

Three Foci of Trust as Potential Mediators in the Association Between Job Insecurity and Dynamic Organizational Capability: A Quantitative, Exploratory Study

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Abstract : Job insecurity is a distressing phenomenon which has far reaching consequences for both employees and their organizations. Previously, much attention has been given to the link between job insecurity and individual level performance outcomes, while less is known about how subjectively perceived job insecurity might transfer beyond the individual level to affect performance of the organization on an aggregated level. Research focusing on how employees' fear of job loss might affect the organization's ability to respond proactively to volatility and drastic change through applying its capabilities of sensing, seizing, and reconfiguring, appears to be practically non-existent. Equally little is known about the potential underlying mechanisms through which job insecurity might affect the dynamic capabilities of an organization. This study examines how job insecurity might affect dynamic organizational capability through trust as an underlying process. More specifically, it considered the simultaneous roles of trust at an impersonal (organizational) level as well as trust at an interpersonal level (in leaders and co-workers) as potential underlying mechanisms through which job insecurity might affect the organization's dynamic capability to respond to opportunities and imminent, drastic change. A quantitative research approach and a stratified random sampling technique enabled the collection of data among 314 managers at four different plant sites of a large South African steel manufacturing organization undergoing dramatic changes. To assess the study hypotheses, the following statistical procedures were employed: Structural equation modelling was performed in Mplus to evaluate the measurement and structural models. The Chi-square values test for absolute fit as well as alternative fit indexes such as the Comparative Fit Index and the Tucker-Lewis Index, the Root Mean Square Error of Approximation and the Standardized Root Mean Square Residual were used as indicators of model fit. Composite reliabilities were calculated to evaluate the reliability of the factors. Finally, interaction effects were tested by using PROCESS and the construction of two-sided 95% confidence intervals. The findings indicate that job insecurity had a lower-than-expected detrimental effect on evaluations of the organization's dynamic capability through the conducive buffering effects of trust in the organization and in its leaders respectively. In contrast, trust in colleagues did not seem to have any noticeable facilitative effect. The study proposes that both job insecurity and dynamic capability can be managed more effectively by also paying attention to factors that could promote trust in the organization and its leaders; some practical recommendations are given in this regard.

Keywords : dynamic organizational capability, impersonal trust, interpersonal trust, job insecurity

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