

## **Linking job insecurity to negative decision making: The mediating role of job tension**

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### **ABSTRACT**

Job insecurity has increased markedly in the developed economies of the world (Gray, 2002). The effects of job insecurity on individual employees and on organisational outcomes, however, are controversial. For instance, Greenhalgh and Rosenblatt (1984) point out that job insecurity can result in increased work effort, while Dekker and Schaufeli, (1995) argue that insecurity leads to stress and decreased performance. In this paper, we outline a study examining the indirect impact of job insecurity on decision-making, via job-related tension. Based on a web survey involving 217 participants, we found that job insecurity indirectly increased the adoption of negative decision-making strategies by increasing employees' level of job-related tension. Limitations and implications for theory and managers are also discussed.

*Keywords: job insecurity; decision-making; job tension; coping*

## **Linking job insecurity to negative decision making:**

### **The mediating role of job tension**

Insecurity at work is a major experience for many Australian workers, and research reveals that perceptions of job insecurity are increasing (Kelley, Evans, & Dawkins, 1998; Saunders, Thompson, & Evans, 2000). Rousseau & Parkes (1993), for instance, point out that employees now find that their 'psychological contract' is now one of employability rather than employment for life. Moreover, over the past two decades, part-time and contract employment has almost doubled within the Australian workforce (de Ruyter & Burgess, 2000), with over one quarter of the Australian workforce now employed on a casual basis (Watts, 2001). This trend is not limited to Australia, with other OECD economies such as Britain (Walsh, 1989), Canada (Robinson, 1991) and New Zealand (Gleisner & Rasmussen, 1994) having similar trends. Within this context, employees now feel less secure in their jobs.

Job insecurity is defined by Hartley, Jacobson, Klandermans, and Vuuren (1991) as a discrepancy between the level of security employees would like their jobs to provide, and the level that they perceive to exist. Lazarus (1966) posited that the anticipation of harm has as much effect on behavioural intentions and behaviour as the experience of actual harm. This is important, as job insecurity exists in workplaces that are characterised by short-term employment contracts, and also in organisations undergoing change (Ashford Lee, & Bobko, 1989). Finally, Ashford et al. (1989) expand the definition of job insecurity to involve perceptions about changes to job features as well as changes in the status of an employees current job. Using these definitions of job insecurity, significant research has been completed around topics such as the content, causes and antecedents of job insecurity (Ashford et al., 1989), job insecurity and strain (Naswall, Sverke, & Hellgren, 2005), job insecurity and self-esteem (Kinnunen, Feldt, & Mauno, 2003) and job insecurity and change (Kiefer, 2005). We argue that despite this extensive research, there is one area that has received less attention, the effect of the job insecurity on organisational decision-making behaviours.

The central argument we make in this paper is that the pressures resulting from job insecurity have implications for employee perceptions of job tension and, as a consequence, their work-related

decision-making behaviours. To frame this argument, we draw on a model developed by Staw, Sandelands, and Dutton (1981) who introduce the notion of “threat rigidity”. Threat-rigidity is premised on the idea that individuals are risk adverse and therefore constrain their choices when under threat. This theory, however, has been challenged by some researchers. For instance, Kahneman and Tversky (1979) argue that decision makers are risk adverse when performance is good and the situation is stable and risk seeking when performance is poor or the situation is unstable. Empirical research, however, has supported both the threat-rigidity (Amabile & Conti, 1999; D’Aveni, 1994) and risk-seeking behaviour theories (Fiegenbaum & Thomas, 1988; Miller & Chen, 2004).

Clearly, findings from research into job insecurity supports aspects of both threat rigidity theory (risk averse response under threat and constrained effort) and prospect theory (increased risk taking under threat and increased effort). For instance, Greenhalgh and Rosenblatt (1984) note that organisational members who feel insecure in their jobs could be expected to work harder. They contend that this conclusion is derived from two widely held assumptions: (1) that security and complacency are related, and (2) that employees under threat will work harder to secure their positions and to maintain their access to contingent rewards. Other researchers present a diametrically different picture, however, in which job insecurity has negative consequences for employees (e.g., Dekker & Schaufeli, 1995). For instance, Paulsen, Callan, Grice. et al. (2005) found a link between job uncertainty and higher levels of emotional exhaustion and lower levels of job satisfaction. Interestingly, research suggests that reducing stress does not necessarily lead to better performance. On the contrary, Brockner, Grover, Reed, & Dewitt (1992) found an inverted-U relationship between job insecurity and effort. As will be seen during the development of the hypotheses below, research has generally considered job insecurity to have a linear relationship with most variables.

### ***Job Tension***

In this study, we focus on the impact of job insecurity on employment-related stress. Therefore we conceptualise stress as ‘job tension’. Job tension refers to stress arising specifically from work-related issues (Kahn, Wolfe, Quinn, & Snoek, 1964). The positive link between job insecurity and job tension has been well established (Catalano, Rook, & Dooley, 1986; Hartley et al., 1991;

O'Driscoll & Cooper 1996). This link is also suggested in research by Dekker and Schaufeli (1995). They found a positive link between job insecurity and reduced psychological health and the tendency to withdraw from situations. Similarly, Mak and Mueller (2000) and Naswall et al. (2005) have also reported links between job insecurity and increased strain. Based on this evidence, we propose:

*Hypothesis 1. Job insecurity has a direct positive influence on job tension.*

### ***Negative Decision-Making Strategies***

Moore, Jensen, and Hauck (1990) examined the impact of stress on decision-making strategies, and found that higher levels of stress lead to less focus on long-term goals. This is consistent with findings on the impact of stress on individual decision-making outcomes by Staw et al. (1981), and suggests that stress can detract from the quality of decisions. We argue that the adoption of decision-making strategies is determined in part by the employee's perception of his or her own interests. Therefore, an employee who experiences job tension is likely to focus on risk minimisation and habitual survival strategies as a coping response (Lazarus & Folkman, 1984). Janis and Mann (1979) outline individual decision-making responses that accord with these strategies. They refer to poor decision-making strategies such as procrastination (delaying decisions), hypervigilance (or over analysis of decisions resulting in paralysis in the decision-making process), passing on decisions (buck-passing), and general avoidance of decision-making. We refer to variables such as these as negative decision-making strategies in our model. Based on this discussion, we argue that

*Hypothesis 2. Job tension has a direct positive influence on negative decision-making.*

### ***Job Insecurity, Job Tension and Negative Decision-Making***

Few studies to date have examined the link between job insecurity and decision-making. Fox and Staw (1979) showed in an experimental simulation study that there was a link between job insecurity and de-escalation of commitment in decision making. In other words, individuals experiencing job insecurity showed less commitment to a course of action. More recently, Jordan, Ashkanasy, and Härtel (2002) argued that job insecurity produced negative coping responses, by increasing job-related tension. Specifically, they argued that employees who perceive high job insecurity experience higher levels of job-related tension and, in turn, respond with negative coping

strategies such as withdrawal and blaming. Negative coping strategies such as these have conceptual similarities to Janis and Mann's (1979) negative decision-making strategies (see Luce, 2005). We argued above that job insecurity influences employees' level of job-related tension, and job-related tension directly influences the adoption of negative decision-making strategies. In line with Lazarus and Folkman (1984) and Jordan et al. (2002), we argue that negative perceptions about a stressor (in this case, job insecurity) give rise to the experience of stress (job-related tension), which in turn prompts the adoption of coping responses (negative decision-making strategies). Consequently, we predict that:

*Hypothesis 3. Job insecurity has an indirect positive influence on negative decision-making via increased job tension.*

## **METHOD**

### ***Sample and Procedure***

Data for this study were collected in an on-line survey. The study was advertised nationally in print and radio media. Participants were recruited via these advertisements, and were asked to complete the survey anonymously and voluntarily (i.e., no remuneration was paid).

Two hundred and seventeen respondents provided usable responses to all portions of the web survey. Of these, 63 (29%) were male, 154 (71%) were female and their mean age was 36 to 40 years, ranging from under 20 to over 65. Ninety-nine (46%) had tertiary qualifications; 76 had completed graduate studies (35%); 26 had completed a diploma, certificate or apprenticeship training; and 16 (7%) had completed high school. Respondents worked in a broad spectrum of industries and the mean number of years respondents had worked in their organisation was 6 years. One hundred and fifty-two respondents were employed in full-time employment (70%); 24 (11%) were employed in full-time contract positions; and 41 (19%) were employed in part-time or casual positions.

### ***Measures***

**Dependent Variables.** *Negative Decision-Making* was assessed with three negative decision-making preferences, *Hypervigilance* (e.g., I cannot think straight if I have to make a decision in a hurry), *Procrastination* (e.g., I waste a lot of time on trivial matters before getting to the final

decision) and *Buck-passing* (e.g., I avoid making decisions). Hypervigilance and procrastination were assessed with 5 items, and buck-passing with 6 items, from the Melbourne Decision Making Questionnaire by Mann, Burnett, Radford and Ford (1997). Respondents were asked to indicate how true each of the following statements were for them when they make a decision during their working day, using a 5-point scale (1 = rarely true of me to 5 = usually true of me). Mann et al. (1997) reported Cronbach alphas ranging between .74 and .87 for these measures.

**Independent Variables.** *Job Insecurity* was assessed with two aspects of perceived job insecurity, *Insecurity about Job Features* (the importance of and threat to various job features) and *Insecurity about Employment Status* (the importance of and threat to a job itself). Four scales taken from Ashford, Lee and Bobko (1989) were used to calculate scores relating to Insecurity about Job Features and Insecurity about Employment Status. To assess the importance of various job features, respondents were asked to indicate how important 17 job features were to themselves (e.g., The freedom to schedule your own work?), using a 5-point scale (1 = no importance to 5 = very high importance). To assess the threat to those job features, respondents were asked to indicate the probability that undesirable changes might occur to the 17 job features in their current job and workplace (e.g., Your current freedom to schedule your own work?), using a 5-point scale (1 = will not happen to 5 = definitely will happen). Items reflecting Insecurity about Job Features were formed by multiplying items relating to the importance of various job features with corresponding items relating to the probability of changes to those job features (see Ashford et al., 1989).

To assess the importance of changes to employment status, respondents were asked to indicate how important 10 different types of changes to employment status were to themselves (e.g., You may be laid off permanently?), using a 5-point scale (1 = no importance to 5 = very high importance). To assess the perceived threat to employment status, respondents were asked to indicate the probability that the 10 types of employment status changes were likely to occur to their job in the future (e.g., Be laid off permanently), using a 5-point scale (1 = will not happen to 5 = definitely will happen). Items reflecting Insecurity about Employment Status were similarly formed by multiplying items relating to the importance of employment status features to corresponding items relating to the probability of changes to those employment status features. Researchers have reported Cronbach alphas for the four

scales ranging between .67 and .92 (Ashford et al., 1989; Rosenblatt & Ruvio, 1996), and alphas of .89 and .75 for the insecurity about job features variable and insecurity about employment status variable, respectively (Rosenblatt & Ruvio, 1996).

*Job Tension* was assessed using 15 items from Kahn, Wolfe, Quinn and Snoek's (1964) Job-related tension index. Respondents indicated how often they were bothered by the contents of each statement (e.g., Feeling that you are not fully qualified to handle your job), using a 5-point frequency scale (1 = never to 5 = very often). Researchers have reported Cronbach alphas ranging between .80 and .89 for this measure (see Fields, 2002).

**Control Variable.** *Negative Affect* was assessed using ten items from Watson, Clark and Tellegen's (1988) PANAS scale. Respondents indicated the extent to which they generally experienced a range of negative mood states (e.g., Irritable), using a 5-point scale (1 = not at all to 5 = extremely). Establishing the measurement properties of the PANAS using a sample of 1000 participants, Crawford and Henry (2004) reported a Cronbach alpha of .85 for this measure.

## RESULTS

Consistent with Anderson and Gerbing's (1988) recommendations, our results are presented in two steps. Step 1 consisted of assessing the fit of the measurement models via confirmatory factor analyses and presenting reliability statistics. Step 2 involved testing the hypotheses by assessing the fit of the proposed model using structural equation modelling. EQS 6.1 (Bentler & Wu, 2005) was used to conduct both sets of analyses. Model estimations were conducted using the Maximum Likelihood (ML) procedure. Diagnostic procedures on the data revealed some evidence of skewness and kurtosis related to insecurity about employment status, procrastination, buck-passing and negative affect, both at the item and variable-composite levels. Corrected test statistics, the Satorra-Bentler rescaled  $\chi^2$  statistic and the CFI Robust, are therefore reported to take into account the degree of non-normality of that data (Kline, 1998). Consistent with Edwards (2001) and Williams, Edwards and Vandenberg (2003), we conceptualised and assessed both job insecurity and negative decision-making as super-ordinate factor structures in Step 1 and Step 2 of the analyses.

### Measurement Models

In Step 1, we separately assessed the fit of each of the constructs of interest: Job tension, negative affect, and the two super-ordinate constructs: job insecurity and negative decision-making. Briefly, analyses were carried out to ensure the factor structures of all measured constructs demonstrated construct validity and reliability. Item deletion was required to improve factor model fit for all structural models (see Anderson & Gerbing, 1988). As can be seen in Table 1, the four final structural models had adequate normed chi-square values and fit statistics. Additionally, the factor loadings and Cronbach alpha reliabilities for the constructs were moderately high (see Table 2). The final super-ordinate measurement models of negative decision-making and job insecurity also showed evidence of discriminant validity when compared to corresponding one factor models. Given the combined supportive indexes, all measurement models were deemed to have achieved good fit (see Dilalla, 2000; Kline, 1998; Schermelleh-Engel, Moosbrugger, & Müller, 2003).

**TABLE 1**

**Goodness of Fit Summary for the Measurement Model Analyses<sup>a</sup>**

Model		$\chi^2$	<i>df</i>	<i>p</i>	$\chi^2/df$	$\Delta\chi^2$	$\Delta df$	CFI	NFI	NNFI	RMSEA	SRMR
Negative Decision Making (Super-ordinate Construct) <sup>b</sup>	A priori	466.54	98	< .001	4.76	---	---	.66	.61	.58	.13	.12
	Modified	15.54	41	.999	0.38	551.00***	57	1.00	.97	1.06	.00	.05
	1 Factor	73.98	44	.003	1.68	-58.44***	3	.95	.88	.93	.06	.05
Job Insecurity (Super-ordinate Construct) <sup>b</sup>	A priori	924.17	320	< .001	2.89	---	---	.75	.67	.73	.09	.09
	Modified	156.30	102	< .001	1.53	767.87***	218	.95	.88	.95	.05	.05
	1 Factor	595.14	104	< .001	5.72	-438.84***	2	.59	.54	.52	.15	.17
Job Tension	A priori	357.41	90	< .001	3.97	---	---	.74	.68	.70	.12	.10
	Modified	60.43	27	< .001	2.24	296.98***	63	.94	.90	.92	.08	.05
Negative Affect <sup>b</sup>	A priori	187.82	34	< .001	5.52	---	---	.78	.74	.71	.14	.09
	Modified	9.33	5	.097	1.87	178.49***	29	.98	.96	.97	.06	.03

<sup>a</sup> *n* = 217. <sup>b</sup> Robust statistics reported for  $\chi^2$  and CFI.



**TABLE 2**  
**Means, Standard Deviations, Correlations and Inter-Item Reliabilities<sup>ab</sup>**

Variables	Mean	SD	1	2	3	4	5	6	7
<b>Dependent Variables</b>									
1. Hypervigilance	2.03	.73	(.68)						
2. Procrastination	2.07	.74	.73	(.70)					
3. Buck-passing	1.86	.67	.65	.62	(.71)				
<b>Predictor Variables</b>									
4. Insecurity – Job Features	92.89	33.84	.20	.16	.22	(.87)			
5. Insecurity – Employment Status	59.32	31.82	.11	.12	.18	.33	(.89)		
6. Job Tension	2.75	.81	.37	.21	.37	.27	.31	(.87)	
<b>Control Variable</b>									
7. Negative Affect	1.86	.72	.43	.32	.42	.11	.17	.47	(.82)

<sup>a</sup>  $p < .05$  for all  $r > .13$ ,  $p < .01$  for all  $r > .16$  and  $p < .001$  for all  $r > .21$ .

<sup>b</sup>  $n = 217$ . Figures in parentheses indicate inter-item reliabilities.

### *Structural Models*

As part of Step 2, we tested the adequacy of the hypothesised structural model. Owing to limited sample size, composite scores constructed from the final factor structures derived during Step 1 were used to represent variable indicators of super-ordinate factor structures in the proposed model in Step 2 (see Figure 1; Anderson & Gerbing, 1988). For ease of analysis, all variables were expressed as a reflection of super-ordinate factor structures in this step. In this way, for example, negative decision-making was represented as a super-ordinate factor structure, with three variable indicators (hypervigilance, procrastination, buck-passing) formed from mean composites. Likewise, job tension was represented as a super-ordinate factor structure, but with only one variable indicator (job tension) formed from a mean composite of items in the final job tension measurement model derived in Step 1. All variable indicators in the proposed structural model were formed from mean composites, with the exception of the job insecurity sub-constructs, which, in line with Ashford et al. (1989), were formed from summed composites. See Table 2 for the variables' means, standard deviations, and bivariate correlations.

The chi-square values and goodness of fit indices are presented in Table 3. As is evident from this table, the chi-square statistic for the null model was significantly larger than the chi-square obtained for the hypothesised model, indicating that there were relations among the variables.

Moreover, the hypothesised structural model revealed an adequate fit of the model. The chi-square

statistic was not significant, the normed chi-square and fit indices were within acceptable limits, and the distribution of residuals was symmetric and approached zero (see Dilalla, 2000; Kline, 1998; Schermelleh-Engel et al., 2003). In terms of the predictor variables, the final model explained 26% of the variance of job tension and 15% of the variance in negative decision-making.

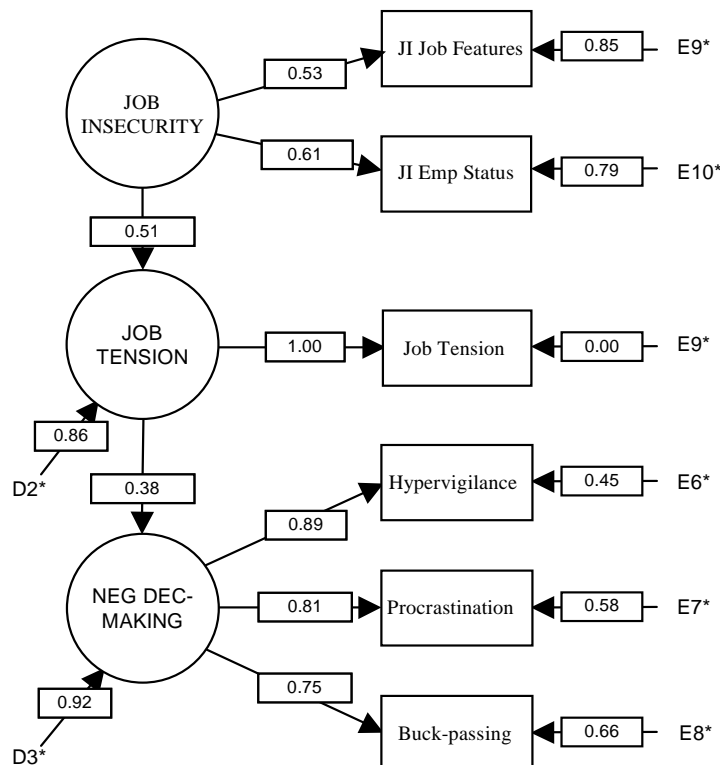
**TABLE 3**  
**Goodness of Fit Summary for the Structural Equation Model Analyses<sup>ab</sup>**

Model	$\chi^2$	df	p	$\chi^2/df$	$\Delta\chi^2$	$\Delta df$	RCFI	NFI	NNFI	RMSEA	SRMR
Null	365.49	16	< .001	22.84	---	---	---	---	---	---	---
Hypothesised	21.40	8	.006	2.68	344.09***	8	.96	.94	.92	.08	.05
Alternative Model 1	36.44	7	< .001	5.21	- 15.04***	1	.93	.92	.83	.14	.08
Alternative Model 2	19.26	7	.007	2.75	2.14	1	.97	.95	.92	.09	.04
With Negative Affect – Constrained	93.20	14	< .001	6.66	---	---	.80	.78	.67	.16	.17
With Negative Affect – Unconstrained	18.49	8	.018	2.31	74.71***	6	.97	.96	.92	.08	.05

<sup>a</sup> n = 217. <sup>b</sup> Robust statistics reported for  $\chi^2$  and CFI.

**FIGURE 1**

**Standardised parameter estimates for hypothesised structural model<sup>a</sup>**



<sup>a</sup> \*\*\*p<.001 for all paths

Figure 1 shows the standardised parameter estimates for the hypothesised structural model. Consistent with Hypothesis 1, job insecurity predicted job tension ( $\beta = .51, p < .001$ ). Consistent with Hypothesis 2, job tension predicted negative decision-making ( $\beta = .38, p < .001$ ). In addition to these direct effects, the data revealed evidence of a significant indirect link between job insecurity and negative decision-making via job tension ( $\beta = .12, p < .05$ ). Thus support was found for Hypothesis 3.

#### **Comparisons with alternative models**

In line with Kelloway (1995), we compared the hypothesised model with a series of plausible and meaningful alternative models. The current model has a fully mediated pathway from job insecurity to negative decision-making via job tension. This model was compared with one in which job insecurity had a direct link with negative decision-making as well as the indirect link via job tension. Inspection of the Alternative Model 1 chi-square and fit indices in Table 3 reveals that this model had a significantly poorer fit than the hypothesised structural model ( $\Delta\chi^2(1) = 15.04; p < .001$ ). This evidence, therefore, supports the *fully mediated* pathway expressed in our model.

The current model was also compared with one in which only a direct link between job insecurity and negative decision-making, and a direct link between job tension and negative decision-making, was present. Job insecurity and job tension were allowed to covary. In further support of the hypothesised structural model, Alternative Model 2 did not significantly improve the fit ( $\Delta\chi^2(1) = 2.14; p > .10$ ) and the incremental fit statistics were almost the same as those obtained for the hypothesised model (see Table 3). Consistent with the hypothesised model, this result suggests that the relationship between job insecurity and job tension is directional rather than co-varying in nature.

#### **Common method variance analysis**

Additional analyses were performed to assess whether common method variance could account for the substantive relationships found in the hypothesised structural model (see Campbell & Fiske, 1959; Podsakoff, MacKenzie, Podsakoff & Lee, 2003). Researchers have shown that respondent-based deficits, such as dispositional affect, can contribute to common method variance in research employing self-report questionnaires (Podsakoff et al., 2003; Williams & Anderson, 1994). In

this study, following the guidelines of Williams and Anderson (1994) and Williams et al. (2003), we directly tested for the presence of common method variance due to negative affect.

First, the hypothesised structural model was re-estimated to include the variable negative affect and predictive paths from negative affect to all variables indicators in the model were inserted. Two models were then compared. The constrained model, in which the path estimates from negative affect were constrained to zero, and the unconstrained model, in which the path estimates from negative affect were estimated freely. The unconstrained model represented the hypothesised structural model affected by presence of negative affect. As can be seen in Table 3, the difference in fit between these two models was significant ( $\Delta\chi^2(6) = 74.71; p < .001$ ), which suggests that negative affect is influencing the hypothesised structural model to some degree. All direct parameter estimates from negative affect to the variable indicators in the unconstrained model were significant, with the exception of the path to Insecurity about Job Features. Regardless, all direct and indirect parameter estimates between the theoretical variables of interest remained significant and with little attenuation, as compared to the constrained model results. In sum, these results indicate that there was minimal effect of common-methods variance (caused by negative affect) on the hypothesised structural model. Whilst negative affect was found to predict other variables in the model significantly, our results suggest that the hypothesised structural model reported above best represents the predictive relationships found in the data.

## **DISCUSSION**

In this study we found that the positive relationship between job insecurity and negative decision-making was mediated by job-related tension. Comparisons with alternative models established that the relationship was fully mediated, and suggest that the relationship between job insecurity and job-related tension is directional as hypothesised, rather than covarying in nature. Further, negative affect did not significantly influence the substantive relationships found in the model and hence did not contribute to common method variance in this study. From these results it can be concluded that full support was found for Hypotheses 1, 2 and 3.

These findings provide new evidence about employees' reactions to perceptions of job insecurity. While the earlier studies have generally focused on the impact of job insecurity on individual outcomes such as psychological health and well-being (Dekker & Shaufeli, 1995) and turnover intentions and absenteeism (Ashford et al., 1989), there have been few studies to examine the impact of perceptions of job insecurity on variables that have an impact on organisational outcomes such as decision making.

It is important to note that perceptions of job insecurity contribute to the stress that already exists in the workplace. We do not argue that stress is necessarily bad in organisations. For instance, we agree with Greenhalgh and Rosenblatt (1984) that levels of job insecurity have the potential to overcome apathy and produce increased levels of motivation. The problem emerges, however, when job insecurity produces a negative response set as shown in this study. We argue that this type of response can result in a decrease of both individual decision-making effectiveness and possibly group decision-making effectiveness in organisations.

Finally, it is important to note that we used negative affect as a control variable in this study. While negative affect significantly predicted other variables in the model, the hypothesised structural model provided the best representation of the predictive relationships found in the data. Some researchers argue that by introducing negative affect in any research, researchers risk 'washing out' main effects (Spector, Zapf, Chen, & Frese, 2000). In this study, however, the effects were still significant, even when negative affect was introduced as a control variable.

### ***Limitations***

Certainly, the sample for this study raises questions around the generalisability of our findings. An examination of the sample reveals a relatively small sample, with good level of heterogeneity. However, the sample could not be argued to reflect the demographics of the wider population, with particular reference to the gender distribution. In future research, we will extend this sample to provide more external validity our conclusions.

As with all studies of this type, there is the possibility that common method variance may have inflated the relationships between the variables of interest. While we examined the possibility of

common method variance caused by negative affect, we cannot discount completely the possibility that there may be other sources of common methods bias. In future research, we will conduct analyses to detect consistency motif using the procedure outlined by Williams, Hartman, and Cavazotte (2003).

Finally, some researchers argue that the relationship between job insecurity and stress is curvilinear (Brockner et al., 1992). Further structural equation modelling analyses will be conducted to examine the possibility of the existence of curvilinear relationships between job insecurity and both job-related tension and negative decision-making (see Byrne, 2005; Williams et al., 2003).

### ***Implications for Theory and Practice***

Our findings provide support for the theoretical model proposed by Jordan et al. (2002) and shows that job insecurity can lead to negative coping responses via increased job-related tension. In this case, we have conceptualised negative coping responses as negative decision-making strategies. This study has also provided additional support to the model of threat rigidity argued by Staw and his colleagues (1981). Stress, in this case conceptualised as job tension, has been shown in our study to be linked to a focus on low risk and conservative (negative) decision making responses. In this respect, our findings for threat-rigidity theory are supported, in that we found that stress constrains employees' decision-making capabilities. We noted earlier that other studies supported the notion that individuals engage in-risk taking behaviours in the face of a threat (e.g., Kahneman & Tversky, 1979). Based on our findings, we suggest that research should examine specific threats, as it may be the specific threat that frames the response (Johns, 2006). In other words, both threat rigidity theory and prospect theory may be correct, but not as a generalised response.

Our findings have implications for employee performance in decision-making tasks. As we noted earlier, perceptions of job insecurity in the workplace are increasing (Saunders et al., 2000). Our study has shown that job insecurity has an impact on how individuals make decisions. This suggests that job insecurity can result in a decrease of individual decision-making effectiveness. Managers need to be aware of this and look for ways to minimise the impact of employees who perceive that their jobs are insecure. We also note that researchers have argued that individual difference variables such as emotional intelligence could play a role in producing these synergies or ameliorating the emotional

reaction that produces these negative decision making strategies (Jordan et al., 2002). Clearly, the impact of perceptions of job insecurity on decision-making patterns cannot be ignored by managers. In a context where decision-making is continually being devolved, managers need to be aware of the potential for perceptions of job insecurity to influence the decision-making processes of employees.

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