

Feeling secure vs. being secure? Qualitative evidence on the relationship between labour market institutions and employees' perceived job security from Germany and the U.S.

Hipp, Lena

Veröffentlichungsversion / Published Version

Zeitschriftenartikel / journal article

Zur Verfügung gestellt in Kooperation mit / provided in cooperation with:

Wissenschaftszentrum Berlin für Sozialforschung (WZB)

Empfohlene Zitierung / Suggested Citation:

Hipp, L. (2019). Feeling secure vs. being secure? Qualitative evidence on the relationship between labour market institutions and employees' perceived job security from Germany and the U.S. *Contemporary Social Science*, 14, 1-14. <https://doi.org/10.1080/21582041.2019.1656816>

Nutzungsbedingungen:

Dieser Text wird unter einer CC BY Lizenz (Namensnennung) zur Verfügung gestellt. Nähere Auskünfte zu den CC-Lizenzen finden Sie hier: <https://creativecommons.org/licenses/by/4.0/deed.de>

Terms of use:

This document is made available under a CC BY Licence (Attribution). For more information see: <https://creativecommons.org/licenses/by/4.0>

Hipp, Lena

Article — Published Version

Feeling secure vs. being secure? Qualitative evidence on the relationship between labour market institutions and employees' perceived job security from Germany and the U.S.

Contemporary Social Science

Provided in Cooperation with:

WZB Berlin Social Science Center

Suggested Citation: Hipp, Lena (2019) : Feeling secure vs. being secure? Qualitative evidence on the relationship between labour market institutions and employees' perceived job security from Germany and the U.S., Contemporary Social Science, ISSN 2158-205X, Taylor & Francis, London, Vol. 14, Iss. Latest Articles, pp. 1-14,
<http://dx.doi.org/10.1080/21582041.2019.1656816>

This Version is available at:

<http://hdl.handle.net/10419/209578>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



<https://creativecommons.org/licenses/by/4.0/>



Feeling secure vs. being secure? Qualitative evidence on the relationship between labour market institutions and employees' perceived job security from Germany and the U.S.

Lena Hipp

WZB Berlin Social Science Center, University of Potsdam, Berlin, Germany

ABSTRACT

How can labour market institutions make workers confident about their economic future? While quantitative studies have repeatedly shown that countries' labour market regulations and policies are related to variations in workers' perceived job security, these studies did not explain *how* these institutions affect workers' perceptions and expectations. This study seeks to close this gap by analysing qualitative interview data collected on employees in Germany and the U.S. during the great financial crisis (2009–2010). The study's main finding is that policies vary in their effectiveness at making workers feel secure about their jobs. While unemployment assistance can reduce workers' worries about job loss, dismissal protection does not seem to effectively increase workers' confidence that their jobs are secure. Overall, employees know relatively little about the policies and regulations that are meant to protect them and have limited trust in their effectiveness. Individual and organisational characteristics seem to be more relevant for employees' feelings of job security than national-level policies. In particular, comparisons with others who have lower levels of protection increase workers' perceived security. These insights are particularly important in light of the ongoing changes in the world of work that are making workers' lives more uncertain and insecure.

ARTICLE HISTORY

Received 13 July 2018

Accepted 11 August 2019

KEYWORDS

Perceived job insecurity/
security; U.S. and Germany;
labour markets policies;
institutions

Introduction

The world of work is changing in important ways. Employment trajectories are becoming more unstable due technological advances, and employers' as well as employees' demands for more flexibility are continuously growing (Kalleberg, 2009; Kalleberg & Vallas, 2018). Governments and organisations have therefore been concerned about the adverse effects of growing insecurities on economic success and individual well-being. Workers who believe that their jobs are endangered (even if they actually are not) suffer from poor health (e.g. Burgard, Brand, & House, 2009) and are less happy than workers who feel economically secure (e.g. Carr & Chung, 2014). Organisations, moreover, have to deal with decreased loyalty, reduced organisational commitment, and elevated

CONTACT Lena Hipp hipp@wzb.eu

© 2019 The Author(s). Published by Informa UK Limited, trading as Taylor & Francis Group

This is an Open Access article distributed under the terms of the Creative Commons Attribution License (<http://creativecommons.org/licenses/by/4.0/>), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

turnover rates when workers feel insecure about their jobs (Benito, 2006; De Witte, 2005; Klandermans & Van Vuuren, 1999; Sverke, Hellgren, & Näswall, 2002). Hence, governments and organisations need to understand the forces that make workers confident about their economic future in order to design effective policies.

This paper investigates how national-level labour market policies and organisational practices shape workers' feelings of job and employment security. How do national-level labour market policies and regulations affect workers' confidence in their economic future? How do they interact with organisational-level practices? What mechanisms underlie the formal policies and informal practices that make employees feel secure about their jobs? I seek to answer these questions by drawing on in-depth interviews with employees of different ages, genders, and ranks in Germany and the U.S. This study thus supplements the insights generated by quantitative, cross-national comparative studies (e.g. Anderson & Pontusson, 2007; Chung & van Oorschot, 2011; Hipp, 2016). While these studies showed that workers' feelings of job security vary depending on the institutional context, they could not explain *why* these associations exist and how policies shape workers' experiences in their day-to-day lives.

In a nutshell, the paper's main findings can be summarised as follows. First, employees' knowledge about different policies and regulations seems to be fairly limited. Second, policies that reduce the severity of the impact of lay-offs (i.e. unemployment assistance policies) tend to be more effective in instilling confidence and positive expectations than policies aimed at reducing the likelihood of job loss (i.e. dismissal protection legislation). This is because both the eligibility criteria for the receipt of unemployment assistance and the amount of the assistance are more tangible than the protective safeguards offered by dismissal protection legislation. Third, individual and organisational characteristics seem to be more relevant for employees' feelings of job security than national-level policies. In particular, the comparison with others who have lower levels of protections makes workers of different ranks and socio-demographic backgrounds feel more secure about their jobs.

These insights are of both theoretical and practical importance. By unpacking the mechanisms underlying different policies and identifying how they relate to individuals' feelings of insecurity, this paper provides some general insights into how policies can instil confidence into individuals. It also contributes to the growing literature on employment precariousness (e.g. Hipp, Bernhardt, & Allmendinger, 2015; Kalleberg & Vallas, 2018). Political and organisational decision-makers can use my findings to evaluate existing policies and to develop new ones that ensure workers feel secure about their economic future.

Theoretical background

Quantitative studies have repeatedly shown that workers' perceived job security varies with the levels of government protection against job loss (i.e. dismissal protection) and government support to reduce the economic hardship associated with job loss (i.e. unemployment assistance). In particular, generous unemployment assistance programmes have been found to be positively associated with workers' feelings about their economic security (Anderson & Pontusson, 2007; Böckerman, 2004; Clark & Postel-Vinay, 2009; Hipp, 2016; OECD, 2004). The relationship between dismissal protection legislation and perceived job security, by contrast, seems to be less clear. While some studies have found a positive

association between the strength of dismissal protection and perceived job security (Anderson & Pontusson, 2007), most studies found no correlation (Erlinghagen, 2007; Marks, Dollahite, & Baumgartner, 2010; Schwandt, 2001) or a negative one (Böckerman, 2004; Chung & van Oorschot, 2011; Clark & Postel-Vinay, 2009).

The first step towards understanding why previous studies might not have yielded conclusive results and why certain policies may be more effective in providing individuals with confidence than others is to distinguish between different facets of job security. Drawing on the distinction between cognitive and affective elements of perceived job (in)security, which has been established in previous work (e.g. Lee, Huang, & Ashford, 2018 for an overview on terminology used in the field), I differentiate between three facets of perceived job security. First, *cognitive job security* captures employees' expectations of keeping their job. Such positive expectations may be based on an individual's knowledge that she or he would be difficult to replace or on her or his positive experiences with the employer in the past. Second, *perceived labour market security* refers to the employee's expectation that she or he would easily find a new job of comparable quality, e.g. because the worker has particular capabilities or because there is a positive labour market situation. The third facet of perceived job security relates to the absence of worries about job loss and is called *affective job security*. Affective job security may be the consequence of high levels of cognitive job security, high perceived labour market security, or a combination of both (e.g. Anderson & Pontusson, 2007; Borg & Elizur, 1992; Hipp, 2016; Huang, Lee, Ashford, Chen, & Ren, 2010; Klandermans, Hesselink, & Van Vuuren, 2010).

These dimensions are related, as depicted in Figure 1, but they do not necessarily overlap (Klandermans et al., 2010). If workers feel confident about keeping their jobs, they may not be worried about job loss (or at least less so). Likewise, if they are confident that they will easily find a new job, they may not be worried about unemployment – even if they are not confident about staying with their current employer. Hence, as both cognitive job security and perceived labour market security can increase workers' affective job security, policies geared towards increasing workers' cognitive job security and perceived labour market insecurity should indirectly also increase workers' affective job security.

Consequently, policy makers and organisations have several options to increase workers' confidence about their economic future. For example, they can reduce the probability of job loss via dismissal protection legislation, which should increase workers' cognitive job security and, indirectly, workers' affective job security as well. Moreover, they can

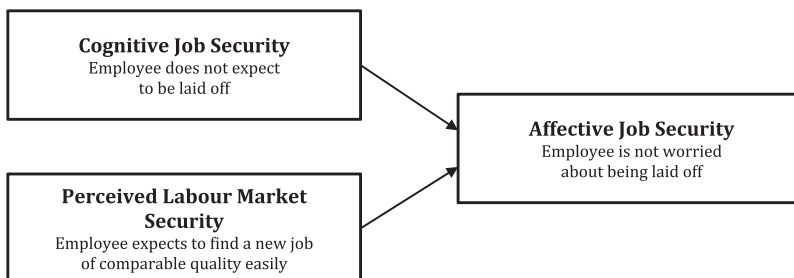


Figure 1. Types of perceived job security.

financially support workers in case of job loss and help them to quickly find new employment through unemployment assistance programmes, which should increase workers' perceived labour market security and also their affective job security.

Empirically, the degree of protection and support offered by these policies varies substantially across countries. For example, between 2005 and 2015 (i.e. the five years before and after the data for this study were collected), Germany spent around 490 U.S. dollars per unemployed individual on average, whereas the U.S. spent 235 U.S. dollars (measured at constant 2010 prices and PPPs [OECD, 2019a]). In addition, while most workers in the U.S. can be fired at any time for any reason, employers in most European countries have to follow certain rules and procedures when they dismiss workers (OECD, 2004). Based on the OECD's comparative 'employment protection' index, it was approximately four times more difficult or costly to terminate a worker in Germany (value of 2.68) than in the U.S. (value of 0.26) back in 2009/10 (OECD, 2019b).¹

Hence, the question that arises is: *How* do these different types of policies affect workers' perceptions of job security? Why have previous studies that used quantitative data found a positive relationship between the generosity of unemployment assistance programmes but failed to establish a clear association between the strength of dismissal protection and perceived job security?

Data and methods

To answer these questions and explore the mechanisms through which different types of policies make workers feel secure about their jobs and why different types of policies may differ in their effectiveness, I conducted 46 in-depth interviews with employees from two large research organisations in Germany and the U.S. during the great financial crisis (2009–2010). By conducting my interviews in two similar organisations that were located in different institutional contexts, I could systematically examine the variations in workers' perceived job security and relate them to different types of policies and institutional mechanisms.

Germany is the classic example of a 'coordinated market economy', with high levels of social assistance programmes and worker protection (Brady & Biegert, 2018), whereas the U.S. is the ideal-type 'liberal market economy', which grants workers almost no assistance or support (Hall & Soskice, 2001). To ensure that potential differences in workers' perceived job security in Germany and the U.S. are indeed related to differences in policy context and not the industrial relations institutions, skill formation systems, or prevailing management practices, I conducted my study in research organisations and not in manufacturing or low-skilled service sector organisations (for other comparisons between Germany and the U.S., see Doellgast, Holtgrewe, & Deery, 2009 or Greer, Bredahl, Knuth, & Larsen, 2017, for example). Research organisations, in particular the two in which I conducted my interviews, are comparable with regard to relevant characteristics across countries. They pursue similar missions and use similar technologies; they employ a wide range of occupational groups, including administrators and physical plant workers in addition to the research personnel; and they tend to hire their personnel on various types of employment contracts (Table 1 summarises the breakdowns of important demographics for the two research sites). All of this makes them not only very suitable for a cross-country comparison but also allows for some (tentative) extrapolations of my findings to employees in other organisations in both countries.

Table 1. Summary of interviewees' demographic characteristics.

	American research site	German research site
Gender	37% male, 63% female	50% male, 50% female
Age	Average of 46 years	Average of 41 years
Education	23% high school or less 23% BA or associate degree 30% Master's or LLM 23% PhD	6% high school or less 38% Vocational training 44% Master's 13% PhD
Children	87% have children	63% have children
Marital status	67% married, engaged, or living with a steady partner 33% single or divorced	75% married, engaged, or living with a steady partner 25% single or divorced
Organisational rank	13% cleaners/facility managers/technicians (C/FM/T) 40% administrative assistants (AA) 30% assistant directors/directors (AD/D) 17% researchers (RA)	31% cleaners/facility managers/technicians (C/FM/T) 31% administrative assistants (AA) 25% assistant directors/directors (AD/D) 12% researchers (RA)
Tenure	10 years	14 years
Temporary workers	17%	19%
Unionised workers	13%	N.A. ^a

^aDue to restrictions in German data protection law, I was not allowed to ask whether employees in Germany were unionised and therefore could not assess how large the population of unionised workers in the German sample actually was. Union membership was around 14% in the geographic region at the time the interviews were conducted (IW, 2016).

Moreover, as organisations in the research and education sector in Germany and the U.S. are less exposed to market volatilities than other organisations, and pursue long-term rather than short-term goals, the findings of my study constitute a conservative estimate of the relationship between labour market institutions and the various aspects of perceived job security. Yet, despite these advantages of my data, it should be noted that – as is the case with most qualitative research – my data are neither representative of the employees at the respective organisations nor of the working population in Germany and the U.S.

Using the organisational directory, personal connections, recommendations, and snowballing, I identified approximately 30 interview partners at both research organisations, whom I asked to participate in my study. The final sample consisted of a total of 46 individuals²; I subsequently conducted interviews in person. The semi-structured interviews lasted an hour on average; they were recorded and transcribed after the participants provided informed consent (Ragin, 1994). The first part of the interview was exploratory, with respondents answering open-ended questions about their working biographies, their work-related anxieties, and their uncertainties. The second part of each interview consisted of specific questions about key demographic and work characteristics that had not been mentioned in the first part but that were potentially relevant for the analyses (an overview of the emergent and a priori codes is provided in Appendix A). During the data collection process, I continually refined the initial interview schedule to capture themes that were not anticipated before the data collection process.

The data were analysed sequentially, starting with data coding and a search for recurring patterns and themes. Some of the coding categories emerged from the data, whereas others were derived from theories (e.g. the distinction between different dimensions of perceived job security). By going back and forth between the data and the emergent themes, I discovered and refined both the conceptually distinct responses and the differences between respondents and countries. This iterative process for developing the

relevant codes helped me discover new analytical categories and relationships between categories (Ragin, 1994; Weiss, 1995).

Findings

When they talked about work-related anxieties and expectations, respondents in both countries implicitly distinguished between cognitive job security, perceived labour market security, and affective job security. In Germany, only temporary employees anticipated leaving the organisation after their contracts expired (or could no longer be extended), while none of the permanent employees interviewed for this study expected to lose their jobs (i.e. they exhibited high cognitive job security), as the following quotation by a female administrative assistant on a permanent contract illustrates: 'I am pretty sure that I can stay here until I retire, if I want to. I feel this is a pretty luxurious situation' (AA, female, Germany).

In the American context, by contrast, neither permanent nor temporary employees had firm beliefs about the continuity of their jobs. To them, the possibility of losing their jobs was an everyday problem.

There are always insecurities and there will always be lay-offs. So you have to show your skills. I always was concerned about my job security, but since I work pretty hard to stay here, I try to always advance. But, yeah, there are always insecurities in every job. (C/FM/T, male, U.S., hired on a temporary basis)

Likewise, an administrative assistant on a permanent contract I interviewed in the U.S. also lacked confidence that she would keep her job: 'You know, nobody is safe. You're just not. Nobody's job is secure. Not even the jobs of those who work in a prison, although they're always gonna have criminals' (AA, female, U.S.).

This lack of cognitive job security in the U.S. was partly offset by the expectation of being able to find new employment or at least new employment with lower pay or less attractive working conditions, as the following quotations illustrate:

Given that I have a college degree, I have a lot more options. Even if the economy is bad I can get a job – even if it was a job that I didn't really want. I can actually walk into a restaurant and get a job as a waitress, which I did many, many times. (AD/D, female, U.S.)

Likewise, a technician stated:

What it truly boils down to is, 'Can I replace the paycheck?' McDonald's is paying the same as the university is paying me, so am I really that worried about losing my job? Wal-Mart is closer, McDonald's closer, Burger King is closer, Kmart is closer. So am I really that worried about a title if I'm replacing the paycheck, dollar for a dollar, do I really have to worry about the title? No, I don't. (C/FM/T, male, U.S.)

Workers at the German interview site, by contrast, did not derive reassurance from the idea that they could find alternative employment – independent of their contractual arrangement and organisational rank. They were all pessimistic about finding a new job – even one of inferior quality (i.e. they had low perceived labour market security).

It was this lack of confidence about finding a new job if laid off that made employees in Germany worried (i.e. reduced their affective job security): 'Some of my friends at my age, they have great difficulties finding a job and have been unemployed for a long time.

It would be the same for me, I am pretty sure ... and that's what really makes it frightening' (AA, female, Germany). Workers in the U.S. were also worried about the prospect of job loss, though for different reasons. The interviews in the U.S. revealed that the prospect of losing employer-provided pensions and health care benefits made workers worried, in particular older workers and workers with long tenure. Despite the positive impact these policies may have on employees' well-being and their organisational commitment, they also increase the costs for employees of leaving the organisation and therefore increase the individual costs associated with job loss:

And then, you know, as of about last year, around my birthday, I started thinking, 'Oh, I really can't leave' or 'I don't want to leave' because the one benefit that I would get from retiring is that they will pay your state healthcare plan for the rest of your life. And that's huge, given the situation that we're in. Well, I really started to think, 'I need to figure out a way to stay here.' Anxiety started to come in: 'Oh, we're dead in the water with the healthcare benefits. I'll lose the chance at a lifetime of healthcare benefit.' So, economically, it started to look like, 'I really need to stay here.' (A/AD, female, U.S.)

Hence, confirming the findings from quantitative studies, my data show that workers in Germany and the U.S. felt (in)secure about different aspects of their economic future and that the different facets of perceived job (in)security are related to each other (e.g. Anderson & Pontusson, 2007; Hipp, 2016). The relationships between cognitive job security and perceived labour market security, on the one hand, and affective job security, on the other, suggest that there are several ways in which policies can instil workers with confidence and positive expectations. In theory, workers should be less worried about their jobs if there are policies in place that decrease the likelihood of job loss, help workers to quickly find a new job in case of job loss, or reduce the costs associated with job loss. The empirical findings from quantitative studies, however, have shown that the different types of policies vary in their effectiveness in making workers feel secure about their employment prospects (Anderson & Pontusson, 2007; Chung & van Oorschot, 2011; Erlinghagen, 2007; Hipp, 2016).

In the first step, I therefore sought to find out how much respondents actually knew about the policies designed to protect them. Employees at the American research site, who according to state law are all 'at-will employees', tended to overestimate their protections. They believed that the employer would need to have a reason to lay them off – 'I think legally, they have to give you a reason why, but then I hope I'm never in that situation' (AA, female, U.S.) – or they expected to receive a notification if they were terminated for economic reasons:

So, if I was going to be fired, I would know But that again is not at-will. It's something that we would be notified of. So they just can't come in one day and say, here you go, pack your things. (AD/D, female, U.S.)

Others simply were not sure of the type of contract they had. Likewise, employees in Germany did not have a good grasp of the lay-off process and the reasons for which they could be terminated. For example, most of them falsely believed that they could *not* be laid off due to health-related absences (which, actually, is a possible reason for getting fired according to German labour law [Pfarr et al., 2005]).

Hence, it seems as if workers' knowledge about dismissal protection is generally fairly limited. In accordance with findings from previous work for the U.S. (Roehling & Boswell,

2004), I found that employees did not have a good grasp of their statutory employment rights. Workers in both countries tended to overestimate their actual job security and had similar expectations regarding what employers would and should do when jobs had to be cut. Workers' beliefs about their contracts and expectations about what is just and right may therefore not differ as much across countries as the actual legal provisions. Hence, workers' beliefs and their employers' organisational practices seem to be more important than what is 'written in the books'.

However, the lack of knowledge about whether employers needed a reason to dismiss workers (and what those reasons were) is not the only explanation for why dismissal protection regulations may not be effective in providing workers with feelings of job security. Even those who were not at-will employees and who knew about their rights in case of dismissals did not convey an optimistic view regarding the effectiveness of their legal protections. Neither the employees in Germany (who had not recently experienced lay-offs) nor the unionised workers in the U.S. (who also had relatively high levels of protection against lay-offs but who had been confronted with major lay-offs in the last years) seemed to trust the protections that they were granted by law or by the union contract. The following statement from a unionised employee in the U.S. exemplifies this general mistrust:

And they kind of targeted her [a colleague] and found just a bogus reason to fire her. It was something that all of us have done before. They accused her of stealing the company's time and money. It was ridiculous. She had used the phone. It was nothing any of us haven't done but it was a reason that they could give and justify for her to be laid off. (C/FM/T, female, U.S.)

Employees in Germany expressed similar reservations and did not attribute their actual job security to the legal provisions but rather to organisational characteristics:

We had this one colleague. She was really very unreliable, had a lot of personal problems, too, but still. We had to do all her work. It took forever until she just got a warning. ... we have an involved *Betriebsrat* (works council) and that's how things are here. (C/FM/T, female, Germany)

Such a lack of trust and confidence in the effectiveness of policies may not be surprising in the context of an unequal exchange relationship like the employee-employer relationship. Policies and regulations can seek to compensate for power differentials – for example, by making it more costly for employers to get rid of their staff – but they can never eliminate them. Since the employee remains dependent on having a job with the employer, the (perceived) power differentials do not vanish, as the following statements illustrate: 'If they really want to lay you off, they'll lay you off. There is always a reason. And even if there is no reason, would you want to work at a place where you do not feel appreciated?' (C/FM/T, male, Germany).

I just remember having the experience of being in the backroom at the store at the mall. 'You see, you need to sign this. It just says we can fire you if we want to and that you can leave if you want to, even in the middle of your shift. And there will be no legal repercussions.' And I said, 'Okay. I'll sign that. I need the job' you know. (AA, female, U.S.)

A slightly different picture emerged when the interviewees talked about the possibility of becoming unemployed and the benefits they would receive in case of a job loss. Although most interviewees were ignorant about the exact amount and duration of unemployment benefits, they all knew that they were at least entitled to financial support. 'I think what I'd

get would be something like half of what your rate is now or something like that. Unfortunately, I don't ... knock on wood ... but I think it's half of your salary' (C/FT/T, male, U.S.). 'I've never been unemployed but it is something around 65 percent of your income, for a year or so, and afterwards it is Hartz IV'.³ (AD/D, female, Germany).

Thanks to the comparatively high levels of financial support in case of unemployment, workers in Germany felt reassured by the prospect of receiving unemployment benefits in case of job loss: 'It's a little bit terrifying but ... no, I mean, it really helps to know that I'm financially okay for at least a while' (AA, female, Germany). However, the protective function of unemployment benefits seems to be limited when the amount of financial support is rather small, as is the case in the U.S.

As a result, not all interviewees at the American research site held positive views of the usefulness of these benefits as an actual safeguard: 'That's what they give you. If you make like 600, they give you 300 and it's not worth it, it really isn't' (C/FT/T, male, U.S.). Workers in the U.S. did not necessarily consider taking up unemployment benefits, even when they were entitled to apply: 'Yeah. I never was ever unemployed. I always did something. ... You know, but I would take jobs under the table and stuff, I didn't – I don't wanna take unemployment' (C/FT/T, female, U.S.). In the U.S., only unemployment benefits in combination with personal savings helped workers to reduce their worries associated with job loss: 'I've also been able to save up some money; I can pull it off anytime, I can find some way to get by' (AD/D, male, U.S.).

In addition to reducing power differentials between the employee and the employer and reducing the employee's vulnerability in case of job loss, my data revealed that there is a third mechanism that may make employees feel more secure about their economic future, namely the presence of a comparison group with (even) lower levels of protection. The comparison with a reference group that does considerably better or worse has been shown to affect individuals' assessment of and satisfaction with their own situation (e.g. Crosby, 1982; Stouffer, 1949) and may also be at work in the context of perceived job security.

Relative position apparently increases the confidence of those with higher levels of protection relative to others, such as permanent employees compared to temporary employees: 'If someone had to go in our department, for some restructuring or something, they would first let the temps go or just not renew them' (AD/D, female, Germany). Union members – at least those in the U.S. – likewise stated that they had reason to be more confident about keeping their jobs than non-union members: 'I am definitely more secure than the non-unionised workers here' (C/FM/T, male, U.S.). This finding is consistent with the findings of quantitative studies on the positive association between union membership and perceived job security (Givan & Hipp, 2012).

In particular, the 'bumping right' of unionised workers in the U.S., i.e. their right to replace other, less senior employees with similar or lower qualifications in case of job loss, seems to positively affect cognitive job security: 'If I am ever gonna be laid off, I know there are other people down at the bottom that I could bump' (AA, female, U.S.). The simple awareness of these rights seems to have a reassuring effect, suggesting that, in principle, increasing one's relative power vis-à-vis the high-power exchange partner can be a successful strategy to ensure the low-power partner's confidence (see Tapia, Ibsen, & Kochan, 2015 for an overview of similar findings).

Conclusion

How can labour market policies make workers confident about their economic future? This was the guiding research question of my qualitative study on workers' perceived job security in Germany and the U.S. during the great financial crisis (2009/10). Previous comparative studies that analysed representative survey data have found that labour market regulations and policies are related to variations in workers' perceived job security but could not explain *how* these institutions affect workers' perceptions and expectations and *why* they differ in their effectiveness in generating confidence.

The goal of this study was to fill this gap and to shed light on the mechanisms that provide workers with feelings of job security by drawing on in-depth interview data with employees at two research organisations in Germany and the US.

The main findings from this study can be summarised as follows. First, employees clearly distinguished between the different facets of perceived job security, and workers in Germany and the U.S. tended to worry about different facets of job security. Confirming findings from quantitative studies, workers in Germany were less concerned with losing their current job than finding a new job; in the U.S., by contrast, workers were less confident about keeping their current job but more optimistic about finding a new one if necessary. Second, employees in both countries knew relatively little about the institutions and policies that are meant to protect them and had limited trust in their effectiveness. This applied particularly to dismissal protection regulations.

Third, and closely related, the design of policies matters both for how much workers know about them and how much they trust them. Policies that seek to reduce power differentials between the employee and the employer and hence the likelihood of job loss, such as dismissal protection, are not necessarily a means to make workers feel secure about their jobs and employment prospects. This is because the protective safeguards offered by dismissal protection legislation are not very tangible. By contrast, policies that seek to reduce employees' vulnerability, such as unemployment assistance, seem to be more effective in reducing worries associated with job loss. Workers in Germany, who could expect to sustain their standard of living even in the event of unemployment, almost unanimously said that they would rely on unemployment benefits if they lost their jobs; workers in the U.S., on the other hand, were sceptical about the usefulness of unemployment benefits. In contrast to workers in Germany, they expected to quickly find a new job and were reassured by this.

Fourth, organisational-level practices were far more important for employees' feelings of job security than national-level regulations 'written in the books'. Employees observed very closely how others were treated in their organisations, and these indirect experiences of employer treatment and comparisons with others influenced their subjective feelings of security. In particular, the presence of groups with lower levels of protection, such as nonunionised workers in the U.S. or temporary workers in Germany, seemed to increase feelings of job security among those with higher levels of protection or higher skills.

Although I conducted my study on a small and non-random sample and therefore cannot draw conclusions about the entirety of the German and U.S. workforce, my study contributes to the growing literature on perceived job (in)security by identifying the mechanisms that explain why some types of policies are more effective than others

in making workers feel secure about their economic future. Decision-makers should be aware of the great importance of organisational practices for reducing the negative effects of employees' perceptions that their jobs are endangered, despite the legal protections and safeguards that are in place. The insights generated by my study can be used to evaluate existing policies as well as to inform the development of new policies that are effective in making workers feel secure about their jobs and providing them with confidence regarding their labour market prospects.

Notes

1. However, while high levels of dismissal protection decrease an employee's likelihood of suddenly being laid off, stringent dismissal protections may not be beneficial for workers *per se*. In those countries with stringent dismissal protection, workers do not just benefit from less frequent lay-offs but presumably also find it more difficult to find (permanent) employment once they have lost their jobs. In countries with low levels of dismissal protection, by contrast, inflows into and outflows out of unemployment tend to be higher (e.g. Avdagic, 2015; Esping-Andersen & Regini, 2000; Polavieja, 2003). Although the empirical evidence on the effects of stringent dismissal protection on unemployment rates is mixed, some studies showed that young workers tend to have higher unemployment-related risks in countries with high levels of dismissal protection than in those with less regulated labour markets (Breen, 2005; Gebel & Giesecke, 2016; Noelke, 2016).
2. Ten employees did not respond to my request to conduct an interview with them; one person did not sign the consent form; the quality of the recording of three interviews was too poor to be transcribed and my notes were insufficient for a proper analysis.
3. 'Hartz IV' is the colloquial term for the flat-rate unemployment assistance that job seekers in need receive when they are no longer eligible for the income-related assistance that is paid during the first 12 months after job loss. For more information see, for instance, Fleckenstein (2008).

Disclosure statement

No potential conflict of interest was reported by the author.

Funding

This work was supported by the National Science Foundation (NSF), Directorate for Social, Behavioral and Economic Sciences (NSF Dissertation Improvement grant # 1029324).

Notes on contributor

Lena Hipp is the head of the research group 'Work and Care' at the WZB Berlin Social Science Center and Professor of Social Inequality and Social Stratification at the University of Potsdam. She studies public policies, work, employment relations, gender, and families. Her work has been published in journals such as *Social Forces*, *Social Sciences Research*, and *Socio-Economic Review* and the *Journal of Marriage and Family*.

ORCID

Lena Hipp  <http://orcid.org/0000-0002-1535-8748>

References

- Anderson, C. J., & Pontusson, J. (2007). Workers, worries and welfare states: Social protection and job insecurity in 15 OECD countries. *European Journal of Political Research*, 46(2), 211–235.
- Avdagic, S. (2015). Does deregulation work? Reassessing the unemployment effects of employment protection. *British Journal of Industrial Relations*, 53(1), 6–26.
- Benito, A. (2006). Does job insecurity affect household consumption? *Oxford Economic Papers*, 58(1), 157–181.
- Böckerman, P. (2004). Perception of job instability in Europe. *Social Indicators Research*, 67(3), 283–314.
- Borg, I., & Elizur, D. (1992). Job insecurity: Correlates, moderators and measurement. *International Journal of Manpower*, 13(2), 13–26.
- Brady, D., & Biegert, T. (2018). The rise of precarious employment in Germany. In A. L. Kalleberg & S. P. Vallas (Eds.), *Precarious work* (pp. 245–271). Bingley: Emerald Publishing Limited.
- Breen, R. (2005). Explaining cross-national variation in youth unemployment: Market and institutional factors. *European Sociological Review*, 21(2), 125–134.
- Burgard, S. A., Brand, J. E., & House, J. S. (2009). Perceived job insecurity and worker health in the United States. *Social Science & Medicine*, 69(5), 777–785.
- Carr, E., & Chung, H. (2014). Employment insecurity and life satisfaction: The moderating influence of labour market policies across Europe. *Journal of European Social Policy*, 24(4), 383–399.
- Chung, H., & van Oorschot, W. (2011). Institutions versus market forces: Explaining the employment insecurity of European individuals during (the beginning of) the financial crisis. *Journal of European Social Policy*, 21(4), 287–301.
- Clark, A., & Postel-Vinay, F. (2009). Job security and job protection. *Oxford Economic Papers*, 61(2), 207–239.
- Crosby, F. J. (1982). *Relative deprivation and working women*. New York: Oxford University Press.
- De Witte, H. (2005). Job insecurity: Review of the international literature on definitions, prevalence, antecedents, and consequences. *South African Journal of Industrial Psychology*, 31(4), 1–6.
- Doellgast, V., Holtgrewe, U., & Deery, S. (2009). The effects of national institutions and collective bargaining arrangements on job quality in front-line service workplaces. *ILR Review*, 62(4), 489–509.
- Erlinghagen, M. (2007). Self-perceived job insecurity and social context: A multi-level analysis of 17 European countries. *European Sociological Review*, 24(2), 183–197.
- Esping-Andersen, G., & Regini, M. (Eds.). (2000). *Why deregulate labour markets?* New York: Oxford University Press.
- Fleckenstein, T. (2008). Restructuring welfare for the unemployed: The Hartz legislation in Germany. *Journal of European Social Policy*, 18(2), 177–188.
- Gebel, M., & Giesecke, J. (2016). Does deregulation help? The impact of employment protection reforms on youths' unemployment and temporary employment risks in Europe. *European Sociological Review*, 32(4), 486–500.
- Givan, R. K., & Hipp, L. (2012). Public perceptions of union efficacy: A twenty-four country study. *Labor Studies Journal*, 37(1), 7–32.
- Greer, I., Bredahl, K. N., Knuth, M., & Larsen, F. (2017). *The marketization of employment services: The dilemmas of Europe's work-first welfare state*. Oxford: Oxford University Press.
- Hall, P. A., & Soskice, D. (Eds.). (2001). *Varieties of capitalism: The institutional foundations of comparative advantage*. Oxford: Oxford University Press.
- Hipp, L. (2016). Insecure times? Workers' perceived job and labor market security in 23 OECD countries. *Social Science Research*, 60, 1–14.
- Hipp, L., Bernhardt, J., & Allmendinger, J. (2015). Institutions and the prevalence of nonstandard employment. *Socio-Economic Review*, 13(2), 351–377.
- Huang, G.-H., Lee, C., Ashford, S., Chen, Z., & Ren, X. (2010). Affective Job insecurity. *International Studies of Management & Organization*, 40(1), 20–39.
- IW. (2016). Organisationsgrad: Regionale Unterschiede. In *Gewerkschaftsspiegel*. Köln: Institut der deutschen Wirtschaft Köln.

- Kalleberg, A. L. (2009). Precarious work, insecure workers: Employment relations in transition. *American Sociological Review*, 74(1), 1–22.
- Kalleberg, A. L., & Vallas, S. P. (2018). *Precarious work*. Bingley: Emerald Publishing Limited. Retrieved from <https://www.emerald.com/insight/publication/doi/10.1108/S0277-2833201731>
- Klandermans, B., Hesselink, J. K., & Van Vuuren, T. (2010). Employment status and job insecurity: On the subjective appraisal of an objective status. *Economic and Industrial Democracy*, 31(4), 557–577.
- Klandermans, B., & Van Vuuren, T. (1999). Job insecurity: Introduction. *European Journal of Work & Organizational Psychology*, 8(2), 145–153.
- Lee, C., Huang, G.-H., & Ashford, S. J. (2018). Job insecurity and the changing workplace: Recent developments and the future trends in job insecurity research. *Annual Review of Organizational Psychology and Organizational Behavior*, 5, 335–359.
- Marks, L. D., Dollahite, D. C., & Baumgartner, J. (2010). In god we trust: Qualitative findings on finances, family, and faith from a diverse sample of U.S. families. *Family Relations*, 59(4), 439–452.
- Noelke, C. (2016). Employment protection legislation and the youth labour market. *European Sociological Review*, 32(4), 471–485.
- OECD. (2004). Employment protection regulation and labour market performance. In *OECD employment outlook 2004* (pp. 61–125). Retrieved from <http://www.oecd.org/employment/emp/34846856.pdf>
- OECD. (2019a). *Social expenditure: Aggregated data*. OECD Social and Welfare Statistics (database). Retrieved from <https://www.oecd.org/social/expenditure.htm>
- OECD. (2019b). Strictness of employment protection – Individual and collective dismissals (regular contracts).
- Pfarr, H. M., Ullmann, K., Bradtke, M., Schneider, J., Kimmich, M., & Bothfeld, S. (2005). *Der Kündigungsschutz zwischen Wahrnehmung und Wirklichkeit: Betriebliche Erfahrungen mit der Beendigung von Arbeitsverhältnissen*. München: Rainer Hampp Verlag.
- Polavieja, J. G. (2003). Temporary contracts and labour market segmentation in Spain: An employment-rent approach. *European Sociological Review*, 19(5), 501–517.
- Ragin, C. C. (1994). *Constructing social research: The unity and diversity of method*. Thousand Oaks, CA: Pine Forge Press.
- Roehling, M. V., & Boswell, W. R. (2004). “Good cause beliefs” in an “at-will world”? A focused investigation of psychological versus legal contracts. *Employee Responsibilities and Rights Journal*, 16(4), 211–231.
- Schwandt, T. A. (2001). *Dictionary of qualitative inquiry*. Thousand Oaks, CA: Sage.
- Stouffer, S. A. (1949). *American soldier: Adjustment during army life*. Princeton, NJ: Princeton University Press.
- Sverke, M., Hellgren, J., & Näswall, K. (2002). No security: A meta-analysis and review of job insecurity and its consequences. *Journal of Occupational Health Psychology*, 7(3), 242–264.
- Tapia, M., Ibsen, C. L., & Kochan, T. A. (2015). Mapping the frontier of theory in industrial relations: The contested role of worker representation. *Socio-Economic Review*, 13(1), 157–184.
- Weiss, R. S. (1995). *Learning from strangers: The art and method of qualitative interview studies*. New York: Free Press.

Appendix A. Overview of relevant coding categories

A priori codes

Types of job security	Cognitive job security Perceived labour market security
Policies	Affective job security Dismissal protection Unemployment assistance (financial support, training, placement services)
Employability	Skills and educational background Looking for alternative jobs Further training
Demographic background	Temporary workers Organisational tenure Age
Unemployment experience	Own unemployment Unemployment of others
Fears	Loss of material status Loss of sense in life

Emergent codes

Comparisons with others	Temporary workers Non-unionised workers Skills and education Experience and internal knowledge Those with less tenure
Policies	Knowledge Trust
Costs associated with job loss	Relevance of family and partner Gender Health Care (U.S.) Pension (U.S.) Nonmaterial aspects of job/work
Judgement of and attitudes towards employer	Break of implicit job security promise Dignity/fairness Loyalty Mutual obligations
