited to application in logistics companies in Istanbul which applies all logistics functions as a whole. Measures of job insecurity, job related stress and job satisfaction adapted from the several studies will be used in order to test the research model and the hypotheses below:

Figure 1: Research Model



*Hypothesis 1:* There is a significant statistical relationship among the work insecurity perceptions of employees and job related stress

*Hypothesis 2:* There is a significant statistical relationship among the work insecurity perceptions of employees and employees' job satisfaction

*Hypothesis 3:* There is a significant statistical relationship among job related stress and employees' job satisfaction

### 3. Methodology

#### 3.1. Sample

The data used in this study were collected from the members of UND, International Trasporters' Association of Turkey. The Association, which the research is done, is in operation for 40 years to represent Turkish transportation industry in various fields. Of the survey forms that are handed to and collected back from the members, 19 were valid and taken into consideration in the research. The convenience sampling of the study places restrictions on the interpretations of the results. It is suggested that future studies in an higher number of respondent setting might include the use of a more systematic sampling frame so that the sample could better represent the population.

#### 3.2. Measures

Perceived job insecurity was measured with nine items adapted from the previous studies (Hellgren and Sverke, 2003; Storseth, 2006). The scale was anchored with always (1) and never (5). The measurement of job related stress was based on a 7-item inventory reflecting the experience (1=strongly disagree; 5=strongly agree). Job satisfaction was measured by 20 items. These items were adapted from Seo's (2005) and Størseth's (2006) studies. The scale was anchored from not satisfying at all (1) to Very satisfying (5).

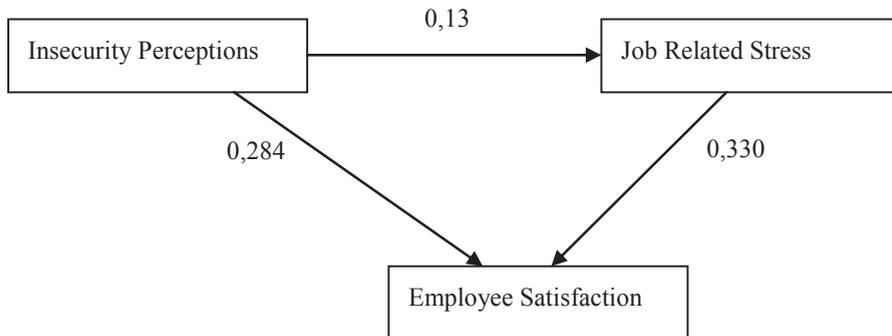
#### 3.3. Research Goal

The conceptual model depicted in Figure 1. was tested using structural equation modeling AMOS 4.0 and SPSS v 16.0. In this research, it is aimed to measure that whereas the statistical relationship among the Insecurity Perceptions,

Job Related Stress and Employee Satisfaction. In order to determine these relationship, it is used that a survey. The survey includes 3 parts. First part questions was about in security perceptions, the second part questions was about in employee satisfaction and the last part was about job related stress. Totally 41 questions asked to the responders.

**4. Results**

Figure 2: Research Results



It is found that there is a direct relation between insecurity perception, job related stress and employee satisfaction. The values of coefficient are shown that on the Figure 2. Coefficient for the indirect effect of insecurity perceptions on employee satisfaction is 0,111. R<sup>2</sup> of the model is 0,204 meaning; %20 of the variance in employee satisfaction is described by insecurity perceptions and job relates stress.

Regression model is:

$$Y_{\text{employeesatif.}} = 1,885 + 0,284X_{ip} + 0,330X_{jrs} + 0,111X_{ip}X_{jrs} + \varepsilon$$

4.1. Reliability Values

<i>Insecurity Perceptions</i>	0,86
<i>Job Related Stress</i>	0,85
<i>Employee Satisfaction</i>	0,92

Reliability tests on SPSS 16.0 indicate, Cronbach’s Alpha values are found 0,86 for insecurity perceptions, 0,85 for Jobrelated Stress, 0,92 for Employee Satisfaction.

4.2. Discussion

Job insecurity and job related stress have direct effect on job satisfaction, which is a key element in performance of the companies. This can result in loss of competitive advantage. As a stressful, physically and mentally demanding industry, logistics companies have to deal with the drawbacks of job insecurity and job related stress. The purpose of

this study is to investigate the relationship between job insecurity, job related stress and job satisfaction in Turkish logistics industry. For this purpose, the literature was reviewed and thus; the model, hypotheses and measure tool were developed. In the lead of statistical results, all hypotheses were accepted.

It shall be taken into consideration that, all the results are limited to the logistics companies (members of UND operating in Istanbul) in which the research is conducted. The sample is too small to draw a general judgement and it is also not possible to make any generalization about whole Turkish logistics industry. However, further research may result in different findings. This research, in this respect, emphasizes the perceptions of middle level managers in Turkish logistics industry about job insecurity, job related stress and job satisfaction in a narrow context. This narrow context, however, gives some insights about the relations of proposed variables; which fulfils its purpose as a preliminary test of model. Regression results may indicate a low level relation among variables however literature has shown that there are many factors affecting employee satisfaction, not to mention wages and social security comes first; therefore %20 effect is still accounted as considerable.

A worker perceiving job insecurity may experience stress due to anticipation about the problems associated with a job loss, the mental strain of being in a powerless position and ambiguity about the future, therefore both affecting employees' satisfaction. Since job satisfaction is a crucial element for both performance and productivity, a manager shall pay enough attention to make his/her employees feel secure about their jobs. In return, this will result in decrease of job related stress and eventually employee satisfaction.

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