

Loss Of Job Security And Its Impact On Employee Performance – A Study In Sultanate Of Oman

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Abstract

Every employee looks for a modicum of security and safety of his or her employment and this has been widely recognized as one of the key factors impacting employee commitment and performance. Loss of job security leads to several other issues such as low motivation, low commitment and in some cases, even depression and other physical ailments. Globalization and its accompanying elements have led to a reduction in job security all over the world, and lifelong employment is largely restricted only to the public sector. Due to increasing cost cutting and trimming by organizations to become leaner and fitter, jobs become the first casualty. These conditions are magnified in the case of employees who are temporarily employed on time bound contracts. Expatriates are also subject to severe problems on this account.

The present study is an attempt to study the factors impact of the loss of job security on employee performance and employee satisfaction. It also analyzes the relation between the labor market status of employees and their concern about loss of job security. T- tests have been used to test the relation between these variables. The study concluded that there is a significant effect of job security on employee performance and satisfaction. It is one of the few studies to be conducted in this field in the Sultanate of Oman.

Keywords: Employee satisfaction, employee performance, job satisfaction, Sultanate of Oman

1- INTRODUCTION

Most companies around the world seek to develop and raise their productivity and performance. Many studies indicate that the employees are the most important element or factor in the company who have a direct effect on the company performance. Researchers have attempted to examine the relationship between employee performance and the growth of company performance. They consider that the employee is the key to the success of the company. We find that most companies seek to exploit the productivity of this working class in the pursuit of profit and productivity. Many companies' managers provide the right climate for

their employees to raise their performance but there are others who just seek to exploit their professional abilities for own benefits.

In recent times, many researchers have sought to find the most important reasons for the success of employees in different fields. Most of them stressed the need to provide job security for the workplace, where most of their research results reflected that there is a direct relationship between job security and productivity of employees. In his research, (Fayez, 2015) considered that job security is part of social security and that it cannot be bypassed.

Job security is one of the most important

keys of success and development of business in any company. Most of the successful and enterprises with high productivity and performance have been shown to be seeking to provide job security for their employees. The decline of job security has a reflection on the performance and the productivity of companies and it have also an effect on the extent of success even if the employees have high competencies and specialized in the field of work.

The goal of job security is to increase the level of reassurance of the employee on his future career and ending all forms of worry for the future.

An American study showed that concern about loss of job has negative effects on the health of the employee in the form of high blood pressure. This study also showed that stress resulting from loss of job security can cause diseases that may shorten life. The employee, in the event loss of job security, despite to his competence and capability on his job requirements, will not have the ability to achieve productivity in his work commensurate with his abilities. From this concept, job security is represented as the right environment for the productivity of all jobs abilities.

There are many workers and employees in the Sultanate of Oman from different nationalities like Arabs, Indians, Pakistanis and Bangladeshis and also from Europe and other parts of the world. Oman is largely dependent on foreign labour, especially in technical and highly skilled jobs. Many workers operate under the sponsorship system, where the ratio of job security among foreigners is very weak since it is related to the project itself or its relationship with the sponsor. When a sponsor is a private institution, the job security ratio is relatively low. But foreigners who work as investors have a high job security ratio because they are not related to a sponsor who controls their business.

The Global Workforce Study (2014)

On the top drivers of employee attraction and retention shows that of 27 options, job security was the second most frequently selected attraction driver and the fourth most frequently selected retention driver. Job security has been a key element of attraction and retention since the 2008 financial crisis, if not before. The study found that desire for job security is not limited to older employees or those with less promising job prospects. Job security is a top driver of attraction and retention for top-performing and high-potential men and women of all ages, and in a wide variety of industries and roles, such as engineering, production, research and development, sales, technology, financial services and pharmaceuticals

A survey conducted by the National Center for Statistics and Information in the Sultanate of Oman showed that the percentage of job security among youth working in the private sector is 24% while it goes up to 67% in the government sector. The study showed that the rate of feeling of job security in the Sultanate of Oman varies according to the sector (government sector or private sector) in which the employee works and according to the qualifications and experiences (Alkhaleejonline, 2015).

This research, as theoretical framework, will work to study the relationship between job security and employees' performance and to examine the dimensions of the job security. As for the practical aspect, this research work attempts to study the impact of the loss of the job security in different governmental and private Omani companies in Salalah, Sultanate of Oman. In this work, the researchers focus on the different dimensions of the job security and their impact on the employee's performance in Salalah.

2- LITERATURE REVIEW

Job Security

Job security has been defined and presented in many different ways by researchers and practitioners. The term is

understood as the state of knowing that one's job is secure and that one is unlikely to be dismissed or made redundant. According to Borland (1999), job security is defined as a freedom from fear of losing a job. According to Simon Stapleton (2009), job security is defined as an employee's assurance or confidence that they will keep their current job. According to businessdictionary.com, job security is the assurance (or lack of it) that an employee has about the continuity of gainful employment for his or her work life.

Ralph Heibutzki (2013) indicated in his research that the importance of Job security touches upon the following aspects:

- Career Stability,
- Improved Motivation,
- Looks Better on Your Resume,
- Considerations.

A study of the European Union indicates that the job security has an efficient effect on the job satisfaction and productivity for both genders for all seven EU countries considered (Nikolaou, Theodossiou and Vasileiou, 2002).

According to Arabi, job security is the feeling of having a proper job and the assurance of its continuance in future as well as the absence of threatening factors. If individual A feels that he/she will continue his/her job until the end of his/her service and will not be threatened by individual B to play his/her proper job roles and tasks, such person enjoys job security (Arabi, 2000). According to DeWitte (2005), "most authors also agree on a number of additional aspects. First of all, job insecurity is a subjective perception. The same objective situation (e.g. a decline in company orders) may be interpreted in various ways by different workers. It may provoke feelings of insecurity for some, whereas their job continuity is ('objectively speaking') not at stake. Others, on the contrary, may feel particularly secure about their jobs, even though they will be dismissed soon

afterwards. Subsequently, what typifies this subjective conceptualization of job insecurity is that it concerns insecurity about the future: Insecure employees are uncertain about whether they will retain or lose their current job. They are 'groping in the dark' as far as their future within the organization or company is concerned". Employees who feel uncertain cannot adequately prepare themselves for the future, since it is unclear to them whether actions should be undertaken or not."

Quite a number of factors such as employment contract, collective bargaining agreement, labor legislation and personal factors such as education, work experience, job functional area, work industry, work location, etc., play an important role in determining the need for an individual's services and impacts their personal job security. Generally, certain type of jobs and industry jobs has been perceived to have high job security. For instance, government jobs, educational jobs, healthcare jobs and law enforcement jobs are deemed to be very secure while on the other hand, jobs in the private sector are widely perceived to offer lower job security which may also be according to industry, location, occupation and other factors (Adebayo and Lucky, 2012). A recent survey conducted by KPMG (2010) on job security found that more than 75% of participants considered job security their top priority when searching for a job as a result of the uncertain economic environment. While the result also showed that 67% of the participants were likely to work in a public or non-profit organization than a corporate business due to the recession.

Additionally, there are some demographics factors which may impact on job security. Considering different age brackets; people in the age of 40s are considered to raise children hence experience more job insecurity than of those who have no such responsibility. Similarly high job

insecurity is experienced by old age employees (De Witte, et al., 2003). Gender may play an important role in creating job insecurity. It is evident from studies that men face more job insecurity than women (Kinnunen, et al., 1999). However, it is also discussed that a woman having responsibility of earning bread may encounter same insecurity as of man (De Witte, 1999). Socioeconomic status has an impact on job security. It is revealed that people having low status are more threatened about loss of job and feel greater insecurity. It is often due to the fact that low status people have low education therefore they try to stick with the present job and fear of unemployment creates high level of insecurity (Sverke, et al., 2006). Employment contracts are also influencing upon job insecurity. Full time employees have comparatively less level of job insecurity than temporary employees (Barling, et al., 1996).

Employee Performance

Employee performance is a key metric which affects the overall performance of the organization. Performance of employees is in turn affected by several variables like employee satisfaction, working environment, compensation and benefits, career advancement etc. According to Gabriel Rodriguez (2017), the principal factors of the performance of employee are as follows:

- Productivity,
- Retention,
- Customer Service,
- Improving performance
- Large business

Businessdictionary.com defines employee performance as “the job related activities expected of a worker and how well those activities were executed.”

The performance of employee will also get affected to the extent of feeling job insecurity. Literature shows that there is an association between job insecurity and self-related performance (Rosenblatt, et al., 1999). Moreover, studies also reveals that employees having fear of job

insecurity perform more to become valuable in order to confirm their stay with organization (Sverke, et al., 2001). Other studies shows negative relation of job insecurity with well-being of employees, their attitudes, job involvement and trust over management (Sverke, et al., 2002).

Wang, Lu, & Siu, (2015) examined the relationship between job insecurity and performance and found that increased feelings of job insecurity corresponded with low levels of job performance. However, this was not the case for employees in organizations with high levels of organizational justice. Organizational justice has to do with the policies and procedures put in place to make employees feel as though they are treated fairly. The findings however were not as straightforward as increased feelings of job insecurity resulting in decreased performance. Increased feelings of job insecurity first led to fewer work-related positive feelings, which is a crucial component of work engagement. Only then did these feelings harmfully impact actual job performance. It is only when job insecurity is present and these positive feelings are reduced in some way that performance will inevitably suffer.

3- HYPOTHESES

On the basis of the literature review, the following hypotheses have been formulated:

H₁: There is no significant correlation between job security and employee satisfaction.

H₂: There is no significant correlation between job security and employee performance.

H₃: There is no significant correlation between the status of the labour market and concern about job loss.

4- RESEARCH METHODOLOGY

The study used a cross-sectional survey methodology to investigate loss of job security and its impact on employees 'performance. This study uses descriptive research design which provides a quantitative description on a population

from Salalah, Oman. The research study employed a structured questionnaire as the data collection tool. The questionnaire had a total of 21 items. The distributed questionnaire consists of the two follow parts:

Part1: Personal information like gender, age, education level, occupation and labor market status,

Part2: Questionnaire statements : 15 likert scale statements, one multiple choice question and one open question

This study used a stratified sampling

method where gender, age, level of education, occupation and labor market status for the selected population is divided into categories or strata. Simple random sampling was used and the questionnaire was sent to 120 employees in various organizations, out of whom only 100 responded.

The demographic information showed that 60% of the respondents were male and most of them had a Bachelor degree. As many as 82% of the respondents were managers and 58% had permanent jobs.

➤ **Summary of background information statistics**

Part 1 : Background Information		Frequency	Percentage
Gender	Male	60	60%
	Female	40	40%
Age	20-30	32	32%
	31-40	46	46%
	More than 40	22	22%
Level of Education	Diploma	30	30%
	Bachelor	38	38%
	Master	24	24%
	Other	8	8%
Occupation	Manager	82	18%
	Employee	18	82%
Labor market status	Permanent job	58	58%
	Temporary job	42	42%

Table. 1. Summary of demographic information of respondents

The data was tested for reliability using Cronbach Alpha test and the results are as follows:

Reliability Statistics

Cronbach's Alpha	N of Items
.818	21

Table 2. Reliability statistics test survey

The table above shows that the value of Cronbach's alpha is **0.818 (82%)**, which indicates an high level of internal consistency for the scale with the selected sample.

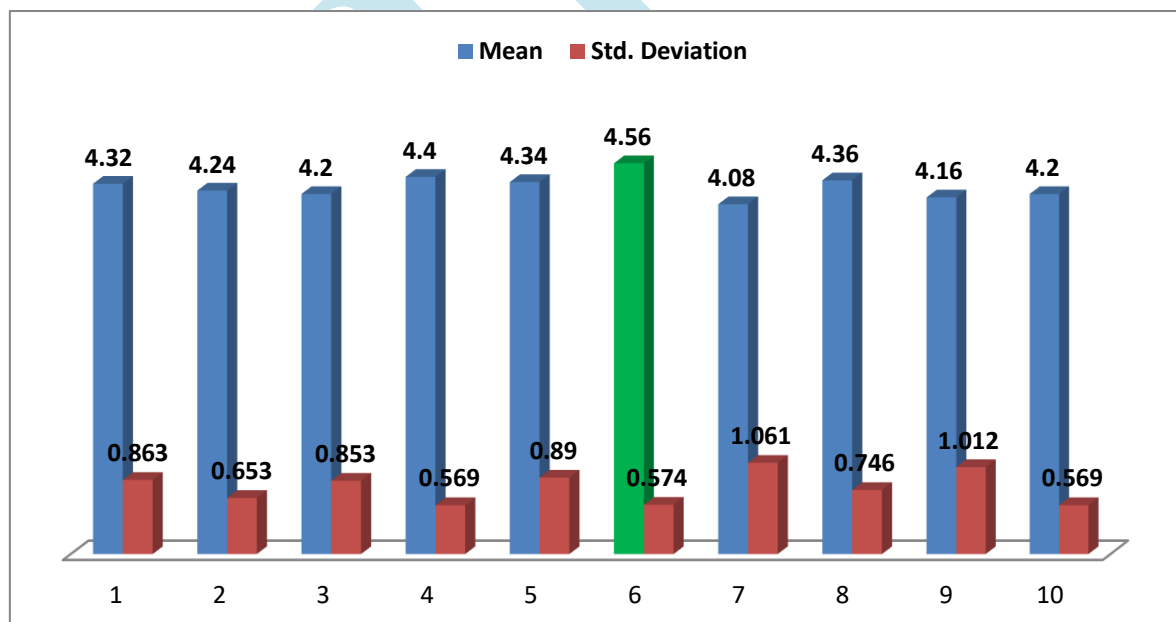
Testing of Hypotheses

To measure the impact of loss of job security on performance, the central tendencies were analyzed and subsequently a t-test was conducted to check the validity of the hypotheses.

H₁: There is no significant correlation between Job security and employee satisfaction.

One-Sample Statistics		Place	Mean	Std. Deviation	Std. Error Mean
1	Are you satisfied with your present job?	5	4.32	.863	.086
2	Are you satisfied with the work environment in your organization?	6	4.24	.653	.065
3	Do you share a good relationship with your colleagues?	8	4.20	.853	.085
4	Are you satisfied with your present salary?	2	4.40	.569	.057
5	Do you feel that work is stressful?	4	4.34	.890	.089
6	Is there a sense of security in your job?	1	4.56	.574	.057
7	Do employees and leaders respect the policies of job security in workplace?	10	4.08	1.061	.106
8	Do you feel secure in your job?	3	4.36	.746	.075
9	Did you ever fear for your present job?	9	4.16	1.012	.101
10	Are you satisfied with your present promotion?	7	4.20	.569	.057

Table. 3. Test of acceptability of the first hypothesis



Graph 1. Variation of Means and Std. Deviation of the statements of the first Hypothesis.

Using the One-sample statistics, outputs show that the arithmetic mean of each statements in this hypothesis is greater than 3 (neutral response “Neutral”).

Question (6) ranked in the first place according to the Mean value (4.56), which states that there is a sense of security in the job. Question (4) was ranked by second place with mean (4.40) and with a standard deviation (0.569). The third place was for the question (8) with

mean(4.36) and standard deviation (0.746). The fourth place was for the question (5) with mean (4.34) and standard deviation (0.890). Question (1) was ranked by fifth place with mean (4.32) and with a standard deviation (0.863). The sixth place was for the question (2) with mean (4.24) and standard deviation (0.653). Question (10) was ranked by seventh place with mean (4.20) and with a standard deviation (0.569). The eighth place was for the question (3) with mean (4.2) and standard deviation (0.853). Question (9) was ranked by ninth place with mean (4.16) and with a standard deviation (1.012). The last place was for the question (7) with mean (4.08) and standard deviation (1.061).

One-Sample Test						
	Test Value = 3					
Hypothesis	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
There is a significant correlation between Job security and employee satisfaction	24.884	99	.023	1.28600	1.1835	1.3885

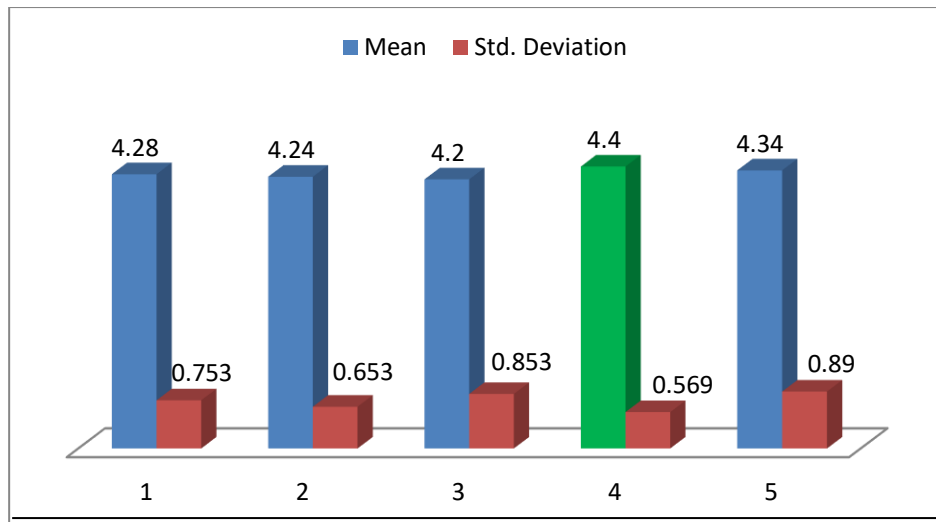
Table 4. The outcome of the One-sample T Test of the First hypothesis

The table above shows that the p-value (0.023) is less than 0.05 which is the level of significance, so the null hypothesis is **rejected** the alternative hypothesis which states that there is a significant correlation between Job security and employee satisfaction is accepted. The t – value is 24.884 which also indicate that null hypothesis should be rejected.

H₂: There is no significant correlation between job security and employee performance.

One-Sample Statistics		Place	Mean	Std. Deviation	Std. Error Mean
1	Is there cooperation and teamwork between managers and subordinates in your job?	3	4.28	.753	.075
2	Do you think that the job security improve employee performance?	4	4.24	.653	.065
3	Do you think that the job security improve employee productivity?	5	4.20	.853	.085
4	Do you think that the job security improve organizational performance?	1	4.40	.569	.057
5	Do you enjoy what you do at your job?	2	4.34	.890	.089

Table 5. Test of acceptability of the second Hypothesis.



Graph 2. Variation of Means and Std. Deviation of the statements of the second Hypothesis.

Using the One-sample statistics, outputs show that the arithmetic mean of each statements in this hypothesis is greater than 3 (neutral response “Neutral”). Question (4) ranked in the first place with a Mean value of (4.40), which states that the job security improve organizational performance. Question (5) was ranked in second place with mean (4.34) and with a standard deviation (0.890). The third place was for the question (1) with mean (4.28) and standard deviation (0.753). The fourth place was for the question (2) with mean (4.24) and standard deviation (0.653). Question (3) was ranked by last place with mean (4.20) and with a standard deviation (0.853).

One-Sample Test						
	Test Value = 3					
Hypothesis	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
There is a significant correlation between job security and employee performance	33.288	99	.012	1.29200	1.2150	1.3690

Table 6. The outcome of the One-sample T Test of the Second hypothesis

The table above shows that the p-value (0.012) is less than 0.05 which is the level of significance, so the null hypothesis is rejected and the alternative hypothesis which states that there is a significant correlation between job security and employee performance is accepted. The t – value is 33.288 which also indicate that the null hypothesis should be rejected.

Correlation between Labor Market Status and Concern about Job Loss

Correlations			
		Labour market status	Concern about job loss
Labour market status	Pearson Correlation	1	.683**
	Sig. (2-tailed)		.000
	N	100	100
Concern about job loss	Pearson Correlation	.683**	1
	Sig. (2-tailed)	.000	
	N	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

Table7. Outcomes of the Pearson correlation

The table above shows that the p-value (0.000) is less than level of significance at 0.01 levels and the correlation co-efficient is .683. This shows that there is a significant correlation between labor market status and the concerns about loss of job during next 12 months. Employees having part time jobs are much more insecure about their jobs and have a high level of concern about losing their jobs in the near future.

5- DISCUSSION

The findings of the study show that the job security dimensions contribute significantly on the levels of the employee performance and satisfaction. The findings show also that the type of labor market status for respondents (type of job held) also has an impact on the feeling of security in the workplace. Permanent employees were more secure about their job status as compared to temporary employees. The study included respondents of different nationalities working in private and government sector organizations in Sultanate of Oman. This is perhaps the first study of its kind conducted on both Omanis and expatriates together. The findings of the study are in line with the results of similar studies conducted in other countries.

Job security is a big issue facing employees in Oman, especially after the adverse impact on the nation's economy due to the fall in oil prices. Both private as well as government hirings have significantly reduced and job losses have been reported from the private sector. This has added to the feelings of job insecurity, especially amongst the expatriate workers. In the long run, this feeling of insecurity, coupled with a sense of lack of organizational justice can lead to significant decline in the levels of satisfaction and subsequently in levels employee performance. This will be in line with the findings of DeWitte (2003).

In such a scenario, managers and employers must go the extra mile let employees feel secure in the workplace to help them to perfectly achieve the goals of their companies. Transparent communication channels have to be built so that the true picture is always conveyed to the employees. Training and reskilling of employees will go a long way in boosting their confidence and preparing them for a new job, if required. Personal touch is required in the form of one – to – one as well as group discussions, to motivate the employees and allay their insecurity. It has been found that there is a

lot of concern regarding a possible job loss amongst temporary employees, which indicates deep seated job insecurity. This has to be addressed in organizations where such employees are in large numbers.

6- LIMITATIONS OF THE STUDY

The study suffers from some of the usual limitations of time and resources. This study was conducted in the city of Salalah and can be done all over Oman and also in other countries of the Middle East. Sector and job specific studies can also be conducted. Employee performance and satisfaction is also impacted by several other variables, and their relationship with and impact on job security can be further investigated by researchers. Practical implications of the study have to be communicated to industry and managers so that they can understand the phenomenon of job security and the consequences of the lack of job security in a better manner.

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