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Impact of Job Security on the Organizational Performance in a Multiethnic Environment

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ABSTRACT

The global economic pressure on organizations has made them focus attention on employees' job security particularly in a multiethnic group as a way to ensure organizational performance. This is crucial, particularly in a multiethnic environment where different ethnic groups are a majority in some organizations resulting to low job security among the minority groups. The fear of losing their jobs in favour of other ethnic groups becomes a great concern that needs an urgent attention. Therefore, organizations must find a way of assuring the employees of holding on to their jobs in a multiethnic environment as a way of increasing or maintaining organizational performance. This paper examines how job security affects the organizational performance. The paper argues on the importance of job security in achieving better organizational performance.

Key words: Job security, multiethnic, environment, economic pressure, organizational performance

INTRODUCTION

The concept of job security started gaining popularity in the recent times as a result of economic pressures on organizations. This could be the reason why Adebayo and Lucky (2012) agreed that job security has become indispensable in employee and organization preference list, particularly due to economic reasons. Thus, it has become one of the most crucial and important factors among the employee preference list as well as the organization (Schappel, 2012; KPMG, 2010). Globally, about 75% of the employees preferred to keep their jobs compared to other factors in their preference list (Towers Watson, 2010). This indicates that job security is as important as the employees' salary and healthcare (KPMG, 2010). Presently, the most important desire of every employee is to keep their jobs for as long as they wish. In this view, it implies that job security has become the most determinant and key element influencing an employee's decision on whether to join an organization or not (Towers Watson, 2010). Therefore, the crucial challenge facing the organization is not just to employ and retain workers but to ensure that employees are assured of their jobs for as long as they wish.

In Malaysia, the employees are fast becoming aware of the importance of job security. However, the big picture for job security is grim and doubtful due to dominance of some ethnic groups in most organizations (Hassan, 2010; Bumi, 2011). Another extreme is that employees may decide to leave the organization if they are not the same ethnic group with the leadership of the organization (Towers Watson, 2010). The importance of job security to Malaysian employees cannot be underestimated. For instance, in the midst of economic crisis, Malaysian employees rank job security as their most important and crucial employment criteria (Towers Watson, 2010). The recent

data provided by the global professional services company Tower Watson indicates that 11% of Malaysian employees want to remain in their jobs. Therefore, to ensure effective performance, organizations have resolved to create a friendly environment by focusing on employees' job security, knowing fully well that employees perform better when they are assured of their jobs and this will be reflected in the overall performance of the organization (Towers Watson, 2010). Although, studies examining job security and how it affects organizational performance seem to be limited and scarce (Adebayo and Lucky, 2012; Ahmad *et al.*, 2004), however, the few available studies have provided inconsistent results (Subramaniam *et al.*, 2011; James, 2012). This therefore suggests that further study is required in this domain (Subramaniam *et al.*, 2011). As a result, this concept paper explores job security in relation to organizational performance. Finally, it argues on the importance of job security in achieving a better organizational performance especially in a multiethnic environment.

LITERATURE REVIEW

Job security: Job security is defined as the assurance in an employee's job continuity due to the general economic conditions in the country (James, 2012). It is concerned with the possibility or probability of an individual keeping his/her job (Adebayo and Lucky, 2012). It deals with the chances of employees keeping their jobs in order not to be unemployed (Simon, 2011). Jobs which are not backed by indefinite contract or cannot be guaranteed for a reasonable period are deemed to lack job security. It is also seen as the employees free from the fear of being dismissed from his/her present employment or job loss. Some professions and employment activities have greater job security than others. Job security is an employee's assurance or confidence that they will keep their current job for a longer period as they so wish (businessdictionary.com). It is the assurance from the company or organization that their employees will remain with them for a reasonable period of time without being wrongly dismissed (Adebayo and Lucky, 2012; Simon, 2011).

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 (Adebayo and Lucky, 2012). In another extreme, essential or necessary skills and past experience required by the employers and subject to the current economic condition and business environment could also guarantee individual's job security (Adebayo and Lucky, 2012).

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). However, in the final analysis, Adebayo and Lucky (2012) noted that people's job security eventually depends on whether they are employable or not and if businesses have a need for their skills or not. Although, employment laws can offer some relief against unemployment risk, they only have a marginal contribution to the job security of individuals. The fact remains that, individuals need to have the right skill set to have good job security.

In the USA for example, it was reported that national job security depended greatly on the economic and business conditions due to the capitalist system that encourages and promotes entrepreneurship development and minimal government intervention in businesses (Adebayo and

Lucky, 2012). Even though, job security in the USA tends to vary as a result of the economic factor, it is still believed that if the economy is good, firms will experience a sales boom and therefore lead to the creation of more jobs and consequently increases national job security. However, this might not be the cause in certain period like economic slowdown or recession or economic chaos like that of Nigeria, as economic downturn seems to worsen the economy (Lucky, 2012; Minai and Lucky, 2012). The simple reason is that during this period, companies tend to reduce costs by laying off workers and this therefore decrease job security (Adebayo and Lucky, 2012). In European economies, for example in Britain, job security is found to be very low because many companies believed that it is much cheaper to fire permanent employees since employees are only entitled to a legal minimum of one week's redundancy pay per year worked (one and a half weeks for workers over 40) (Adebayo and Lucky, 2012). However, in some other European countries many employees have indefinite contracts which, whilst not guaranteeing a job for life, make it very difficult for the employer to terminate an employee's employment (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. Accordingly, the study conducted by the University of Michigan's Center for the Education of Women (2010) found that teachers such as professors desire greater job security. The study noted that job security will help them to balance work and their personal lives and reduce their level of stress, adding that freedoms in their jobs are worth sacrificing job security. Similarly, the information provided by the University of Wisconsin-Madison in 2000 on staff job security showed that about 22% of the academic staff only enjoy a high level of job security which defined as a multiple-year, more than 40% of experienced staff (employees) with above seven years of service at the university have little job security beyond renewable appointments while only 4% of the academic staff are sure of their job security.

While, in Nigeria, job security seems to be very low. According to Adebayo and Lucky (2012), the on-going bank re-capitalisation has worsen the situation as workers can just wake up and found themselves be relieved of their jobs without proper notification process. It is reported that the majority of the banks in the country, in an attempt to restructure their workforce, are terminating out some of their staff, many are midway into doing so while the names of those to be affected are presently being compiled (Adebayo and Lucky, 2012). For example, Diamond Bank PLC has downsized its workforce by 500, First Bank has also relieved 500 staff of their jobs while Intercontinental Bank has also compiled the list of 200 staff that will be terminated in December. At Bank PHB, the staff is presently living in fear as names of those to go are also being compiled and Spring Bank has just relieved 300 staff their jobs (Adigun, 2009). Thus, they did not have any notification that they were going be terminated. The majority of them come to work and were surprised to receive termination letters without due process (Adebayo and Lucky, 2012). There are no doubts that all these declining economic activities contribute to low job security in Nigeria. All these put together indicate that there is low job security in Nigeria (Adebayo and Lucky, 2012).

In Malaysia, a different scenario seems to exist. Even though Malaysians are just becoming aware of job security, they still rank job security as the most critical factor that tends to determine their choice of jobs and look stay in a job (KPMG, 2010). However, the multiethnic nature of the country seems to play major role in determining the employee's job security in most organizations.

ORGANIZATIONAL PERFORMANCE

Studies on performance have used several terms to describe performance (Taiwo and Idunnu, 2007; Okafor, 2007; Akinyele, 2007a-c; Henry, 2009; Kessy and Temu, 2010; Iwarere and Lawal, 2011; Huang *et al.*, 2011; Samson *et al.*, 2012; Lucky, 2012). They include, business performance, new venture performance, firm performance, entrepreneurial performance, organizational performance, SMEs performance, employee performance, teacher performance, lecturers performance, financial performance, non-financial performance etc. (Katsina, 2012; Akinyele, 2007a-c; Henry, 2009; Kessy and Temu, 2010; Iwarere and Lawal, 2011; Huang *et al.*, 2011). The essence of using several terminologies associated with performance is to be more specific and directional in the research work so as to narrow down to a particular domain or area of study (Lucky, 2011). Therefore, the use of organizational performance in this paper is very clear and congruent with the above argument.

Furthermore, a number of authors have pointed out the problems or difficulties in defining/conceptualizing and measuring the concept of performance in general including some of its terms such as organizational performance (Hashim, 2008). Hence, there has been some sort of disagreement among authors, researchers and practitioners with regards to how best to conceptualize/define and measure organizational performance (Hashim, 2008; Lenz, 1980). According to Hashim, 2008; Lucky and Minai, 2011), this problem could be linked to either too many objectives to be achieved, or too many different objectives or lack of clear and concise objectives in organizations. For instance, in a situation where an organization is faced with various stakeholders' objectives such as those of directors, managers, employees and customers. Generally, organizational performance is designed to measure how well an organization was able to achieve or attain its objectives. According to Lenz (1980), organizational performance is defined as the organizational achievement with regards to some criteria. It is a measurement or indicator for evaluation and assessment of organizations (Lucky, 2011). It reveals the strengths and weaknesses of the organization and what we want to measure. In an organization for example, it helps to ascertain the current situation of an organization, whether the organization is doing well or not. At a point, it reveals the efficiency and effectiveness of an organization and therefore supplies information whether an organization is successful or will fail at a particular point in time (Lucky, 2011). In another dimension, Jermias and Setiawan (2008) and Samson *et al.* (2012) noted that performance measure provides information for the following; planning, investigating, coordinating, evaluating, supervising, staffing, negotiating, profitability and organization overall performance. These indicators are well related to organizational performance and deeply related to the human resources domain. Chew and Sharma (2005) and Akinyele (2007b) provided performance indicators such as efficiency, internal liquidity, strategic human resources effectiveness, profitability and leverage.

Furthermore, Anthony *et al.* (2007) fervently warned that organizations should be very careful in selecting a method of assessing performance. They noted that every task should be measured according to its suitability and fit. In other words, this can be further interpreted as, for every task should be in conformity with its performance measurement system. He argued that whatever performance measures an organization uses, it has some sort of impact or effect on the employee's motivation and performance. This is consistent with Tangen (2005) who argued that any performance measure that is designed for the purpose of measuring performance should be designed in such a way that it will show all the essential factors that are capable of influencing the productivity of the different process that the company possesses. Therefore, if the organization decides

to select any performance measure without due attention, a situation of noncongruent behaviours is likely to arise in the organization, thus leading to some sort of conflict and demotivation of the employees. Consequently, this will lead to employee's poor performance. As a result of some the problems which are anticipated and capable of destroying the organization, a new way of measure is therefore suggested. This has to use a mix of performance measures or called it multiple performance measure. This paper opts for multi-dimensional performance measurement of both financial and non-financial measures.

JOB SECURITY AND ORGANIZATIONAL PERFORMANCE

According to Geoffrey James, job security has a significant effect on the overall performance of the team as well as on the organization's performance (James, 2012). He noted that organizational with workers with low job security cause people to lose faith in their future which consequently affect performance. He affirmed that the more an employee enjoys a high job security the more he is likely to effectively perform his task which is reflected in the overall performance of the organization. For example, in organizations, tasks are normally broken down into jobs which are assigned to each employee. Each of the jobs performed by the employees is assessed through individual performance. This individual performance is part of the overall organizational performance. The employee's individual performance through his job is directly linked with the overall performance of the organization. Therefore, it seems their performance is linked to organizational performance, their contributions to will be less and ineffective if they feel low job security in the organization.

For instance, a low job security is possible in a situation where a particular employees' ethnic group seems to dominate other ethnic groups in some organizations or industries (Bumi, 2011; Hassan, 2010). In this case, the minority employees in that company will feel low job security and therefore may not be able to perform effectively. For example, a Chinese owned company may be dominated by more Chinese employees other than other ethnic groups (Bumi, 2011; Hassan, 2010) thereby causing fear of losing their jobs to other minority employee ethnic groups in the company and vice versa. Therefore, Malay and Indian employees working in a Chinese company may feel very low job security and thus, contribute very little to the organization while on the other hand, Chinese and Malay working in an Indian company will also feel low job security which will also affect their performance. Based on the different scenarios above, an employee working in a company other than his race may definitely feel low job security and this will affect his/her performance which is reflected in the overall performance of the organization. Based on this, it can be argued that organizations should find a way of balancing between employee job security and the organizational performance as employee job security is a key determinant of organizational performance especially in a multiethnic environment.

Despite all these, the most recent study conducted by Subramaniam *et al.* (2011) on the linkage between human resource practices and organizational performance of small and medium firms (SMEs) in Malaysia provided a different result. Although, job security was considered as a dimensional or sub variable, it was found that job security is not significantly related to organizational performance. However, the study noted that SMEs seems not to consider job security as a viable strategy due to the fact that employees tend to give less attention to job security in searching for a job. From the ongoing, there is no doubt that more literature is required in this domain.

CONCLUSION

This study explored the connection between job security and organizational performance. It looked into how employee's job security contributes to the organizational performance. It was observed that the economic pressure has pushed job security to the top priority list of the employees, making it a significant and crucial factor to be considered by the employees when making decision about the organization they want to work with. The multiethnic composition of an organization also can have a strong impact on job security. Despite the inconsistent result of the previous studies, it is argued here that job security has a significant effect on the overall performance of a team as well as on the organizational performance. We further argued that the more an employee enjoys a high job security the more he is likely to effectively perform his task which is reflected in the overall performance of the organization. It is hoped that the arguments presented in this paper will be of immense benefit to the owner-managers, practitioners, organizations and researchers. Finally, it is suggested that further investigation on other directions of job security should be investigated in order to help build this area of research.

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