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Author(s): Leonard Greenhalgh and Zehava Rosenblatt

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Job Insecurity: Toward Conceptual Clarity

LEONARD GREENHALGH

Dartmouth College

ZEHAVA ROSENBLATT

Cornell University

A model is presented that summarizes existing knowledge concerning job insecurity, points at its deficiencies, and identifies further research needed to understand the nature, causes, and consequences of this increasingly important phenomenon. Such knowledge is crucial because job insecurity is a key element in a positive feedback loop that accelerates organizational decline.

Four recent phenomena in the United States have made job insecurity a particularly important variable for organizational scholars to understand. First, the prolonged economic downturn beginning in the mid-1970s resulted in the highest rates of job loss since the Great Depression of the 1930s. Second, there has been an upsurge of mergers and acquisitions since the mid-1960s. These events often result in job loss or a curtailment in the privileges and expectations of job incumbents. Third, the rapidly changing industrial structure—from a predominantly manufacturing economy to a service economy and from the predominance of basic industries to the rise of high-technology industries—has changed many people's assumptions about the stability of their employers. Fourth, the trend toward decreasing union representation of the U.S. workforce means that an increasing number of workers are vulnerable to the effects of unilateral decisions from which they have little recourse.

These phenomena can be threatening to workers. The threat is experienced as some degree of job insecurity, which is defined as perceived powerlessness to maintain desired continuity in a threatened job situation. Furthermore, workers react to job insecurity, and their reactions have consequences for organizational effectiveness.

Despite its increasing importance, job insecurity has yet to receive significant attention from organizational researchers. The variable has been included as a facet of job satisfaction in numerous studies—for example, Hackman and Oldham (1974)—but few scales have been specifically developed to investigate

the importance of the construct per se. Perhaps the best attempt to measure the construct is the Caplan scale (Caplan, Cobb, French, Van Harrison, & Pinneau, 1975). This scale spans only a small portion of the content domain, has undergone almost no psychometric development, and has seen little use. In addition to the limitations of the available measurement techniques, there have been limitations in the range of organizational conditions under which the impact of job insecurity has been measured. Specifically, because of ease of access there has been a tendency to conduct research in well-managed, healthy organizations in which the job-insecurity construct would have been of limited concern to employees and would have shown limited variability. Thus it is not surprising that job insecurity has never become adequately recognized as an important construct in organizational psychology.

This paper takes a step toward increasing knowledge about individuals' responses to organizational situations in which continuity is threatened. The paper has four purposes: (1) to correct conceptual inadequacies evident in past research involving the job insecurity construct, (2) to specify the content domain of the construct, (3) to show how individual differences moderate how people experience and react to job insecurity, and (4) to identify those reactions. A model is presented (see Figure 1) to help organize existing knowledge and to suggest a research agenda for systematically investigating this important but neglected topic.

Although job insecurity per se has received little attention, the more generic concept of security has

been a prominent concern of organizational behaviorists and psychologists. Theorists have focused on security either as part of a press/need duality (Murray, 1938), as part of a personality theory (Blatz, 1966; Sullivan, 1964) or as a motivation theory (Maslow, 1954). Not surprisingly, there has been little consistency in what the construct denotes in the literature. For instance, Maslow uses the terms safety and security interchangeably. He defines safety as “security, stability, dependency, protection, freedom from fear. . . need for structure, order. . .” (1954, p. 39). Whereas Blatz (1966) contrasts safety and security, he views security in terms of independence and describes it as the antithesis of safety.

Lines of Inquiry

Amid this conceptual diversity, three lines of inquiry have emerged that have been particularly influential in shaping theory and research relevant to security in organizations. These lines of inquiry can be identified with the works of Maslow, Herzberg, and Super. Maslow’s need hierarchy was not conceived as a theory of behavior in an organizational context, but Maslow himself suggested its applicability to organizational settings: “We can perceive the expressions of safety needs. . . in such phenomena as. . . the common preference for a job with tenure and protection” (1954, p. 87). Maslow’s theory proved appealing to scholars of the human relations school and was widely adopted. Most applications of the need hierarchy appearing in the literature, however, have been normative rather than empirical. The most widely used operationalization of the need hierarchy is that of Porter (1961), which accommodates both the need and the experience dimensions. Others have expanded on Porter’s operationalization of job security to include variables such as interference with one’s personal life and obsolescence of skills (Mitchell & Moudgill, 1976).

Another body of literature, reflecting a different approach, involves Herzberg’s two-factor theory (Herzberg, Mausner, & Snyderman, 1959). In contrast to Maslow’s view of security as a motivator, Herzberg considers security an extrinsic hygiene factor (along with such job properties as salary and working conditions). Herzberg also incorporates the dual need-experience dimensions, referring to job security as both a first level factor (an objective aspect of the situation that can be experienced) and a second level factor (the meaning of events for the individual,

with meaning partly determined by needs). He defines job security “to include those features of the job situation which lead to assurance for continued employment, either within the same company or within the same type of work or profession” (Herzberg et al., 1959, p. 41). This definition focuses on continuity of employment as the main core of job security. It also suggests a useful distinction between organizational security and occupational or professional security. Herzberg’s content analysis of interview data showed that job security was the most important extrinsic factor, but his approach has since been discredited (House & Wigdor, 1967; Vroom, 1964).

Borgatta’s (1967) notion of the “play-safe and security complex” was directly inspired by Herzberg. A secure job was defined as something “easy and pleasant to do, that would provide a good life for. . . family, and sufficient comfort and leisure” (Borgatta, Ford, & Bohrnstedt, 1973). Borgatta’s conceptualization contrasts job security with work orientation. His theory is somewhat normative. For example, he claims “it is questionable that the person is operating properly from the point of view of organized society. . . if he deliberately and methodically calculates all his actions to maximize playing safe and being secure” (1967, p. 3).

Super viewed security as “. . . one of the dominant needs and one of the principal reasons for working” (1957, p. 13). He incorporated the construct into his occupational development theory. He observed that the subjective meaning attributed to security varies but the main components of job security are always the same, namely, seniority and a stable company.

Rosenberg (1957) studied the occupational values of college students and concluded that job security is based on a broader economic orientation. His view is consistent with Super’s (1970) work values inventory in which security concerns economic returns. It is also consistent with Herzberg’s two-factor theory.

Blum (1960) continued this line of inquiry, identifying job security as a major factor in occupational choice. He constructed a security scale based on 19 theoretically derived subdomains of job security such as a preference for physical safety, dependence on rules, and adequate job training. This scale was validated against two subscales of the Edwards (1957) personal preference schedule: desire for order and avoidance of change. Blum’s (1975) subsequent findings support Super’s theory in that they demonstrate the relationship between security tendencies and occupational orientations.

Beyond these major lines of inquiry, numerous studies have related job security to different organizational phenomena. These include organizational climate (Boss, Allhiser, & Voorhis, 1979), job enrichment (Fein, 1974), risk taking (Williams, 1965), job satisfaction (Schaffer, 1953), and unionization and politicization of professionals (Greenwald, 1978). The diversity of these studies reflects a body of knowledge that is slowly proliferating rather than systematically building. To achieve orderly progress, the meaning and content of this concept must be clarified.

This paper seeks to clarify the meaning of the job insecurity construct and to specify its content domain. A model of the nature, causes, and consequences of job insecurity is presented. It is based on the results of a program of research in declining organizations and a review of the relevant literature. The model (Figure 1) attempts to reconcile and integrate the diversity in the existing literature. It focuses on job insecurity as an environmental *press*—an experienced characteristic of the individual's work environment. The *need* for security is explicitly included as an individual difference dimension moderating individuals' perceptions of threat and their reactions to it. Although the model is explained as it pertains to a declining organization in which employees may anticipate shrinkage of the work force, it is equally applicable to individual's experience of job insecurity when there is no group-wide threat. This might include a young executive in a selective retention system or a junior faculty member facing a tenure decision.

Individual's Experience of Job Insecurity

What the individual perceives as potential loss of continuity in a job situation can span the range from permanent loss of the job itself to loss of some subjectively important feature of the job. Job insecurity occurs only in the case of involuntary loss. For example, having left a job by choice, an individual might have given up valued job features and might consequently experience a sense of loss. However, this individual would not be powerless to maintain continuity, and therefore would not experience job insecurity as it is presently defined.

Figure 1 shows that subjective threat is derived from objective threat by means of the individual's perceptual processes, which transform environmental

data into information used in thought processes (Thayer, 1967). Employees have three basic sources of data, each of which requires interpretation. The first source is official organizational announcements. These typically are minimal during times of change (Jick & Greenhalgh, 1981) and tend to be viewed by employees as rhetorical rather than factual. They are designed to shape employees' perceptions in a way that serves organizational interests. The second source—unintended organizational clues evident to employees—includes data that are not mediated by power elites. For example, the reduction of a plant maintenance budget may be interpreted as evidence of an impending plant closing. Rumors are the third data source. They abound during times of threat, especially when official messages are scarce. Given the scope of the objective data to which employees might attend, it is not surprising that employees vary widely in their assessment of subjective threat.

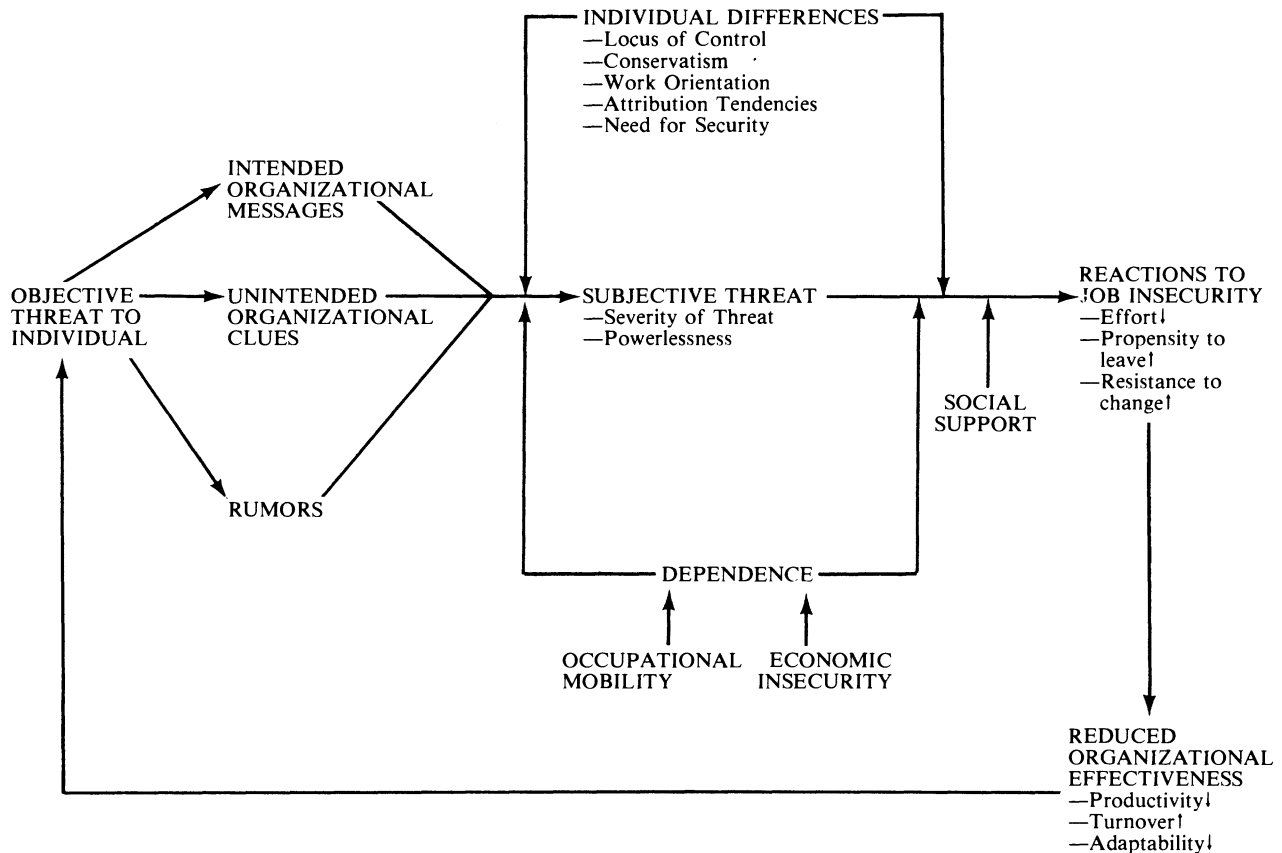
Little research attention has been given to the process of threat perception or to the nature of the threat perceived. Instead, job insecurity usually has been conceptualized and measured as a simple global variable. For example, in the Job Diagnostic Survey (Hackman & Oldham, 1974) respondents are asked, "How satisfied are you with . . . the amount of job security [you] have?" The danger of using only a global measure of a complex variable is that different respondents may use the same response to refer to quite different aspects of the phenomenon. The threats to the scientific and organizational usefulness of data thus obtained are obvious and serious.

A search of the literature and the authors' field research reveal that the subjective threat involved in job insecurity is multifaceted. It cannot be captured by a global variable. The facets can be grouped into two basic dimensions: the severity of the threat to one's job and powerlessness to counteract the threat.

Severity of Threat

The severity of the threat to continuity in a work situation depends on the scope and importance of the potential loss and the subjective probability of the loss occurring. The scope of potential loss is shown in Table 1. Important distinctions to jobholders include: (1) whether the anticipated loss is temporary or permanent; (2) whether the action causing the loss is layoff or firing (these are subjectively different forms of job loss in that they probably involve different patterns of attribution); and (3) whether the

Figure 1
Summary of the Causes, Nature, Effects, and
Organizational Consequences of Job Insecurity



change represents loss of the job itself or loss of job features.

Loss of valued job features is an important but often overlooked aspect of job insecurity. The phenomenon is experienced as a type of job loss inasmuch as it involves losing the job as the affected employee currently knows it. The threat is less severe because organizational membership—and all that such membership means to the individual—is not lost. The job features principally associated with job insecurity are listed in the second subsection of Table 1.

Career progress is perceived to be in jeopardy when the jobholder anticipates that organizational changes will impose new ceilings on intraorganizational mobility. This, in turn, may represent to the jobholder an abrogation of the psychological contract (Schein, 1965) whereby the expected organizational career (Milkovich, Anderson, & Greenhalgh, 1976)

appears suddenly to become limited; or it may represent a frustrating barrier to pursuing a personal career (Martin & Schermerhorn, 1983). An anticipated curtailment of income expectations also may violate the psychological contract. The visualized loss may be an actual pay cut, or it may be a shrinking of expected future raises. Sometimes the employee's focus is on the potential loss of less tangible properties of jobs. An anticipated organizational change could involve a loss of status for the individual, less autonomy, or fewer resources. The severity of the anticipated loss experience would be proportional to the valence of each to the individual. Finally, employees may worry about the loss of community occurring when their work groups are fragmented or traumatized.

The subjective probability of the loss occurring depends on the nature and number of sources of threats to continuity. The principal sources of threat

Table 1
Dimensions of Job Insecurity and Their Inclusion in Reported Studies

				Thompson, 1953	Herzberg et al., 1957	Schafer, 1953	Goldthorpe et al., 1968	Harrison, 1960	Blum, 1960	Mitchell & Moudrill, 1976	Caplan et al., 1975	Borgatta et al., 1968
Severity of threat	Nature of loss	Lose present job	Indefinite job loss Temporary job loss Demotion to another job within organization		x		x					
		Keep present job but lose job features	Career progress Income stream Status/self-esteem Autonomy Resources Community	x	x			x		x	x	x
	Sources of threat	Decline/shrinkage Reorganization Technological change Physical danger		x	x			x		x	x	
Powerlessness		Lack of protection Unclear expectancies Authoritarian environment Dismissal SOPs ^b		x						x		
				x	x			x		x	x	

^aSee also Miskel & Heller (1973).

^bStandard Operating Procedures.

are identified in Table 1. The most important source of threat is organizational decline. Employees usually know when an organization is in decline, that is, when it has become maladapted to its niche (Greenhalgh, 1983). They also know that maladaptation often leads to organizational shrinkage and other adjustments that are likely to affect the continuity of their current job situations.

Similar fears can be evoked by the anticipation of a reorganization. Most employees are familiar with instances (real and fictitious) of the elimination of positions during organization-wide or subunit reorganizations, or with the elimination of job features existing prior to the reorganization. Changes in the organization's technology that are perceived as reducing the demand for the employee's skills also produce subjective threat, especially in the absence of retraining opportunities. The threat usually involves loss of the job itself. Finally, some jobs are dangerous, and the threat of injury jeopardizes the continuity of a job situation. Physical danger is not a concern in all job situations. But if it is of concern, physical danger can be an important aspect of job insecurity and therefore needs to be included in the model.

Powerlessness to Counteract the Threat

The sense of powerlessness is an important element of job insecurity because it exacerbates the experi-

enced threat. Powerlessness can take four basic forms, as noted in Table 1. The first form is lack of protection. Unions, seniority systems, and employment contracts are forms of protection serving to boost the individual's power to resist threats to continuity.

The second factor contributing to a sense of powerlessness is unclear expectancies (Porter & Lawler, 1968). For example, the employee may perceive a threat to continuity but may not know what achieved performance is necessary to maintain status in a job. The perceived lack of an adequate performance appraisal system is often the specific cause of unclear expectancies. The sense of powerlessness arises because the employee does not know what corrective action to take to avert the perceived threat.

The culture of the organization also is likely to influence the employee's sense of powerlessness to maintain desired continuity. An authoritarian culture, for instance, would provide little comfort. The employee's sense of powerlessness would be exacerbated if: (1) the organization had no strong norms of fairness; (2) the employee had no input into decisions and no right of appeal; and (3) superiors were seen as arbitrary in their evaluations and even capricious in their decisions affecting employees.

The fourth factor affecting powerlessness is the employee's beliefs about the organization's standard operating procedures for dismissing employees. In

the case of firing, the absence of policies such as progressive discipline and automatic review of a decision to fire makes the employee feel very much at the mercy of the superior. In the case of work force reductions, many organizations resort to layoff as a standard operating procedure without seriously considering such alternatives as attrition, early retirement, and work sharing (Greenhalgh & McKersie, 1980; Schultz & Weber, 1966). Employees' beliefs are derived from knowledge of actual policies, inference from practice, and observation of events in other organizations.

Operationalizing Job Insecurity

To possess adequate content validity, a measure of job insecurity would have to encompass both the severity of the threat and the employee's sense of powerlessness to avert the anticipated loss. Table 1 summarizes the content domain of the construct and shows that no existing measure even approaches operational adequacy. As a result, the current potential for scientifically conclusive or organizationally useful research is limited.

The two basic dimensions of job insecurity are related multiplicatively, as follows: felt job insecurity = perceived severity of threat \times perceived powerlessness to resist threats. The relationship is multiplicative in the sense that if either of the two factors is insignificant, the degree of experienced job insecurity also is insignificant. In practical terms, this relationship implies that separate scores have to be calculated for each dimension.

Assessment of threat severity ideally would encompass: (1) the range of work situation features that could be in jeopardy; (2) the valence of each such feature; (3) the subjective probability of losing each feature; and (4) the number of sources of threat. Assessment of powerlessness would encompass the number of areas in which the respondent experienced a power deficit.

The ideal operationalization suggested by the model would not be as simple as researchers might prefer. But its content validity would be adequate, which is not true of currently available operational definitions. The construct and face validity of such a measure also would be high. This is because the operationalization would correspond closely to the job security concerns expressed in interviews with workers. Existing measures are suspect particularly because they solicit summary judgments using a com-

plex construct, as noted earlier. Two employees reporting their jobs to be insecure may visualize vastly different contingencies.

Reactions to Job Insecurity

Job insecurity has not been extensively researched as an independent variable. Nevertheless, even with the use of fairly crude job insecurity scales, relationships have been documented between job insecurity and reduced work effort, propensity to leave, and resistance to change. Table 2 summarizes these findings. The findings involving propensity to leave and resistance to change are consistent across studies. But the investigations involving work effort have shown mixed results (Greenhalgh, 1983). Further research is needed to identify the conditions under which work effort is reduced as a result of felt job insecurity.

These empirical findings are both interesting and important. The negative correlation found in some studies between job insecurity and work effort is interesting because it contradicts expectations. First, there is a widely held assumption that security and complacency are related. Second, it would be rational for employees who feel insecure to exert more effort in order to become more valuable to the organization and thereby reduce their objective job insecurity. The positive correlation between job insecurity and resistance to change also is of interest because it, too, appears to contradict rational behavior. Specifically, one would expect insecure employees to welcome adaptive change because it should make their jobs more secure by counteracting organizational decline (Greenhalgh, 1983). The positive correlation between job insecurity and propensity to leave is not unexpected. It would be rational for employees worried about continuity of employment to seek more-secure career opportunities. However, this relationship is important because exits are not randomly distributed across employees. Rather, the most valuable employees tend to be the first to leave (Greenhalgh & Jick, 1979).

Such predispositions have behavioral manifestations. These in turn have organizational consequences in the form of impaired productivity, increased turnover, and barriers to adaptation. All of these reduce organizational effectiveness. This phenomenon is shown as a positive feedback loop in Figure 1: reduced organizational effectiveness increases objective job insecurity.

Three investigators have conducted empirical research that helps explain the mechanism underlying

Table 2
Reactions to Job Insecurity
Reported in the Literature

<i>Type of Reaction to Job Insecurity</i>	<i>Study</i>
Effort	Beynon, 1973 Greenhalgh, 1979; 1982 Guest & Fatchett, 1974 Hackman & Lawler, 1971 ^a Hall & Mansfield, 1971 ^b Hershey, 1972 ^c Roethlisberger & Dickson, 1946
Propensity to leave	Gow, Clark, & Dossett, 1974 Greenhalgh, 1979; 1982 Jick, 1979 Ronan, 1967 Smith & Kerr, 1953 Stogdill, 1965
Resistance to Change	Fox & Staw, 1979 Greenhalgh, 1979 Rothman, Schwartzbaum, & McGrath, 1971

^aDid not reach significance.

^bNo relationship found.

^cNo relationship found, but study flawed; see Greenhalgh (1983).

reactions to job security. The three go beyond noting the association of anxiety with nonrational behavior and focus on psychological withdrawal reactions to loss. Katcher (1978) found similar reactions to leaving a job, divorce, termination from psychotherapy, and terminal illness. His study did not differentiate voluntary and involuntary job leavers. Strange (1977) studied involuntary job loss resulting from a plant shutdown in a company town and reported that reactions to job loss were similar to reactions to death and dismemberment. Greenhalgh (1979) studied workers who had kept their jobs in a declining and shrinking organization in which others had been laid off. The anticipation of job loss produced the same reaction as an anticipated death. Workers begin the grieving process in anticipation of the loss and psychologically withdraw from the to-be-lost object, in this case the job.

The unconscious tendencies of anticipatory grieving may operate in conjunction with—or instead of—conscious rational tendencies that might explain the same behavior. The March and Simon (1958) framework, for instance, would categorize job insecurity as a reduced organizational inducement. Under their schema decreased effort and increased resistance to change would be categorized as reduced employee contributions. Increased propensity to

leave would be considered reduced motivation to participate. However, the grief reaction has been shown to be a better predictor than the rational model (Greenhalgh, 1979).

Moderator Variables

Individual Differences

It is likely that individual differences moderate the relationship between experienced job insecurity and individuals' reactions to it. Specifically, people with personality characteristics that give them an aversion to job insecurity would react more strongly to encountering it. Five personality traits are hypothesized to be moderators.

First, job insecurity is defined in terms of powerlessness. Powerlessness is likely to bother individuals whose locus of control (Rotter, 1966) is internal rather than external. Second, the referent of powerlessness is the maintenance of situational continuity. Conservative individuals are more likely to be averse to loss of continuity than are their less conservative counterparts. Third, the referent of continuity is the work situation. Individuals differ in the importance they attribute to their work situations. It is logical to hypothesize that job insecurity would evoke stronger reactions in individuals for whom the work situation is more important. The differential importance could arise from work values. For some individuals work ranks high among their central life interests (Dubin & Champoux, 1977); for others work does not. Fourth, individuals differ in their attribution tendencies. Those who tend to blame themselves for their perceived vulnerability to organizational career discontinuity are hypothesized to have stronger reactions than are those who tend to place the blame external to themselves. The fifth personality dimension is the most obvious. Some individuals have a high need for security (Blum, 1960; Murray, 1938) and therefore would be the most averse to any form of impaired security.

The discussion thus far has focused on the obvious moderating effect of individual differences whereby insecurity-averse individuals have the stronger reactions to perceived threats (Bhagat, 1983). The less obvious moderating effect is in the arousal of perceptual defenses. Insecurity-averse individuals are the more likely to block out threatening objective data (see Figure 1). The dual moderating effects tend to be mutually exclusive. If insecurity aversion leads to

perceptual defense, there will be little perceived threat to which to react. If insecurity aversion leads to stronger reactions, threat must have been perceived. A theory of job insecurity needs to specify when one moderating effect is likely to predominate over the other. It is hypothesized that the greater the equivocality in the objective threat data, the greater the tendency to favor perceptual defense.

No studies were located in the literature investigating these hypotheses *per se*. However, one study conducted in a declining and shrinking organization shows the dual effects of individual differences. Greenhalgh and Jick (1983) studied individuals' experiences of and reactions to role ambiguity and ambiguity concerning the organization's future. There was objective ambiguity in both because the organization was declining and the process of retrenchment had caused widespread role upheaval. Individual differences in tolerance for ambiguity were measured. The aversion to ambiguity did produce stronger reactions to perceived ambiguity. It also apparently aroused perceptual defenses whereby ambiguity-averse individuals proved to be less likely to perceive objective ambiguity.

Dependence

The experience and impact of job insecurity should similarly be moderated by demographic characteristics, particularly individuals' dependencies on their current jobs. Dependence in this context is a function of occupational mobility and economic insecurity. Individuals who have an occupation offering mobility are less concerned with the stability of a particular job than are employees who have fewer alternatives. Economic insecurity is the inability to meet living expenses without the income from the current job. Operationally, dependence arises when: (1) individuals' skills are in low demand in the labor market (for example, because of changing technology or high relative supply); (2) the current job yields a high proportion of the family income; (3) individuals face high fixed obligations; and (4) supplementary sources of income—such as unemployment compensation, continued health insurance, and pension benefits—are unavailable or uncertain. Individuals who are highly dependent on their current jobs are more likely to engage in defensive sensemaking and to react more strongly to perceived threat.

Social Support

Social support also is hypothesized as a moderator variable. It is likely to affect only individuals' reactions to perceived threat. Considerable evidence of the moderating effect of social support in coping with adversity is reported (Beehr, 1976; Blau, 1981; LaRocco, House, & French, 1980; Seers, McGee, Serey, & Graen, 1983). Specifically, social support somehow increases the individual's ability to cope with stressful organizational situations by buffering the individual's life outside the organization.

A Research Agenda

Because of recent environmental events, U.S. workers are and will continue to be less complacent about job security. The nature, effects, and moderators of job insecurity are not well understood. But the consequences of job security for organizations are known to be considerable. Thus it is time to embark on a systematic investigation of the phenomenon. The investigation, in its exploratory phase, should be guided by the model summarized in Figure 1. Five components should receive high priority.

Development of a Job Insecurity Scale

A comprehensive instrument needs to be developed that spans the domain of the construct. This instrument would have to encompass the dimensions listed in Table 1 to have adequate content validity. Less comprehensive measures during the exploratory stage of research might miss important aspects of job insecurity.

Mapping of the Causes

Little is understood about the linkage between job insecurity and subjectively experienced job insecurity. In essence, this linkage involves perceptual processes that could be addressed from the perspective of communication theory (Thayer, 1967) or of classical social psychology. The perceptual processes are complicated by the effects of grieving on information processing (for example, denial) that attend the loss of any important object. The perceptual processes also are complicated by differential attention given to official organizational messages, evidence not deliberately communicated to organizational members, and rumors. Finally, they are complicated by individual differences in tolerance for security-threatening data.

Identification of the Reactions

Table 2 shows that very little research has been undertaken to identify relationships between job insecurity and individual reactions. Development of an adequate job insecurity scale obviously will foster such research. Much of this research will have to be conducted in organizations in which there is high objective threat of job loss. These organizations tend to be reluctant to grant research access, but they must be studied to ensure adequate variance in objective job insecurity.

Investigation of Individual Differences

The five individual difference variables included in Figure 1 are obvious first targets for investigation. Other organizationally important personality traits, such as cognitive abilities and need for achievement, also are worth investigating. The same individual difference variable can have a moderating effect at

more than one point in the causal chain. Thus, complex statistical analysis such as multiple moderator regression may be necessary to identify the nature of moderating effects with accuracy.

Understanding the Positive Feedback Loop

Individual reactions have consequences for organizational effectiveness. Reduced organizational effectiveness further increases the objective threat of job loss. This, in turn, tends to increase job insecurity. This relationship (see Figure 1) is only one of several positive feedback loops accelerating organizational decline (Greenhalgh, 1983). It is essential that organizational researchers and managers understand feedback relationships. This is because intervention to arrest the decline of an organization requires cutting these feedback loops. In most organizations the positive feedback loop involving job insecurity and workers' reactions to it is the most important one.

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Leonard Greenhalgh is Associate Professor of Business Administration in the Amos Tuck School of Business Administration, Dartmouth College.

Zehava Rosenblatt was a Research Associate in the New York State School of Industrial and Labor Relations, Cornell University.