

# "Employees Perception Towards Coping Mechanism During Economic Uncertainty Effecting Their Job Security "

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## **Abstract:**

The study aims to examine the relationship between awareness level among individual employees towards inflation effecting their job security and the coping strategies they are willing to adopt or implement during inflation in order to avoid job insecurity. Data were collected from respondents across various demographic profiles, including age, gender, type of sector, monthly income, and work experience. The data collected was analysed using SPSS and AMOS using various statistical test like One-Sample T-Test, Independent Sample T-test, One-way Anova and Spearman's Rank correlation. The moderation effect was captured using AMOS to know if age and work experience moderates the relationship between awareness about inflation effecting job security and coping strategies used during inflation to overcome job insecurity. The findings of the study reveals that there is a significant difference in the awareness level about inflation effecting job security among-st the respondents, Further the results revealed that although the awareness level about inflation effecting job security differs between male and female employees but implementation of coping strategies does not reveal significant gender differences. It was observed that awareness level about inflation effecting job security did not vary significantly among various age group but the implementation of coping strategies was found to differ significantly. The relationship between awareness level and coping strategies seems to be significant, positive and moderate. Age negatively moderated the relationship between awareness and coping strategies but work-experience positively moderated this relationship. Hence the inference from moderation analysis is people who are aged may be less likely to switch to a new job patterns due to lack of willingness and ability to skill, up-skill and re-skill. Due which they are less inclined to use adaptive measures as they will have lower opportunities and the urge to up-skill. On the other hand, as the work-experience positively impacted coping strategies and this could be due to long term work experience may lead to better financial preparedness in terms of savings and investments. Hence such individuals may be more prepared and less worried about job security during inflation period. The findings provide valuable insights for policymakers, employers, and career counsellors in designing targeted awareness programs and resilience training during inflationary periods.

**Keywords:** *Inflation, Job Security, Coping Strategies, Moderation Analysis, Gender Differences*

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## **INTRODUCTION:**

Due to increase in the price level of goods and services and this sustained increase in the general price level of goods and services can be considered as one of my most disturbing economic challenges which effects everyone in an economy that is people, businesses and economy on a larger aspect. Although many central banks are taking measures to bring price stability through monetary policy as they consider inflation as a costly affair and observe that price stability is worthy objective. (Barro,1996). Of-course the financial uncertainty is caused due to high inflation which results in making goods and services expensive and reducing purchasing power which effects the economic growth. While such inflation not only effects household but also indirectly effects labor markets. As the International Labour Organization (ILO, 2023) recently reported that uncertainty in wages, working patterns and employment type is influenced by rising inflation. As a result employees who are aware about such consequences of inflation are more likely to engage in proactive coping strategies, because such employees considers inflation as a threat for their job stability and in order to protect their financial and psychological well-being they intend to adopt copying strategies like financial preparedness, financial planning, skill enhancement or alternative source of income. Hence, it becomes necessary and crucial for the individuals to be greatly aware of negative consequences of inflation on their employment, anticipate such risk and be prepared to overcome such issues (Shiller, 1997).

The concept of Job insecurity was introduced due to economic uncertainty which is happens due to high demand and low supply of goods or various factors which are causing inflation. Basically it is definitely not a good sign for progressive economy. In a country like India, where the demand for exports are lower and due to cultural adaption and transformation, the demand of imported products are higher leading to imbalanced of trade. All such factors creates a sense of fear among-st employees on loosing their job or lack of job continuity is referred to be as job insecurity (De Witte, 2005). That is because companies may consider employees as an expensive subject during such economic crisis or a period of inflation and in order to cut-down their cost they would decide on wage freezing, lay-offs, restructuring, shutting down or liquidation (Kraemer-Mbula et al., 2021). Such decisions may even damage the public's view when they become aware of inflationary tendencies. Job Security is crucial for the employees as this might effect their organization commitment, productivity and mental health. As Studies have revealed that employees are more prone to high level of stress which results in poor physical and mental health effecting organization by way of lower productivity and high labour absenteeism (Sverke, Hellgren, & Näswall, 2002). Therefore, individual awareness about inflation negative consequences on their economic and mental well-being is significant so that they can take coping strategies to overcome from such issues during inflation (Shoss, 2017). In oder to overcome internal and external pressures which are beyond one's capabilities coping strategies are essential and they could be referred as mental and behavioral efforts or techniques used by one to deal with such pressures (Lazarus & Folkman, 1984). Such Stratgies can be classifie dinto two broad categories that is problem focused coping and emotion-focused coping, First technique deals with understanding the reason for stress and finding solutions to resolve such problem or stress, where as the second technique focuses on controlling the emotional discomfort which is caused due to stress. Both of such techniques results in identifying the issue, accumulating resources, selcting coping resource or response to solve the issue, ranging from problem-focused approaches like budgeting to emotion-focused strategies like stress management.

Stress and resource-based theories provide the foundation for the relationship between coping behavior, job instability, and inflation awareness. According to the Transactional Model of Stress and Coping (Lazarus & Folkman, 1984), people assess stressors like unstable economies and select coping strategies based on how controllable they believe them to be. Furthermore, according to the Conservation of Resources (COR) Theory (Hobfoll, 1989), people work hard to get, preserve, and safeguard valuable resources; when these are in danger, as they are during times of high inflation, coping mechanisms are stepped up to stop resource loss. In order to provide insights into workforce resilience during economic turmoil, this study intends to investigate how awareness of inflation affects perceptions of job security and sets off particular coping mechanisms.

## REVIEW OF LITERATURE

Studies on job instability have repeatedly shown that it has a negative impact on worker performance, organizational commitment, and well-being (De Witte et al., 2016). Shoss (2017) emphasized that job insecurity is a subjective perspective influenced by industry trends, economic indicators, and individual financial vulnerability in addition to being an objective reality. One macroeconomic factor that significantly influences these views is inflation. For example, rising inflation frequently indicates economic instability, which may prompt firms to reduce staff, making workers feel more insecure about their jobs (Kraemer-Mbula et al., 2021). Different coping mechanisms are used during uncertain economic times. Research has indicated that problem-focused coping strategies, such pursuing further education, networking, or looking for a different job, function better when the person feels that they have control over the issue (Skinner et al., 2003). On the other hand, people often use emotion-focused tactics, including rephrasing the issue, looking for social support, or engaging in stress-reduction activities, when stressors are seen as uncontrollable (Folkman & Moskowitz, 2004). One useful framework for comprehending these behaviors is the Conservation of Resources Theory. Hobfoll (1989) asserts that people who face challenges to their financial security may use their remaining resources, including time, skills, and social capital, as a buffer against future losses. This is consistent with research by El-Khawli et al. (2022), which found that workers who were more career-adaptable were better able to handle job insecurity during recessions. According to Berntson et al. (2006), the psychological resource of employability also lessens the detrimental emotional effects of job instability. People's responses to economic threats are also influenced by their coping mechanisms. While some people use reactive coping mechanisms once the stressor gets worse, others use proactive coping, which involves foreseeing

difficulties and making preparations beforehand (Schwarzer & Taubert, 2002). Proactive coping strategies in the face of inflation could involve changing spending plans, diversifying sources of income, or improving one's skills to stay competitive in the job market. Such actions not only lessen the perceived danger but also help people become more resilient while dealing with ongoing financial hardship. All things considered, the research highlights the intricate relationship that exists between psychological views of job security, adaptive coping strategies, and macroeconomic information. Economic circumstances create the framework, but the coping mechanisms used are determined by personal evaluation procedures and the accessibility of resources.

**Theoretical background:**

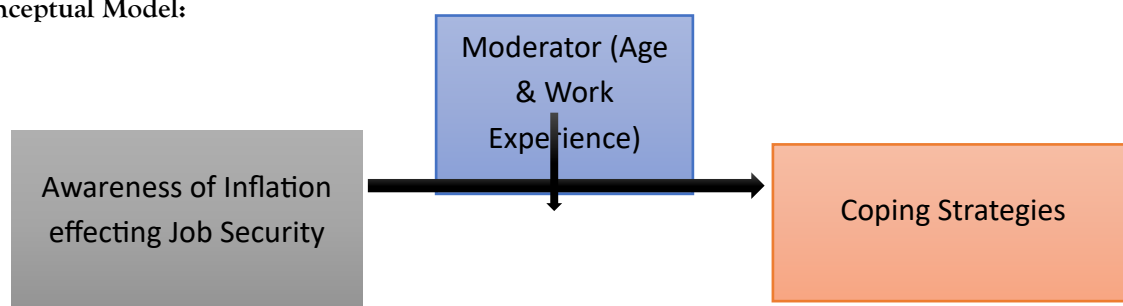
**Transactional Model of Stress and Coping** (Lazarus & Folkman, 1984), Explains how people understand that inflation can cause stress in terms of increase in purchasing power and job insecurity and they start taking coping strategies or measures to overcome them. Therefore, apply problem-focused or emotion-focused approach of budgeting like financial planning, skill enhancement, savings and investments and network to help them during their financial crisis.

**Conservation of Resources (COR) Theory** (Hobfoll, 1989), According to this theory, individuals are very much encouraged to perceive and preserve valuable resources like financial stability, secured employment and social attachment. When such valuable resources are depleting or diminishing, then they intend to experience stress and anxiety. Therefore, in order to preserve or conserve or regain such reducing or depleted resources, individuals start looking for coping strategies which can help them to conserve existing resources, prevent further loss or even passively reconstruct exhausted resources.

**Career Adaptability Theory** (Savickas, 1997), highlights a person's psychological resources and preparedness to handle career-related duties, changes, and uncertainties. It draws attention to four qualities—control, curiosity, confidence, and concern—that help people accept responsibility, look at other options, anticipate change, and have faith in their capacity to overcome obstacles. Employees with greater career adaptability are more proactive in creating coping mechanisms, such financial planning, upskilling, or looking for other work options, when inflation is present. This flexibility enables individuals to remain resilient throughout economic ups and downs and better handle the uncertainty surrounding job security.

**Psychological Contract Theory** (Rousseau, 1995), indicates that workers have unspoken, implicit expectations regarding their relationship with their employer, especially with regards to professional advancement, fairness, and job stability. Organizations may implement cost-cutting strategies including downsizing, restructuring, or pay freezing during inflationary times. These behaviors may be interpreted as violations of the psychological contract, which would increase workers' feelings of job insecurity. Employees' coping mechanisms vary when such breaches take place; some may use defensive tactics like disengagement, withdrawal, or decreased commitment, while others may choose proactive tactics like reskilling, upskilling, or establishing professional networks to protect their employment. According to their interpretation of changes in the work relationship, employees respond differently to inflation-related job threats, which is explained by this theory.

**Conceptual Model:**



Source: Authors

**Analysis & Interpretation:**

Frequency Distribution of Demographic Variables

Table No. 1: Demographic		N	%
Gender	Male	10	16.7
	Female	50	83.3

	Total	60	100.0
Age	18-25	5	8.3
	26-35	20	33.3
	36-45	25	41.7
	46-55	10	16.7
	<b>Total</b>	<b>60</b>	<b>100.0</b>
Employment Sector	Government	5	8.3
	Private	55	91.7
	<b>Total</b>	<b>60</b>	<b>100.0</b>
Monthly Income	below 20,000	5	8.3
	20,000 to 40,000	25	41.7
	40,000 to 60,000	5	8.3
	60,000 to 80,000	25	41.7
	<b>Total</b>	<b>60</b>	<b>100.0</b>
Work Experience	less than 1 year	10	16.7
	1-3 year	15	25.0
	4-7 year	5	8.3
	8-10 year	30	50.0
	<b>Total</b>	<b>60</b>	<b>100.0</b>

**Interpretation:**

The above Table No.1 represents, Majority of the respondents are Female (83.3%), The respondents are majorly from 36 to 45 years of age group (41.7%), Maximum number of respondents are from private sector (91.7%), Monthly income of 20,000 to 40,000 is found to be highest amongst the respondents (41.7%), majority of the respondents have work experience of 8 to 10 years (50%). Hence, It could be observed that majority of the female in the age group of 36 to 45 years with 20,000 to 40,000 monthly income range and having work experience of 8 to 10 years have taken up this survey.

**Descriptive Statistics:**

Table No. 2: Descriptive Statistics			
	N	Mean	Std. Deviation
Age	60	2.67	.857
Monthly Income	60	2.83	1.076
Work Experience	60	2.92	1.197
Awareness level towards inflation effecting job security.	60	3.5000	.67295
Coping Strategies during Inflation	60	3.3833	.83750

**Inference:**

From the above table No.2, it could be inferred that standard deviation of age, monthly income, work experience and study variables are less in compared to its respective mean value. Hence, the data seems to be less dispersed. Which can also be considered to take up parametric test to perform inferential statistics, Though the data does not satisfy the normality test.

**One-Sample T-Test:**

**H<sub>1</sub> :** There is a significant difference in the opinion among-st the respondents towards impact of inflation on Job security.

Table No. 3 One-Sample Test					
	Test Value = 3				
	t	df	Sig. (2-tailed)	N	Mean
Awareness level towards inflation effecting job security.	5.755	59	.000	60	3.5000

**Inference:**

From the above Table No. 3, It could understood that the opinion of respondents towards inflation effecting job security significantly varies amongst them. As the significant value is less than 0.05, Hence the alternate hypothesis is proven true.

**Independent Sample T-test:**

**H<sub>1a</sub> :** There is a significant difference between male and female’s awareness level towards inflation effecting job security.

**H<sub>1b</sub> :** There is a significant difference between male and female’s coping strategies during inflation.

Table No.4: Independent Samples Test									
Variables	Gender	N	Mean	Variance assumed or not	Levene's Test for Equality of Variances		t-test for Equality of Means		
					F	Sig.	t	df	Sig. (2-tailed)
Awareness level towards inflation effecting job security.	Male	10	3.8750	Equal variances not assumed (as the sig. value was more than 0.05)			3.461	38.710	.001
	Female	50	3.4250						
Coping Strategies during Inflation	Male	10	3.8000	Equal variances assumed (as the significant value was less than 0.05)	15.127	.000	1.753	58	.085
	Female	50	3.3000						

**Inference:**

From the above table no. 4, it could be inferred that significance value of both the study variables that is Awareness level towards Inflation& Job Security & Coping Strategies during Inflation is less than 0.05. Hence, the alternate hypothesis is considered to be true and the understanding is there is a significant difference in the perception level between male and female towards inflation on Job security and there is a significant difference in the perception level between male and female coping strategies during inflation. Prior research has consistently shown that gender plays a role in both financial awareness and coping behavior. Lusardi and Mitchell (2008) found that women often report lower financial literacy, which can influence their awareness of macroeconomic changes like inflation. However, Bucher-Koenen et al. (2017) observed that when faced with financial stressors, women may adopt more conservative and risk-averse

coping strategies than men, potentially effecting their job security perceptions differently. Powell and Ansic (1997) also note that men and women differ in their approach to economic uncertainty, with men often being more confident in their financial decision-making, while women focus on stability and security.

**One-Way Anova:**

**H<sub>1a</sub> :** The awareness level about inflation effecting Job security varies significantly among different age group.

**H<sub>1b</sub> :** Taking up strategies to avoid job insecurity during inflation varies significantly among different age group.

Table No. 5: ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Awareness level towards inflation effecting job security.	Between Groups	2.379	3	.793	1.824	.153
	Within Groups	24.340	56	.435		
	Total	26.719	59			
Coping Strategies during Inflation	Between Groups	11.793	3	3.931	7.440	.000
	Within Groups	29.590	56	.528		
	Total	41.383	59			

**Inference:**

The above Table No. 5 indicates that significance value for Awareness level towards inflation effecting job security is more than 0.05, Hence the alternate hypothesis results to be false and it could be inferred that the awareness level about inflation effecting Job security do not differ among different age group. Whereas, On the other hand, the significance value for Coping Strategies during Inflation is less than 0.05, Hence the alternate hypothesis seems to be true and it could be inferred that Taking up strategies to avoid job insecurity during inflation varies significantly among different age group. While the study found no significant difference in awareness across age groups, differences in coping strategies were evident. Kanfer and Ackerman (2004) argue that as age increases, adaptability to new challenges, such as upskilling during inflation, tends to decline. Ng and Feldman (2012) also highlight that older workers may prioritize job stability but could be less inclined to change work patterns or retrain, thus effecting their coping approach. This aligns with Beck (2014), who notes that during economic downturns, younger individuals are more willing to adopt proactive career strategies, while older workers may focus on maintaining their current roles.

**Superman's Rank Correlation:**

**H<sub>1</sub> :** Awareness level of inflation effecting Job Security has positively relates to individuals ability to take up coping strategies during the inflation.

**Table No.6: Correlation Analysis**

Factors	Awareness level of Inflation effecting Job Security	Coping Strategies during Inflation
Awareness level of Inflation effecting Job Security	1.000	
Coping Strategies during Inflation	0.506*	1.000

\*denote significance at 5%

**Inference:**

From the above table No.6, It could be inferred that there seems to be a moderate positive and significant relationship between awareness level of Inflation effecting Job Security and coping strategies during inflation. Studies have shown that higher awareness of economic conditions often translates into better



## CONCLUSION

The present study highlights the significant impact of inflation on employees' perception of job security and the coping strategies they adopt to navigate economic uncertainty. The findings reveal that perceptions of job insecurity vary significantly across gender, while age and work experience moderate the relationship between awareness of inflation and coping mechanisms. Specifically, younger employees appear more adaptable in deploying coping strategies, whereas older employees may find it challenging to reskill, intensifying their vulnerability. In contrast, employees with greater work experience tend to adopt more effective coping strategies, possibly due to accumulated financial stability and confidence in handling uncertainty. Overall, the study underscores the need for organizations to recognize employees' psychological responses during inflationary pressures and to foster supportive environments that enhance resilience, adaptability, and upskilling opportunities. For policymakers and organizations alike, the findings stress the importance of promoting financial literacy, continuous learning, and career development programs to mitigate job insecurity. Future research can build on these insights by examining sector-specific variations and exploring interventions that strengthen coping mechanisms among vulnerable employee groups.

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