EFFECT OF JOB INSECURITY ON JOB PERFORMANCE: LOOKING THROUGH THE LENS OF SUBJECTIVE WELL-BEING

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Abstract

Business competition, rapid technological changes, and government reforms or deregulations around the globe have put companies in difficult situations resulting in the risk of job insecurity, which deteriorates the well-being of the employees, leading to decreased job performance. This research extends the knowledge of the link between job insecurity and job performance by exploring the potential mediating mechanism of Subjective well-being in the food and beverage industry. Data from 357 employees of the food and beverages industry from two districts in Pakistan were collected through a pretested questionnaire. Structural equation modeling (SEM) was used to test the hypotheses using SmartPLS software. Reliability and validity checks were applied to assess the measurements and structural models. The findings reveal that job insecurity has a negative impact on job performance, whereas subjective well-being has a significantly positive influence on job performance. Furthermore, subjective well-being mediates the negative relationship between job insecurity and job performance. Multi-industry analysis can give more-robust and -generalizable results. In addition to subjective well-being, other mediators and moderators can be added for this relationship. Managers can improve their team performance by reducing on-the-job insecurity and improving the working condition and personal care of employees.

Keywords: job insecurity, subjective well-being, job performance; smartPLS, food and beverages industry

1 INTRODUCTION

In addition to pandemic situations such as Covid-19, business competition, rapid technological changes, and government reforms or deregulation around the globe have put companies in difficult situations in adopting numerous strategies such as downsizing, acquisitions, outsourcing, and mergers (Minnotte & Varud, 2020). One of the most evident outcomes of these situations is the risk of job insecurity (JI) or unemployment. Considerable job loss has amplified the feelings and perceptions of employment insecurity, which aggravates the uncertainty among workforce at global level. Job insecurity is deemed to be a robust hindrance stressor that is linked to a range of damaging impacts in both the short term and the long term (Richter & Naswal, 2018). Job insecurity is expressed as an em-
employee’s concern about the continuity of existing employment in the future (Shin et al., 2019), and is linked closely with a wide range of workplace outcomes, such as anxiety, decreased performance, turnover intention, and emotional exhaustion (Chirumbolo et al., 2020). The consequences of this critical stressor cause detrimental effects on employees’ mental and physical health and on their well-being (Cheng & Chan, 2008; Sverke et al., 2002).

An increasing number of studies are addressing the domain of employee well-being (Diener et al., 2018; Saeed et al., 2021). It is an established fact that a satisfied and happy workforce is more productive and effective for organizations (Warr & Nielsen, 2018). It also is acknowledged that the well-being of individuals contributes to sustainable organizational goals and contributes toward economic growth and enduring social justice. In contrast, at the individual level, the perception of insecure employment affects both an employee’s physical well-being and subjective well-being (SWB). Similarly, at the organizational level, job insecurity negatively impacts employee work behaviors (Darvishmotevali & Ali, 2020; Nella et al., 2015; Saeed et al., 2021; Jiang & Lavaysse, 2018). Moreover, research also has indicated adverse consequences of job insecurity to job satisfaction and employee well-being (Cheng & Chan 2008; Sverke et al., 2002).

Although a wide range of research has validated the negative association among job insecurity and a number of employee attitudes and organization-level consequences (Darvishmotevali et al., 2017; Jung et al., 2021; Sender et al., 2017; Shin et al., 2019), very little is known about the mechanism by which job insecurity influences performance through subjective well-being (Hu et al., 2018). Recent research (Darvishmotevali & Ali, 2020; Richter & Näswall, 2018; Salgado et al., 2019) pointed out that the mediating role of subjective well-being connecting job insecurity to employee job performance (JP) has been less investigated, and suggested that this relationship needs to be investigated further. Because most investigation of job insecurity is conducted in a Western environment (Wang et al., 2014), this relationship has not been investigated in Pakistan (Saif et al., 2020).

Job insecurity is a global matter, including in Pakistan. In Pakistan, most people are unemployed, and those who are employed are encountering tough competition and remain in the fear of losing their jobs under uncertain conditions (Saeed et al., 2021). Empirical evidence has recognized job insecurity as a commonly experienced phenomenon in the private sector of Pakistan (Saeed et al., 2021; Qureshi & Khan, 2016). For example, Awan and Salam (2014) found that private college teachers’ performance is negatively related to job insecurity, whereas Saeed et al.’s (2021) findings in the pharmaceutical sector indicated that job insecurity negatively impacts well-being, organizational communication, and employee involvement, whereas perceived employability reduces job insecurity.

Building on the job demands-resources (JD-R) model, this research investigated how job insecurity impacts employee job performance via reducing their subjective well-being in the food and beverage industry in Pakistan. The food industry traditionally hires a substantial number of less-skilled employees, who feel more insecure during downsizing and other uncertainty in the market (Wang et al., 2011; Zopist & Orphanides, 2009), thus making this industry a good choice to investigate this relationship.

The study contributes to the body of knowledge of job insecurity, subjective well-being, and job performance in three ways. Firstly, it presents evidence to further the understanding of the process regarding the negative impact of job insecurity on employees’ job performance by reducing their subjective well-being, which is critical for both employees and organizations. Secondly, the context of the study, i.e., the country dynamics and the industry (food and beverages) peculiarities, enrich the existing literature. Thirdly, very few studies have used transactional stress theory to investigate the mediating role of SWB by connecting job insecurity with job performance. Lastly, managers can apply the recommendations to achieve greater performance in times of uncertainty, and also can understand how to take care of the subjective well-being of the employees to keep them psychologically relaxed and satisfied.

The remainder of this paper includes the literature review providing theoretical background and hypotheses development; research methodology;
data cleansing and analysis, including assessment of common method variance, measurement model assessment, and structural model assessment; and hypothesis results of both direct and mediating effects. The last section concludes the results with discussion of findings, implications of the study, and limitations and future research guidelines.

2 LITERATURE REVIEW

2.1 Theoretical Background and Hypothesis Development

Job insecurity describes the subjective perception of an employee regarding losing their employment as a consequence of economic downturns or any changes in organizational structure (Ashford et al., 1989; Cheung et al., 2019; De Witte, 2005; Schumacher et al., 2016). In an uncertain situation concerning job continuity, individuals may experience psychological strain along with perceived uncertainty about the future of their jobs (Burgard et al., 2007; Burgard et al., 2012; Cheung et al., 2019). Prior research in the domain of JI adopted the latent deprivation model (Jahoda, 1982), job demands-resources model (Demerouti et al., 2001), and conservation of resources theory (Hobfoll et al., 1990) as guiding mechanisms to identify how JI impacts individual well-being and other organizational and behavioral outcomes.

To study how perceived JI influences job outcomes, we adopted the JD-R model (Demerouti et al., 2001) as a framework to investigate how JI influences work outcome or performance through subjective well-being composed of employee’s satisfaction with their life and work. Here, JI is characterized as a kind of work demand that fuels work strain, which in turn causes negative impacts on an organization in terms of decreased performance and job dissatisfaction (Shin & Hur, 2021). Consistent with JR-D theory, JI is assumed to fuel a health-diminishing process within which the cognitive and physiological resources of workers are depleted (Pap et al., 2020). In addition, job resources emphasize social, structural, and physiological factors of the work (Xia, 2021). The JD-R model depicts the dynamic interaction among different job demands in addition to personal resources that impacts employee well-being and performance as a result of those interactions (Bakker & Demerouti 2007; Kwon & Kim 2020).

In the workplace, employees encounter different situations such as daily stress, consistent uncertainty about job loss, and job ambiguity, which hampers performance. These factors increase anxiety, which is a key indicator of lower subjective well-being (Cheung et al., 2019; Darvishmotevali et al., 2017; Darvishmotevali et al., 2020). According to the latent deprivation model (Jahoda, 1982; 1997), it is the lack of latent benefits of work due to unemployment which leads to psychological distress. Thus employees who perceive JI frequently undergo stress due to fear of losing their employment, income, perks, and associated social recognition, which ultimately has a negative impact on employees’ well-being.

Based on the preceding theoretical foundations, the relationships of the variables are presented in the following conceptual mode (Figure 1).
2.2 Job Insecurity and Job Performance

JI indicates an employee's pressures and fears concerning the stability of their existing job (Chirumbolo et al., 2020; De Witte et al., 2015). Akgunduz and Eryilmaz (2018) described JI from cognitive and affective perspectives. Cognitive insecurity is associated with an understanding concerning the prospect of the loss of position or perks, whereas an affective view is related to the emotional depression and worry about these probable deficits (Huang et al., 2012). The assessment of circumstances at the individual level is concerned with affective insecurity (Sverke and Hellgren, 2002). JI is a hindrance stressor that hampers the personal development and learning orientation of employees at the individual level. It negatively affects the social aspect of corporate sustainability (Karatepe et al., 2020). In consonance with JD-R theory, job demands are the primary source that predicts adverse work strains (Darvishmotevali et al., 2017). According to the JD-R model, job insecurity is considered to be a job demand and a severe employment stressor (Rigotti et al., 2015), and it is related to individual perception concerning working circumstances, specifically employment security and permanence of work association with an organization (Darvishmotevali & Ali, 2020). Job performance can be defined as actions and behaviors that an individual contributes toward achieving the organizational goals and objectives (Khan & Gufran, 2018). Prior studies have shown a negative association between JI and JP. There are many reasons for that relationship. Firstly, failure of companies to provide contract rights to workers lowers the employees’ trust in the organization, which in turns leads to decreased JP (Shin & Hur, 2021; Van et al., 2020; VO-Thanh et al., 2021). For example, prolonged employment pressure can produce dysfunction at work that involves poor or low job performance (Rosario-Hernández & Rovira-Millán, 2020). Employees who suffer stress are unable to assign appropriate drive to their responsibilities in the workplace, which results in reduced job performance (Qian et al., 2019). According to De Cuyper and De Witte (2006), perception of JI was linked with decreased JP. Likewise, Shoss (2017) showed a strong negative relationship between JI and JP. All these views are in line with the research which established job insecurity as a hindrance stressor that directs employees toward adverse behavioral outcomes on the job (Shin & Hur, 2019). Thus, considering these results we hypothesize that

H1: Job insecurity has a negative relationship with employee job performance.

2.3 Job Insecurity and Subjective Well-Being

Well-being can be defined as a universal judgment of emotions, feelings, and the level of satisfaction with life, which varies between despair and contentment. Subjective well-being contains various notions that range from momentary dispositions to universal assessments of satisfaction related to life and the verdicts concerning depression and contentment (Diener et al., 2009). SWB describes an individual’s affective and cognitive assessment of life, and it entails the individual’s perspective regarding his or her life. It has both positive affect and negative affect on the level of satisfaction with life (Kim et al., 2018). High SWB involves undergoing pleasant feelings, few negative moods or happenings, and high life satisfaction (Darvishmotevali & Ali, 2020). The extant literature on well-being of employees in the workplace has found that there is a significant impact of a workforce’s well-being on the performance of individuals and of organizations (Ali et al., 2021).

In compliance with JD-R theory, certain variations or circumstances in the workplace diminish employee’s mental and physical resources due to stressors and demands, and consequently raise the probability of psychological strain, which is an indicator of low subjective well-being (Demerouti & Bakker, 2011). Many empirical studies have documented the negative association among JI and SWB (Cheng & Chan, 2008; Giunchi et al.2019; Hellgren & Sverke, 2003; Silla et al. 2009; Ferrie et al. 2005). Moreover, Cuyper et al. (2008) and Hu et al. (2018) found a significant and negative association between JI and satisfaction with life. Russo and Terra- neo (2020) implied that self-perceived JI negatively impacts employee mental well-being, making this stressor a significant component predicting the occurrence of mental stress (i.e., anxiety or depression) among employees. Furthermore, Giunchi et al.
(2019) showed that JI decreases an individual’s well-being and negatively impacts their health. Therefore, we hypothesize that

**H2: Job insecurity is negatively related to subjective well-being.**

### 2.4 Subjective Well-Being and Job Performance

Job performance is the goal-relevant acts and conduct that individuals control, whether cognitive, interpersonal, or psychomotor (Magnier-Watanabe et al., 2020). Because JP directly affects the overall performance of an organization, firms are interested in its antecedents (Alessandri et al., 2017). According to Pandey (2019), JP is influenced by different stresses that are physical, affective, and cognitive. These stresses are associated with the organization, the individual, and employment. Other researchers proposed that the critical predictors of the success and performance of the organization are the health and well-being of the employees (Bakker et al., 2019; Giunchi et al., 2019). Moreover, well-being of employees leads to several subjective and organizational outcomes, i.e., an increase in organizational performance and productivity (Shin & Konrad, 2017), improved client satisfaction (Sharma et al., 2016), and increased workforce engagement and organizational citizenship behavior (Mousa et al., 2020).

Several studies found a positive relationship between SWB and JP at an individual employee level. The behaviors at the individual level when combined can influence the overall workplace performance, and this indicates that improving workers’ SWB ultimately generates financial benefits for the organization (Bryson et al., 2017). Lyubomirsky et al. (2005) found that SWB and JP are positively correlated. Oswald et al., (2015) found a positive relationship between the SWB of students and their exam scores. A positive correlation with different organizational outcomes also has been found in nonprofit businesses, including hospitals (Robertson et al., 1995) and schools (Ostroff, 1992). Patterson et al. (2004) reported the positive casual association among SWB and organization-level efficiency. The well-being of an individual employee impacts overall organizational performance in two ways: firstly, through its prospective influence on the employee’s own JP, and secondly through its prospective impact on the performance of work associates (Bryson et al., 2017). For example, Felps et al. (2006) proposed a model based on the analysis of organizations in which the negative affect and behavior of an individual team member (a so-called “bad apple”) provokes unfavorable behavioral reactions in the other team associates. Ultimately these behavioral reactions affect the vital team processes, e.g., the level of creativity and collaboration within the team. Similarly, DiMaria et al., (2020) found that happy and satisfied employees are more productive than unhappy employees. Considering these findings, we hypothesized that

**H3: Subjective well-being is positively related to job performance.**

### 2.5 Subjective Well-Being as a Mediating Factor

JD-R theory proclaims that high employment demands are the major cause of negative work strain. High job demands decrease the individual’s physical and psychological resources, which consequently direct toward energy decline and various psychological health problems (Shin & Hur, 2021). Accordingly, JI is considered to be a job demand (Darvishmotevali & Ali 2020; Rigotti et al., 2015); it describes an individual’s perception of their employment, which is at risk. Witte (1999) stated that JI first decreases an individual’s well-being, which in turn impacts their work performance. Witte also explained that JI seems to reduce well-being in both the short term and the long term. Cheng and Chan (2008) posited that JI negatively impacts the psychological health of workers. According to Rusil et al. (2008), anxiety and emotional exhaustion mediate the influence of job demands on the individual’s recognized satisfaction with life.

Earlier researches support the notion that JI correlate inversely with well-being, like the boost in emotional and physical exhaustion. Darvishmotevali et al. (2017) established that JI decreases JP as a result of anxiety and emotional exhaustion, which are the two indicators of well-being. Hu et al. (2018) found a negative effect of JI on the happiness of employees and a positive impact on employees’ depression as the two core factors of subjective well-being, and also found that workers who expe-
rience JI feel less contentment and more despair. When employees experience anxiety, the negative feelings deplete their cognitive resources at the workplace, consequently deteriorating JP (Aguirar-Quintana et al. 2021; Ford et al. 2011). Although previous studies investigated the different outcomes of job insecurity, the effects of job insecurity on subjective well-being and specifically the mediating role of SWB in the relationship between JI and employee performance has not gained enough attention (Darvishmotevali & Ali, 2020; Hu et al. 2018; Richter & Näswall 2018). Therefore, the present research tested the association between job insecurity and employee job performance through declining subjective well-being as a form of psychological/cognitive stress/anxiety which is caused by employment stressors. Hence, we hypothesize that

H4: Subjective well-being mediates the relationship of job insecurity and job performance.

3 RESEARCH METHODOLOGY

3.1 Sample and Data Collection

The research sample was collected from the food and beverages industry in Haripur and Abbottabad districts of Khyber Pakhtunkhwa (KP), Pakistan. This sector is dominated by private firms, and the nature of employment generally is contractual (Rigotti et al., 2015). The study investigated how employee’s perception of JI impacts their well-being and in turn their performance, in order to enrich the literature on employee well-being and work-related performance (Kundi et al., 2020). A total of 32 firms were operating at the time of data collection. Employees were called to respond voluntarily to the pre-tested questionnaire during working hours after receiving proper approval from the HR departments of the firms. Respondents were briefed about the purpose of the study, and anonymity and confidentiality of the data were ensured. A self-administered questionnaire and an empty envelope were provided to the employees; they were requested to return the completed questionnaire in a sealed envelope to the HR department before leaving their job. A total of 450 questionnaires were distributed to the employees working in the targeted industry, of which 427 were returned, of which 357 were usable. The response rate was 79.33%.

3.2 Measurement

Pretested multi-item measurement instruments were adopted for the collection of responses. All the study’s items were measured with seven-point Likert scales ranging from 1 (strongly disagree) to 7 (strongly disagree). JI was measured using four items developed by De Witte (2000) and used by Darvishmotevali and Ali (2020) and Shin and Hur (2021). A sample item is “I will likely lose my job very soon and this makes me anxious.” SWB was measured using five items from the satisfaction with life scale developed by Diener et al. (1985) and subsequently used and validated by Chopik et al. (2017), Darvishmotevali and Ali (2020), and Western and Tomaszewski (2016). A sample item is “Life is close to my ideal.” Finally, JP was measured using seven items (Williams and Anderson, 1991) that were used and validated by (Lin and Huang, 2020). A sample item includes “I adequately performed my assigned duties.”

3.3 Data Analysis

We applied partial least squares structural equation modeling (PLS-SEM), a variance-based technique for analyzing data and testing the hypothesized relationships, using SmartPLS 3.2.8 software (Latif and Ahmad, 2020). For data analysis and the results presentation we followed the guidelines provide by Hair et al. (2018) and Ringle et al. (2018, 2020).

3.4 Assessment of Common Method Variance

As statistical procedures, we applied two tests for estimating the presence of common method variance (CMV) in our data. Firstly, we performed Harman’s single-factor test, and the findings showed that the total variance explained by one factor was 40.12%, which is below the tolerance threshold of 50%, signifying that CMV was not a threat in our research. Secondly, we performed a collinearity check to produce variance inflated factors (VIFs) using PLS-SEM as suggested by Kock (2015). Values of VIF greater than 5 indicate probable collinearity issues among predictor variables (Hair et al., 2018). In our analysis we identified VIF values below the threshold level of 5 (between 1.45 and 4.29), which also proves that CMV was not an issue in this study.
3.5 Measurement Model Assessment

The initial stage in the PLS-SEM analysis involved the assessment of each construct’s reliability and validity. Internal consistency, reliability, and convergent and discriminant validity were assessed for each construct. Table 1 presents the results of measurement model assessment, showing the values of factor loading, Cronbach’s alpha, average variance extracted (AVE), and composite reliability (CR). The values for outer loadings of each indicator were above the acceptable threshold of 0.60 (Gefen, 2005). Similarly, the values for CR were above the minimum acceptable level of 0.70 (Hair et al., 2018). The convergent validity was established by determining the AVE, and discriminant validity was established by applying the Fornell–Larcker criterion for evaluating each variable’s validity of the measurement (Cheung and Wang, 2017; Hair et al. 2018). The values of AVE were above the acceptable value of 0.50 as described by Hair et al. (2018).

4 RESULTS

The demographic information indicated that 88.2% respondents were male and 11.8% were female. The respondents were between 19 to 60 years of age. Most candidates had an intermediate level of education (47.6%), followed by a Bachelor’s degree (22.4%), matric level (14.8%), and a Master’s degree (5.3%); 9.8% had technical diplomas. The respondents were from diverse functional areas, such as manufacturing (49.0%), technical (15.1%), management (14.3%), logistics (13.4%), marketing and sales (7.8%). Blue-collar employees dominated the sample (69%), and white-collar workers accounted for 31%. Most respondents were on short-term contracts (42.3%); others had long-term contracts with three-year terms (28%) and permanent contracts with no fixed term (19.9%), and 9.8% were on-call.

The mean values, standard deviation (SD), intercorrelation, and discriminate validity are presented in Table 2. The results show that on average,

Table 1: Indicators, Loadings, and Validity Indexes

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Indicators</th>
<th>Loadings</th>
<th>Cα*</th>
<th>AVE**</th>
<th>CR***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job insecurity</td>
<td>J1</td>
<td>0.936</td>
<td>0.953</td>
<td>0.876</td>
<td>0.966</td>
</tr>
<tr>
<td></td>
<td>J2</td>
<td>0.930</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>J3</td>
<td>0.940</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>J4</td>
<td>0.937</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job performance</td>
<td>JP1</td>
<td>0.838</td>
<td>0.951</td>
<td>0.775</td>
<td>0.960</td>
</tr>
<tr>
<td></td>
<td>JP2</td>
<td>0.915</td>
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<tr>
<td></td>
<td>JP3(R)</td>
<td>0.843</td>
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<tr>
<td></td>
<td>JP4</td>
<td>0.909</td>
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<tr>
<td></td>
<td>JP5</td>
<td>0.854</td>
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<tr>
<td></td>
<td>JP6(R)</td>
<td>0.886</td>
<td></td>
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<tr>
<td></td>
<td>JP7</td>
<td>0.919</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subjective well-being</td>
<td>SWB1</td>
<td>0.911</td>
<td>0.938</td>
<td>0.801</td>
<td>0.953</td>
</tr>
<tr>
<td></td>
<td>SWB2</td>
<td>0.892</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>SWB3</td>
<td>0.900</td>
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<tr>
<td></td>
<td>SWB4</td>
<td>0.882</td>
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<tr>
<td></td>
<td>SWB5</td>
<td>0.890</td>
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</tbody>
</table>

Note: *Cronbach’s alpha. **Average variance extracted. ***Composite reliability.
the employees felt insecure regarding the continuity of their employment and as a consequence of JI. The responses for SWB and performance had somewhat better averages. To analyze the discriminant validity, the square root of each construct AVE was calculated and presented as diagonal values, whereas other values show correlation among the among variables. JI was negatively and significantly correlated with both JP (−0.559) and SWB (−0.523), and SWB was positively and significantly correlated with JP (0.701). Furthermore, heterotrait-monotrait (HTMT) ratios also were calculated to assess the discriminant validity, and the results indicated that HTMT ratios were below the acceptable value of 0.85 (Leguina, 2015). All these results confirm that common method bias was not an issue in the present study.

4.1 Structural Model Assessment

The structural model was evaluated using $R^2$, $Q^2$, and the significance of paths. The $R^2$ measures variance for each endogenous construct (Hair et al., 2018). It explains the explanatory power of the model, that is, how much variation in the endogenous construct is caused by the exogenous construct (Shmueli and Koppius 2011). The results (Table 3) show that the model has satisfactory predictive accuracy, relevance, and acceptable fit based on $R^2$, $Q^2$, and standardized root mean squared residual (SRMR) values, which were within the ranges suggested by Hair et al. (2018), Shmueli et al. (2016), and Hu and Butler (1999), respectively. Finally, path coefficients and their significance were assessed. We tested the hypotheses using a bootstrapping technique with 5,000 bootstrap samples and 95% bias-corrected confidence intervals.

4.2 Tests of the Hypotheses: Direct Effect

The results for direct relationships are presented in Table 3. Our first hypothesis (H1) stated that JI has a negative relationship with JP. The results revealed a negative and statistically significant relationship of JI with JP ($\beta = -0.559$, $t = 13.015$, and $p < 0.001$), and thus H1 is accepted. The second hypothesis (H2), that JI has a negative impact on SWB, also is accepted, because the results support this statement as well ($\beta = -0.523$, $t = 12.226$, and $p < 0.001$). The third hypothesis (H3), that SWB has a positive relationship with JP, is accepted as well ($\beta = 0.701$, $t = 18.061$, and $p < 0.001$).

### Table 2: Descriptive Statistics, Inter-Correlation, and discriminant validity

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>Job insecurity</th>
<th>Job performance</th>
<th>Subjective well-being</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job insecurity</td>
<td>3.6</td>
<td>1.05</td>
<td>0.936</td>
<td>0.584</td>
<td>0.553</td>
</tr>
<tr>
<td>Job performance</td>
<td>5</td>
<td>1.03</td>
<td>-0.559</td>
<td>0.880</td>
<td>0.740</td>
</tr>
<tr>
<td>Subjective well-being</td>
<td>4.7</td>
<td>1.04</td>
<td>-0.523</td>
<td>0.701</td>
<td>0.895</td>
</tr>
</tbody>
</table>

Note: *P < 0.001, ** P < 0.05 (2-tailed test). Square root of AVE for each variable is presented on the diagonal in bold italic font. HTMTs are displayed at the upper triangular of the matrix.

### Table 3: Testing Direct Relationships

<table>
<thead>
<tr>
<th>Direct Relationships</th>
<th>Path Coefficients</th>
<th>t-statistics</th>
<th>p-values</th>
</tr>
</thead>
<tbody>
<tr>
<td>JI à JP</td>
<td>-0.559</td>
<td>13.015</td>
<td>0.000</td>
</tr>
<tr>
<td>JI àSWB</td>
<td>-0.523</td>
<td>12.226</td>
<td>0.000</td>
</tr>
<tr>
<td>SWB à JP</td>
<td>0.701</td>
<td>18.061</td>
<td>0.000</td>
</tr>
<tr>
<td>$R^2$ (JP) = 0.542</td>
<td></td>
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<tr>
<td>$Q^2$ (JP) = 0.416</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>$R^2$ (SWB) = 0.274</td>
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<td></td>
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<tr>
<td>$Q^2$ (SWB) = 0.216</td>
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</tbody>
</table>
4.3 Tests of the Hypotheses: Mediating Effect

The results for mediation effect are presented in Table 4. The Preacher and Hayes (2008) method was used to analyze mediation by applying a two-step approach. In the initial step, all the direct relationships were assessed in terms of two aspects: the direct association exclusive of a mediator, and the direct association with a mediator. In the second step, all indirect effects were estimated along with their significance via bootstrapping.

The hypothesis (H4) for mediation effect states that subjective well-being will mediate the relationship between job insecurity and job performance. The mediating analysis results confirm that JI negatively affects SWB ($\beta = -0.523$, $t = 12.226$, $p = 0.000$), and by decreasing SWB ($\beta = 0.562$, $t = 10.938$, $p = 0.000$) it has a negative effect on employee JP. Furthermore, when the mediator was introduced into the model the effect was increased, and the direct relationship was found to be significant ($\beta = -0.265$, $t = 5.329$, $p < 0.001$), and the indirect effect of JI on JP through the mediator (SWB) also was found to be significant ($\beta = -0.294$, $t = 7.831$, $p < 0.001$).

5 DISCUSSION

To achieve our study’s objectives, a model was designed based on the previous literature and existing theories (JD-R theory and transactional stress theory), and then a series of analysis was carried out based on the responses gathered from 357 employees working in the food and beverages industry in Pakistan. Building on JD-R and transactional stress theory, this study first investigated the impact of JI on JP as a behavioral consequence of stress. Because most JI-related studies are from Europe and the United States, this naturally raises the question of the generalization of results across cultures. By providing evidence from the Asian culture, this study has enriched the literature of JI and JP. Second, we tested the effect of JI on SWB as a psychological consequence, and finally we assessed the psychological mechanism relating JI and SWB to the behavioral outcome, i.e., the mediation effect of SWB on the JI and JP relationship.

The results revealed the presence of JI among the employees of food and beverages industry and showed its negative impact on employee JP. These results are consistent with those of other studies (Darvishmotevali et al., 2017; Qain et al., 2019; Sverke et al., 2019; Vo-Thanh et al., 2021; Wang et al., 2015). The results in the literature regarding this important issue follow the same trend except for those of a few studies (Probst, 2002; Probst et al., 2007). Staufenbiel and Konig (2010) supported the idea of a positive relationship between JI and JP; although their results indicated a dominant negative path, they also showed a weaker positive path. The results confirmed that JI exaggerates the depression of employees and negatively affects the level of employee happiness, which are the two key indicators of SWB. These findings are consistent with the findings of Stiglbauer and Batinic et al. (2015) and Silla et al. (2009), who highlighted that JI is negatively related to SWB. These results deepen the understanding of how JI psychology lowers the individual’s subjective well-being. The results also indicated that SWB positively influences employee JP. This is consistent with the findings of Mangier-Watanabe et al. (2020) and Salgado et al. (2019).

Furthermore, the findings confirm the mediating role of SWB of employees and thus deepens the understanding of how JI psychologically impacts employees JP in a negative way. In agreement with JD-R theory, it appears that JI, as an impediment stressor at work, influences employee well-being in a negative way. SWB implies to an individual’s evaluation of how his or her life is passing, which is described by high satisfaction with one’s life, high positive affect, and

<table>
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<th>Table 4: Mediation Analysis</th>
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<tr>
<td><strong>Total effect (JI → JP)</strong></td>
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<tr>
<td>Coeff</td>
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<td>-0.59</td>
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low negative affect (Darvishmotivali & Ali 2020; Diener et al., 2009). Employees with high SWB at work are satisfied with their jobs while experiencing positive and negative feelings in the workplace consistently (Salgado et al., 2019). Under JI conditions, employees encounter a decline in SWB as they face uncertainty of losing their jobs; the most important resource related to employment that can fulfill their necessities of life. Consistent with transactional stress theory, in uncertain circumstances the evaluation process leads to stress and anxiety, and unambitious circumstances in the future makes it difficult for an individual to apply an appropriate coping strategy. These findings are consistent with the findings of Richter and Naswall (2018) and Darvishmotevali et al. (2017), who indicated that anxiety is the indicator of SWB that significantly mediates the relationship between JI and employee JP. These promising findings fill the gap in in the existing literature on the psychological mechanism connecting JI to JP through subjective well-being (Hu et al., 2018).

### 5.1 Theoretical Contributions

The outcomes of the present research support the JD-R theory and add to the existing literature on the relationship of JI and JP through an intermediary role of subjective well-being. The context of the study, the country dynamics, and the peculiarities of the food and beverage industry make the existing literature more diversified. Additionally, very limited empirical research has been conducted on the physical, behavioral, and psychological consequences of job insecurity. This study investigated the behavioral and the psychological effects of job insecurity as a job stressor among employees working in the food and beverages industry. Very few studies have investigated SWB as a mediating mechanism connecting JI to JP. According to Darvishmotivali and Ali (2020), the mediating results contribute to the transactional stress theory.

### 5.2 Practical Implications

The findings obtained from this research provide beneficial implications for the management of the food and beverages industry. It is imperative to consider that JI as a critical stressor reduces employees’ psychological well-being as considering the unique aspects of food and beverages industry that are characterized by long working schedules, comparatively low wages, and a mentally exhausting and stressful working environment (Wang et al., 2011; Zopist & Orphanides, 2009). Managers should agree that job insecurity is a nerve-racking concern with irreversible harmful consequences for instance anxiety, depression, and poor well-being (Darvishmotevali et al., 2017; Wang & Lu, 2015). With this knowledge, managers and administrators should take deliberate actions to lessen the detrimental pressure caused by job insecurity, which can have serious mental and behavioral concerns. HR managers should incorporate suitable human resources practices such as promotions, secure contracts, and transparent performance evaluation and performance appraisal systems and procedures.

To reduce the detrimental effects of JI and to improve individuals’ well-being, the supervisor can play an important role by providing relevant training and development opportunities. Furthermore, managers can motivate and improve their self-esteem by solving issues, assimilating the information, and providing exposure to the latest technology. Managers should promote an organizational culture in which employees have the opportunity to utilize their full potential, which in turn improves employees’ autonomy and SWB (Sharma et al., 2017). Because in the developing countries such as Pakistan it is difficult for organizations to provide job security to the workforce because of the unstable and extremely competitive environment (Kundi et al., 2020; Soomro et al., 2019), organizations must focus on constructive strategies for preventing employee exposure to JI. Another approach for reducing job insecurity is that leaders or managers can engage employees in participative decision-making, because it escalates the control over the circumstances.

This study’s results indicated that the negative impact of JI on employee performance passes through poor well-being. Thus, policy makers can make policies to increase employee motivation and satisfaction. For example, employing a job enrichment approach can enhance employee autonomy over the formation and implementation of their tasks, which in turn increases job satisfaction (Piccoli et al., 2021). Additionally, interventions regarding
stress management should focus on urging employees to implement numerous managing or coping strategies such as the use of alternate potentials, working in teams, individuals’ personality traits, and being involved in the change process.

5.3 Limitations and Future Directions

This research has some limitations. Firstly, the researchers focused only on the behavioral consequence of JI. A recommendation for future studies is to focus on other behavioral outcomes of stress, such as negative job attitudes, absenteeism, or turnover intention. Secondly, the existing research focused on a single industry. Therefore, scholars should explore these relations in multiple industries and sectors in which JI and SWB are critical factors, such as the service sector (banking or healthcare industry). Thirdly, more mediating variables such as organizational citizenship behavior (OCB) and moderating variables that have vital strategic implications for organizations—for example, psychological capital (psycap), job shaping, or redesign and uncertainty reduction—can be added to the model in this study. Moreover, because SWB has been found to change with age (Magnier-Watanabe et al., 2020), variations among demographic categories may exist, and a subsequent study could compare these subgroups within one country and then across countries. Although the sample size was large enough, we were unable to investigate the potential effects of gender differences due to the small number of women in the sample. Prospective studies should consider this issue.

EXTENDED SUMMARY/IZVLEČEK


REFERENCES


Maliha Sarfraz, Jamil Anwar, Syed Afzal Moshadi Shah: Effect of Job Insecurity on Job Performance: Looking Through the Lens of Subjective Well-Being


