



CDI  
16,1

# Job insecurity and remuneration in Chinese family-owned business workers

6

Qiao Hu

*Yongkang Nursing School of Zhejiang Province, Yongkang, China, and*

Wilmar B. Schaufeli

*Department of Psychology, Utrecht University, Utrecht, The Netherlands*

Received 16 August 2010  
Revised 3 September 2010  
Accepted 3 September 2010

## Abstract

**Purpose** – The purpose of this paper is to study the impact of job insecurity (past job downsizing and anticipated job downsizing) and current remuneration – via wellbeing (burnout and work engagement) – on organizational outcomes (organization commitment and low turnover intention) of Chinese family-owned business.

**Design/methodology/approach** – The Job Demands-Resources (JD-R) model is used as a conceptual framework and data from 585 workers of three Chinese family-style factories were analyzed using structural equation modeling.

**Findings** – Results confirm the hypothesized model indicating that in accordance with the JD-R model: job resources (i.e. job downsizing and current remuneration) are associated with organizational outcomes through wellbeing (burnout and work engagement) and; anticipated job downsizing fully mediates the relation of past job downsizing with wellbeing.

**Originality/value** – The current study examined the effects of job insecurity (i.e. downsizing) and current remuneration on organization outcomes of workers in Chinese family-owned business using a questionnaire survey. To date, studies using the JD-R model focused on other work characteristics but overlooked the potential role of job insecurity and current remuneration. The study demonstrated the importance of anticipated and past downsizing and current remuneration for employee wellbeing and organization outcomes.

**Keywords** Downsizing, Remuneration, Stress, China

**Paper type** Research paper

## Introduction

China's reform policy created opportunities for private business to thrive in the past three decades. Among private businesses, most are actually family owned and family operated businesses. For example, in Zhejiang province where private businesses are the most wide-spread in China, it is estimated that more than 90 percent of private businesses are family owned (Hu, 2003). These family-owned businesses are typically controlled by a small group of related parties and managed by owner-managers. Because of high cost consciousness, most family business rely upon family members' commitment, and employ a small number of permanent staff. Poor strategic planning, informal execution and low level management, as well as lacking of an explicit incentive system and a vague corporate culture, discourage the involvement, commitment, and dedication of workers.

Rapid increases in productivity and upgrade of products make family business to continuously search for new production technologies and low cost workers. Because of the massive migration in China from agricultural regions to industrial centers,



---

unemployment and underemployment rates are alarmingly high, with conservative estimates in the hundreds of millions (Wang, 2003; Giles *et al.*, 2005). A survey among 300 workers of family-owned businesses in Zhejiang province revealed that about 36 percent had changed their workplace once, about 64 percent had changed twice, and about 32 percent had changed three times or more in their past work experience (Hu, 2004). China Central Television (CCTV, 2008) reported over 30 percent turnover in many private business ([http://vsearch.cctv.com/plgs\\_play-CCTV1\\_20080219\\_2806406.html](http://vsearch.cctv.com/plgs_play-CCTV1_20080219_2806406.html)), in some businesses the turnover rate is even near to 80 percent (Wong, 2006). According to a recent survey conducted among 4,000 employees in four Chinese cities by Marketing Research ([www.comr.com.cn/](http://www.comr.com.cn/)), 90 percent of employees had the experience of turnover, whereas 34 percent of employees was dissatisfied with their current job and had the intention to leave their job. The survey also found that the main reasons for turnover are dissatisfaction with the salary, unsatisfactory work schedules, poor work environments, as well as lacking professional development opportunities. The recent suicide of 12 employees of the FOXCONN Company, which ranks 109 among the *Fortune* (2009) top-500 companies, dramatically illustrates that high workload, excessive overwork, and poor remuneration seriously deteriorate employee health and wellbeing.

Job insecurity is a subjectively experienced stressor and concerns feelings of insecurity about the future. Downsizing can be seen as a factor that increases job insecurity and that corrodes employees' psychological contract (Millward and Brewerton, 2002). Studies on downsizing found that it is consistently associated with lower levels of job related wellbeing. For example, compared to those in secure jobs those who suffer from job insecurity report more psychosomatic symptoms and depression (Kinnunen and Nätti, 1994; De Witte, 1999), job dissatisfaction (Reisel *et al.*, 2010), reduced work efforts (Brockner, 1988), less organization commitment and trust in management, and deteriorating industrial relations and organizational identification (Feather and Rauter, 2004). Downsizing also strengthens intentions to leave the company (Iverson and Pullman, 2000). These negative effects of job insecurity threaten the organization's survival (Schaufeli, Leiter and Maslach, 2009). For instance, after downsizing took place, deleterious effects on the remaining worker's productivity was observed (Brockner, 1988) and survivors had a tendency to seek alternative employment (Noer, 1993). A study among Finnish workers revealed that past downsizing or anticipated downsizing was associated with elevated levels of inequity, which, in turn, were associated with psychological strain, cynicism, and sickness absence (Kalimo *et al.*, 2003).

Furthermore, the negative mood that is experienced after downsizing might influence employee's estimation of the likelihood of future downsizing. If the downsizing results in short-term financial and organizational benefits for the company, this will encourage executives to reduce the workforce in future because it is seen as good business practice (Gandolfi, 2006). It is likely that expected future downsizing has a negative effect on employees because lacking of trust leads survivors to discount the information that they are given by management because they believe that it has been manipulated (O'Neill and Lenn, 1995). If manager do not focus on mitigating the decline of survivors' trust that typically incurs during downsizing, then survivors tend to withdraw psychologically and behaviorally from work (Brockner, 1988). As a result, morale, involvement, job performance, and loyalty suffer. Thus, job insecurity (downsizing) results in increased social and psychological costs and causes social instability (McKee-Ryan and Kinicki, 2002).

---

According to Thaler and Rosen (1976), the labor market offers a unique natural-experimental setting for observing the probability of pay and compensation trade-off. Workers are willing to accept additional risks, such as a high workload and extra work time, if they can obtain a salary or fringe benefit compensation affording them the same expected utility level. Much like workers, family-business owners may manage salary or fringe benefit compensation for which they are willing to pay workers a wage premium. This premium is bound by the family business capacity to meet the cost of providing additional workplace security while maintaining the same profit maximizing level. Individuals make their choices based on estimates of how well the expected results of a given behavior are going to match up with or eventually lead to desired results (Vroom, 1964; Chen *et al.*, 2004). Seen from the perspective of resource loss, job insecurity is an important stressor due to the fact that it disturbs the balance between investments and outcomes (Wells *et al.*, 1997; Kalimo *et al.*, 2003). As a result a lack of reciprocity is experienced, which, in its turn leads to negative work-related emotions and might eventually cause burnout (Schaufeli, 2006).

The aim of current study is to examine the effects of past job insecurity (i.e. past job downsizing), future job insecurity (i.e. anticipated job downsizing), and current remuneration on organization outcomes, through employee wellbeing (i.e. burnout and work engagement). Burnout and work engagement are psychological reactions to long-term environmental conditions (Maslach *et al.*, 2001). According to the Job Demands-Resources (JD-R) model (Bakker and Demerouti, 2007; Demerouti *et al.*, 2001) these two psychological states mediate the relationships between job characteristics (i.e. job demands and job resources) and organizational outcomes (e.g. turnover-intention and organizational commitment). More specifically the JD-R assumes two processes:

- (1) a stress process in which job demands (i.e. the physical, social, or organizational aspects of the job that require sustained physical or psychological effort) lead to poor organizational outcomes, via burnout; and
- (2) a motivational process in which job resources (i.e. those aspects of the job that may reduce job demands, are instrumental to achieve work goals, fulfill basic psychological needs, or promote personal growth, learning and development) lead to good organizational outcomes, via work engagement.

In other words, the stress process posits that burnout mediates the relationship between job demands and organization outcomes, whereas the motivational process posits that work engagement mediates the relationship between job resources and organizational outcomes. In addition it is also assume that lacking job resources have a positive impact on burnout. Meanwhile, the JD-R model has been successfully applied in various countries such as the Netherlands (Schaufeli and Bakker, 2004; Xanthopoulou *et al.*, 2007; Schaufeli, Bakker and van Rhenen, 2009), Spain (Llorens *et al.*, 2006; Llorente *et al.*, 2008), Austria (Korunka *et al.*, 2009), Finland (Hakanen *et al.*, 2008), and China (Hu and Schaufeli, 2010) and to various occupational groups such as nurses (Jourdain and Chenevert, 2010), dentists (Hakanen *et al.*, 2008), home care employees (Bakker *et al.*, 2003), teachers (Demerouti *et al.*, 2001), blue and white collar workers (Korunka *et al.*, 2009), telecom managers (Schaufeli *et al.*, 2009), and insurance employees (Schaufeli and Bakker, 2004).

In the current study job insecurity and remuneration are – for the first time – included in the JD-R model as a job stressor and a job resource, respectively. As a potential stressor future job insecurity in the form of anticipated downsizing drains the

employee's energy and is thus associated with certain psychological costs, such as job dissatisfaction, distress and burnout (Dekker and Schaufeli, 1995; Reisel *et al.*, 2010; for a meta-analysis see: Sverke *et al.*, 2002). Current remuneration, on the other hand, is a job resource that fulfills basic human needs, such as food, clothing and shelter. Indirectly, it also promotes personal growth and development, for instance, when employees buy a computer, which gives them access to all kinds of information on the internet. A recent study confirmed the positive impact of remuneration on employee wellbeing (Brown *et al.*, 2008).

More specifically, we formulate the following three hypotheses:

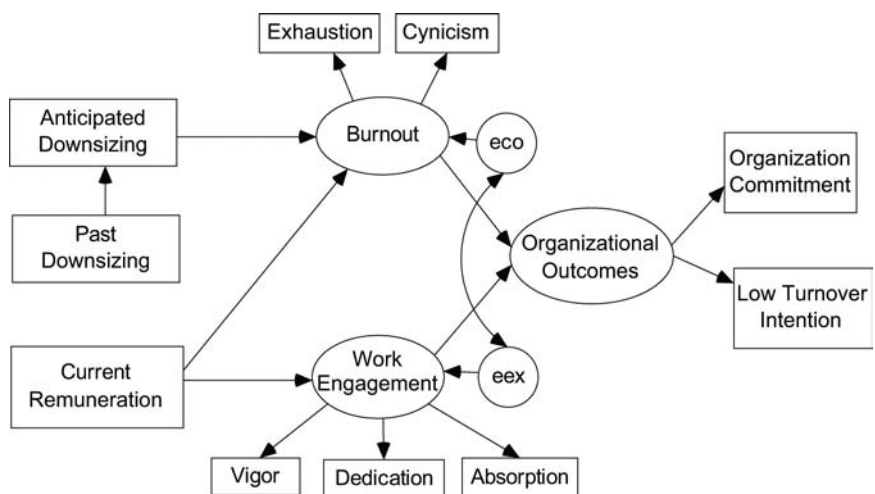
- H1. Burnout mediates the negative relationship between anticipated downsizing and organization outcomes.
- H2. Work engagement mediates the positive relationship between current remuneration and organization outcomes.
- H3. Anticipated downsizing, mediates the positive relationship of past downsizing and burnout.

Our research model that is based on the JD-R model and that includes these three hypotheses is displayed in Figure 1.

**Method**

*Sample and procedure*

Data was collected from 585 workers in three family-owned mechanic factories of Zhejiang province; 330 (56.4 percent) were male and 255 (43.6 percent) female. Their mean age was 31.82 years (SD = 9.21). Of workers 46.5 percent were born in the 1980s and 35.7 percent of workers were born in the 1970s, and less than 4 percent were born before 1960s. More than 30 percent of workers were single. The mean tenure was 3.17 years (SD = 2.81); 35.6 percent have been in their current workplace for less than one year, 19.5 percent have been there for two years, and 14.4 percent have been there for three years, only less than 3 percent of the workers have been employed ten years or



**Figure 1.**  
The hypothesized model

more in the same company. The mean weekly working hours was 57.11 (SD = 11.07), only 34 percent worked less than 50 hours, more than 64 percent worked over 55 hour, and more than 29 percent worked over 60 hours. Of the workers in the sample, 8.4 percent had only completed primary education, 85 percent had a secondary education, 4.8 percent had a college education, and 1.8 percent had a university education. The response rate was 73 percent.

### *Measures*

Burnout was assessed with the Chinese version (Hu and Schaufeli, 2010) of the Maslach Burnout Inventory-General Survey (MBI-GS; Schaufeli *et al.*, 1996). The present study only includes the exhaustion and cynicism dimensions, because they constitute the core of burnout (Green *et al.*, 1991; Schaufeli and Taris, 2005): Exhaustion (five items; e.g. "I feel used up at the end of the workday") and Cynicism (four items; e.g. "I have become less enthusiastic about my work"). All items are scored on a seven-point frequency rating scale ranging from 0 ("never") to 6 ("every day"). High scores on the Exhaustion and Cynicism subscales are indicative of burnout. The values of Cronbach's  $\alpha$  are 0.80 and 0.79, respectively.

Work engagement was assessed with the Utrecht Work Engagement Scale-9 (UWES-9; Schaufeli *et al.*, 2006): The short version of the UWES reflects three dimensions, which are measured with three items each: Vigor (e.g., "At my work, I feel bursting with energy"), Dedication (e.g., "My job inspires me"), and Absorption (e.g., "I get carried away when I am working"). Work engagement items are scored on a seven-point rating scale (0 – "never", 6 – "every day"). High scores on all three dimensions indicate high work engagement. The values of Cronbach's  $\alpha$  are 0.76, 0.76, and 0.75, respectively.

Organizational outcomes were assessed by two scales: organizational commitment and turnover intention which were assessed by Chinese translation of the Questionnaire on the Experience and Evaluation of Work (QEEW; van Veldhoven and Meijman, 1994; van Veldhoven *et al.*, 2002). Organization commitment includes five items (e.g. "I feel like 'a member of the family' at my company"), and turnover intention four items (e.g. "Sometimes I think about changing my job"). All items are scored on a five-point rating scale ranging from (1) "never" to (5) "always". Reversed scores on turnover intention represent low turnover intention. The values of Cronbach's  $\alpha$  are 0.81 and 0.74, respectively.

Past downsizing was assessed by eight dichotomized items (1 – "Yes", 2 – "No") (Kalimo *et al.*, 2003). The participants were asked to indicate whether their organization had been involved in any of eight types of downsizing-related reorganizations during the past 12 months. The sum-score of the eight items was used as a measure of past job insecurity.

In order to assess anticipated downsizing (five items; Kalimo *et al.*, 2003), participants indicated for five types of downsizing to which degree they felt that these would occur during the next 12 months. A four-point rating scale was used ranging from (1) "certainly not" to (4) "certainly". The sum score of the five items assessed future job insecurity. The value of Cronbach's  $\alpha$  is 0.70.

Current remuneration (four items), was scored on a four-point rating scale ranging from (1) "certainly disagree" to (4) "certainly agree". The items are "Do you think that your company pays good salaries?"; "Can you live comfortably on your pay?"; "Do you think you are paid enough for the work that you do?"; and "Do you think that you are

---

fairly paid in comparison with other people in your department?" The value of Cronbach's  $\alpha$  is 0.80.

### *Data analyses*

All hypotheses were tested simultaneously by evaluating the fit to the data of our research model (see Figure 1), using structural equation modeling (SEM; Jöreskog and Sörbom, 1986). We used maximum likelihood estimation methods and the input for each analysis was the covariance matrix of the subscales. Absolute and relative indices were used to assess the goodness of fit of the models. The calculated absolute goodness of fit indices were (see Jöreskog and Sörbom, 1986):

- the  $\chi^2$  goodness of fit statistic;
- the Root Mean Square Error of Approximation (RMSEA); and
- the Goodness of Fit Index (GFI).

Non-significant values of  $\chi^2$  indicate that the hypothesized model fits the data. RMSEA values 0.08 indicate an acceptable fit (Browne and Cudeck, 1993). As recommended by Marsh *et al.* (1996), the following relative goodness of fit indices were computed as well:

- Normed Fit Index (NFI);
- Incremental Fit Index (IFI); and
- Comparative Fit Index (CFI).

As a rule of thumb, values of 0.90 and higher for all three relative fit indices are considered as indicating a good fit (Hoyle, 1995).

## **Results**

### *Preliminary analyses*

Table I provides the means, standard deviations, and correlation coefficients of the study variables. The results show that all scales were reliable which higher than the criterion value of 0.70 (Nunnally and Bernstein, 1994). The majority of correlations between demographic variables and the study variables were non-significant, except the number of weekly work hours, which has weak but significantly correlated with emotional exhaustion ( $r = 0.24, p < 0.01$ ), cynicism ( $r = 0.12, p < 0.01$ ), organization commitment ( $r = 0.09, p < 0.05$ ), and current remuneration ( $r = 0.10, p < 0.05$ ). So, obviously, working many hours is positively related to burnout, commitment, and pay.

The rates of past downsizing are given in Table II. Approximately 397 (67.9 percent) of the workers experienced any downsizing event in the past 12 months. The most frequently mentioned reasons for downsizing were "Personnel had been dismissed" and "Temporary contracts had been cut". "Personnel had been laid off" ranked lowest, but still 61.2 percent of the workers had been confronted with it.

### *Model testing*

First our research model (M1; see Figure 1) was tested that assumes full mediation of burnout and work engagement. More specifically we tested simultaneously:

- the stress process: anticipated downsizing  $\rightarrow$  burnout  $\rightarrow$  organization outcomes; and

**Table I.**  
Descriptive statistics for  
all research variables

	M	SD	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Age	31.82	9.21													
2. Gender	1.44	0.50	0.03												
3. Tenure	3.17	2.81	-0.01	-0.08											
4. Working hours	57.11	11.07	-0.11*	0.10*	-0.15**										
5. EX	2.00	1.23	-0.04	-0.06	-0.03	0.24**									
6. CY	5.67	4.96	0.01	-0.09*	-0.03	0.12**	0.68**								
7. VI	9.26	4.59	-0.04	0.00	0.01	-0.01	-0.14**	-0.23**							
8. DE	9.11	4.58	-0.02	-0.02	0.01	0.01	-0.18**	-0.26**	0.76**						
9. AB	8.21	4.60	-0.02	0.03	0.02	0.01	-0.12**	-0.20**	0.68**	0.74**					
10. Organization commitment	3.21	0.77	-0.03	0.01	0.02	0.09*	-0.24**	-0.34**	0.34**	0.47**	0.47**				
11. Low turnover intention	2.86	0.75	0.04	0.05	-0.04	-0.03	-0.36**	-0.40**	0.20**	0.23**	0.23**	0.32**			
12. Past downsizing	1.31	0.27	0.09*	0.02	-0.01	-0.02	0.11*	0.12**	0.01	0.01	-0.001	-0.07	-0.15**		
13. Anticipated downsizing	1.99	0.54	0.01	-0.02	0.001	-0.02	0.17**	0.23**	-0.05	-0.11**	-0.04	-0.17**	-0.22**	0.28**	
14. Current remuneration	57.11	11.07	-0.06	0.04	-0.04	0.10*	-0.29**	-0.27**	0.12**	0.18**	0.15**	0.28**	0.21**	-0.12*	-0.06

**Notes:** \*  $p < 0.05$ ; \*\*  $p < 0.01$

- the motivational process: current remuneration → work engagement → organization outcomes [0].

The results (see Table III) show that the model needs further improvement because TLI and RMSEA did not meet their criterion of 0.90 and 0.08, respectively. So next, and based on the so-called Modification Indices, we tested the partial mediated role of wellbeing (i.e. burnout and work engagement) by adding to  $M_1$  two direct paths connecting anticipated downsizing and current remuneration to organization outcomes, respectively ( $M_2$ ). As can be seen from Table III, compared with the fit of  $M_1$ , the fit of the partial mediation model  $M_2$  improved significantly ( $\Delta\chi^2(2) = 31.92, p < 0.001$ ). Next, a cross-link from current remuneration to burnout ( $M_3$ ) was added. Results showed that  $M_3$  had a significantly better fit to the data than  $M_2$  ( $\Delta\chi^2(1) = 47.38, p < 0.001$ ). Moreover, all path-coefficients of  $M_3$  were significant. Taken together, this means that  $H1$  and  $H2$  that assumed the mediating role of burnout and work engagement, respectively, are partially supported because instead of the expected full mediation, only partial mediation was observed. More specifically, it appeared that the indirect effect of current remuneration on organizational outcomes ( $\beta_{\text{indirect}} = 0.23$ ) is stronger than its direct effect ( $\beta_{\text{direct}} = 0.20$ ). In contrast, the indirect effect of anticipated downsizing on organizational outcomes ( $\beta_{\text{indirect}} = -0.09$ ) is less strong than its direct effect ( $\beta_{\text{direct}} = -0.17$ ).

Finally, to test the mediating role of anticipated downsizing in the relationship between past downsizing and burnout ( $H3$ ), we compared the fit of the hypothesized model under two conditions: (1) when the direct path from past downsizing to burnout was constrained to zero ( $M_{4\text{-constrained}}$ ), and (2) when the direct path was not constrained ( $M_{4\text{-unconstrained}}$ ). As can be inferred from Table III, the Chi-square difference test between  $M_{4\text{-constrained}}$  and  $M_{4\text{-unconstrained}}$  revealed a non-significant difference ( $\Delta\chi^2(1) = 1.38, ns$ ). Moreover, the path from past downsizing to burnout was non-significant ( $\gamma = 0.05, n.s.$ ). These results testify that anticipated downsizing fully mediates the relationship between past downsizing and burnout, so that  $H3$  is supported. The path coefficients of the final model  $M_5$  are shown in Figure 2.

## Discussion

The current study examined the indirect relationship of job insecurity and current remuneration on organization outcomes through employee wellbeing, using the JD-R model framework (Bakker and Demerouti, 2007). Our study confirmed the hypothesized research model which assumes two process a stress process linking job demands (i.e.

The type of past downsizing	Rate (%)
Personnel had been dismissed	73.3
Temporary contracts had been cut	73.2
Replacements had not been hired	70.9
Vacant jobs had not been filled	69.9
Personnel had been forced to work part-time instead of full-time	69.6
Personnel had been replaced in units	62.7
Personnel had been working fewer hours	62.2
Personnel had been laid off	61.2
Mean rate (%)	67.9

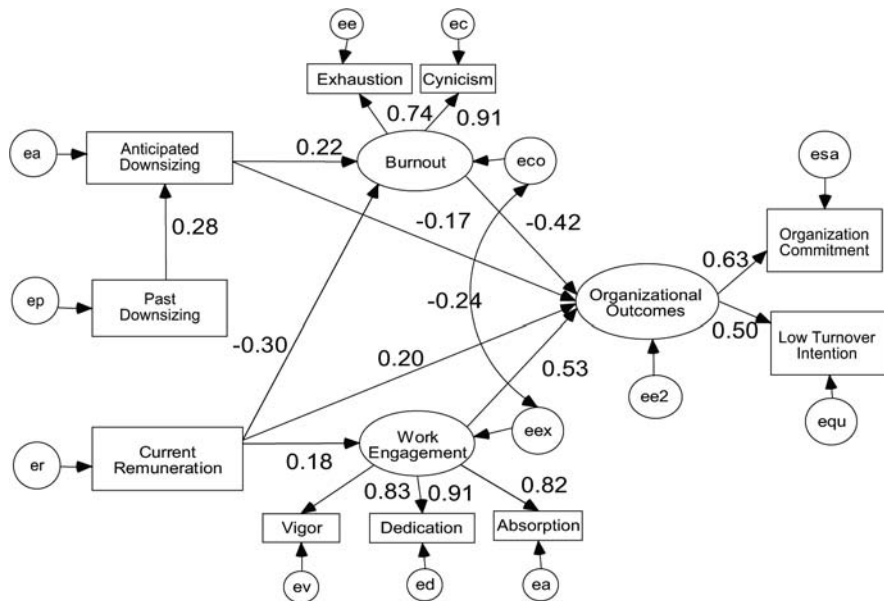
**Table II.**  
Reasons for job downsizing in the last 12 months



Model	$\chi^2$	df	GFI	NFI	TLI	CFI	RMSEA
M <sub>1</sub>	170.93	24	0.94	0.91	0.88	0.92	0.10
M <sub>2</sub>	139.01	22	0.95	0.93	0.90	0.94	0.10
M <sub>3</sub>	91.63	21	0.97	0.95	0.94	0.96	0.08
M <sub>4-constrained</sub>	106.30	29	0.97	0.95	0.94	0.96	0.07
M <sub>4-unconstrained</sub>	104.92	28	0.97	0.95	0.94	0.96	0.07
M <sub>5</sub>	106.30	29	0.97	0.95	0.94	0.96	0.07

**Table III.** Goodness-of-fit indices of the models

**Notes:**  $\chi^2$  = chi-square; df = degrees of freedom; *p* = significance level; GFI = Goodness-of-Fit Index; TLI = Tucker-Lewis Index; NFI = Normed Fit Index; CFI = Comparative Fit Index; RMSEA = Root Mean Square Error of Approximation



**Figure 2.** The path coefficients in final model in workers

Source: *n* = 585

downsizing) and lacking job resources (poor remuneration) with organization outcomes (i.e. turnover intentions and organizational commitment), via burnout, and a motivational process linking current remuneration to organization outcomes via work engagement (see Figure 1). Although both mediating relationships that are predicted by these two processes of the JD-R model were found, two additional direct effects of downsizing and remuneration on organizational outcomes were also observed. This means that instead fully mediating, employee wellbeing plays only a partially mediating role. For remuneration, the direct and indirect effects (via work engagement) on organizational outcomes are about equally strong. For anticipated downsizing, however, the direct effect is somewhat stronger than the indirect effect (via burnout).

Basically, age, gender and tenure do not seem to be significant factors for family-owned workers in relation to wellbeing and organizational outcomes. This

---

could be partly due to the low tenure of workers in our sample; they only worked for an average of 3.17 years in their current organization. As can be seen from Table I, age, gender and tenure are not related to the duration of their current job.

In our study over half of the workers were born after the 1970s (82.2 percent), most of whom have higher education (i.e. secondary education) and have less family-related financial burdens (only one child). Most of them are migrant workers – the so-called “floating people” – who work as contract workers, change jobs more frequently, and return to their hometowns at periodic intervals such as Chinese New Year. However, unlike their predecessors who flooded into cities to make money and seldom considered settling down, these modern migrant workers are more involved in urban life and developed a strong desire for a better quality of life. According to a survey from the China Council for the Promotion of International Trade (2010) most family-owned businesses in labor-intensive sectors generated profit margins lower than 3 percent. This means that these businesses are under great financial pressure and are therefore reluctant to raise wages and fringe benefits for their employees. On the other hand, low salaries, high workloads and long work hours do not appeal to employees so that they change their jobs frequently in search for less stressful and better paid jobs. Seen from this perspective it is not surprising the past downsizing had a weak positive correlation with age, and that working hours had positive correlation with emotional exhaustion, cynicism, and organization commitment.

Past job downsizing only had a significant correlation with burnout and low turnover intention, while anticipated job downsizing had a stronger significant correlation with all studied variables, except work engagement. Hence, the latter has a stronger psychological impact than the former, which agrees with a study carried out among Australian railway workers (Dekker and Schaufeli, 1995). Yet, anticipated downsizing was positively related to past downsizing, which means that employees who have gone through downsizing before, are more likely to experience future job insecurity. And what is more, in its turn, future job insecurity is positively associated with burnout. Most importantly, rather than having a direct impact on burnout, the experience of past downsizing has an indirect effect through the anticipation of future downsizing. In other words, employees who have gone through downsizing before are likely to have lost confidence in management (Feather and Rauter, 2004) and therefore fear for future downsizing, which leads to major stress that eventually might result in unwell being (burnout), turnover intention, and poor organizational commitment.

Generally speaking, different people respond to different incentives in the workplace, depending upon the salience of individual needs (Chiang and Birtch, 2005). For some, the key to being satisfied with their job lies in attractive remuneration, while for others, it is job security. Previous surveys in OECD countries found job security to be one of the most important criteria for employees (Clark, 2005, 2007). These surveys suggest that only one-fifth to a quarter of the employees consider high income important and that having a high income is not as important as considerations such as job security and interesting work. Those studies in OECD countries have found current remuneration to be less important than the results in this study suggest is the case in China. This might be because when family business workers are continuously confronted with job uncertainty, remuneration becomes more important as a way of compensating uncertainty. Through remuneration other basic needs can be satisfied, after all.

### Study limitations and future recommendations

Our study has several limitations. First, the concept of job insecurity is measured by self-constructed past and anticipated downsizing scale, which lacking the clear construct validity. Future research should develop and validate alternative measures of job insecurity. Second, due to the cross-sectional design of the study no conclusions regarding causality can be drawn. Beside the proposed causal relationship, the reverse causality (i.e. people experiencing low organization commitment and high turnover intention are more prone to negative evaluate anticipated job insecurity and current remuneration), is also plausible. Third, our study relied solely on self-report measures, which may increase the problem of common method variance. This may be resolved in further studies by including more objective measures, e.g. of salary indicators, actual turnover and performance indicators.

### Conclusion

The current study examined the effects of job insecurity (i.e. downsizing) and current remuneration on organization outcomes of workers in Chinese family-owned business using a questionnaire survey. To date, studies using the JD-R model focused on other work characteristics but overlooked the potential role of job insecurity and current remuneration. Our study demonstrated the importance of anticipated and past downsizing and current remuneration for employee wellbeing and organization outcomes.

### References

- Bakker, A.B. and Demerouti, E. (2007), "The job demands-resources model: state-of-the-art", *Journal of Managerial Psychology*, Vol. 22 No. 3, pp. 309-28.
- Bakker, A.B., Demerouti, E., Taris, T., Schaufeli, W.B. and Schreurs, P. (2003), "A multi-group analysis of the job demands-resources model in four home care organizations", *International Journal of Stress Management*, Vol. 10 No. 1, pp. 16-38.
- Brockner, J. (1988), "The effects of work layoffs in survivors: research, theory and practice", *Research in Organizational Behavior*, Vol. 10, pp. 213-55.
- Brown, G.D.A., Gardner, J., Oswald, A.J. and Qian, J. (2008), "Does wage rank affect employees' wellbeing?", *Industrial Relations*, Vol. 47 No. 3, pp. 355-89.
- Browne, M.W. and Cudeck, R. (1993), "Alternative ways of assessing model fit", in Bollen, K.A. and Long, J.S. (Eds), *Testing Structural Equation Models*, Sage, Thousand Oaks, CA, pp. 136-63.
- Chen, T.Y., Chang, P.L. and Yeh, C.W. (2004), "A study of career needs, career development programs, job satisfaction and the turnover intentions of R&D personnel", *Career Development International*, Vol. 9 No. 4, pp. 424-37.
- Chiang, F. and Birtch, T. (2005), "A taxonomy of reward preference: examining country differences", *Journal of International Management*, Vol. 11 No. 3, pp. 357-75.
- China Central Television (CCTV) (2008), available at: [http://vsearch.cctv.com/plgs\\_play-CCTV1\\_20080219\\_2806406.html](http://vsearch.cctv.com/plgs_play-CCTV1_20080219_2806406.html) (accessed July 25, 2010).
- China Council for the Promotion of International Trade (2010), available at: [www.bizchinanow.com/](http://www.bizchinanow.com/) (accessed August 18, 2010).
- Clark, A.E. (2005), "What makes a good job? Evidence from OECD countries", in Bazen, S. and Salverda, W. (Eds), *Job Quality and Employer Behaviour*, Palgrave, Basingstoke.

- 
- Clark, A.E. (2007), "Work, jobs and wellbeing across the millennium", paper presented at Happiness Measurable and What Do These Measures Mean for Policy? Centre for Economic and International Studies Conference, University of Rome, Rome, April 2007.
- De Witte, H. (1999), "Job insecurity and psychological wellbeing: review of the literature and exploration of some unresolved issues", *European Journal of Work and Organizational Psychology*, Vol. 8 No. 2, pp. 155-77.
- Dekker, S.W.A. and Schaufeli, W.B. (1995), "The effects of job insecurity on psychological health and withdrawal: a longitudinal study", *Australian Psychologist*, Vol. 30 No. 1, pp. 57-63.
- Demerouti, E., Bakker, A.B., Nachreiner, F. and Schaufeli, W.B. (2001), "The job demands-resources model of burnout", *Journal of Applied Psychology*, Vol. 86 No. 3, pp. 499-512.
- Feather, N.T. and Rauter, K.A. (2004), "Organizational citizenship behaviors in relation to job status, job insecurity, organizational commitment and identification, job satisfaction and work values", *Journal of Occupational Psychology*, Vol. 77 No. 1, pp. 81-94.
- Fortune (2006), available at: <http://money.cnn.com/magazines/fortune/fortune500/2009/> (accessed August 12, 2010).
- Gandolfi, F. (2006), *Corporate Downsizing Demystified: A Scholarly Analysis of a Business Phenomenon*, The ICFAI University Press, Hyderabad.
- Giles, J., Park, A. and Zhang, J. (2005), "What is China's true unemployment rate?", *China Economic Review*, Vol. 16 No. 2, pp. 149-70.
- Green, D.E., Walkey, F.H. and Taylor, A.J.W. (1991), "The three-factor structure of the Maslach Burnout Inventory", *Journal of Social Behavior and Personality*, Vol. 6, pp. 453-72.
- Hakanen, J., Schaufeli, W.B. and Ahola, K. (2008), "The Job Demands-Resources model: a three-year cross-lagged study of burnout, depression, commitment, and work engagement", *Work and Stress*, Vol. 22 No. 3, pp. 224-41.
- Hoyle, R.H. (Ed.) (1995), *Structural Equation Modeling: Concepts, Issues, and Applications*, Sage Publications, Thousand Oaks, CA.
- Hu, Q. and Schaufeli, W.B. (2010), "The convergent validity of four burnout measures in a Chinese sample: a confirmative factor-analytic approach", *Applied Psychology: An International Review*, Vol. 60 No. 1, pp. 87-111.
- Hu, X.W. (2003), "Quantitative evaluation on Zhejiang family businesses", *Zhejiang Scholarly Journal (in Chinese)*, Vol. 2, pp. 158-62.
- Hu, Y.H. (2004), "The survey to the turnover of employees in small and medium enterprises", *Zhejiang Economy (in Chinese)*, Vol. 21, pp. 58-9.
- Iverson, R.D. and Pullman, J.A. (2000), "Determinants of voluntary turnover and layoffs in an environment of repeated downsizing following a merger: an event history analysis", *Journal of Management*, Vol. 26 No. 5, pp. 977-1003.
- Jöreskog, K.G. and Sörbom, D. (1986), *LISREL User Guide Version VI*, 4th ed., Scientific Software International, Mooresville, IL.
- Jourdain, G. and Chenevert, D. (2010), "Job demands, resources, burnout and intention to leave the nursing profession: a questionnaire survey", *International Journal of Nursing Studies*, Vol. 47 No. 6, pp. 709-22.
- Kalimo, R., Taris, T. and Schaufeli, W.B. (2003), "The effects of past and anticipated future downsizing on survivor wellbeing: an equity perspective", *Journal of Occupational Health Psychology*, Vol. 8 No. 2, pp. 91-109.
- Kinnunen, U. and Nätti, J. (1994), "Job insecurity in Finland: antecedents and consequences", *European Work and Organizational Psychologist*, Vol. 4, pp. 297-321.

- Korunka, C., Kubicek, B. and Schaufeli, W.B. (2009), "Work engagement and burnout: testing the robustness of the Job Demands-Resources Model", *The Journal of Positive Psychology*, Vol. 4, pp. 243-55.
- Llorens, S., Bakker, A.B., Schaufeli, W.B. and Salanova, M. (2006), "Testing the robustness of the Job Demands-Resources Model", *International Journal of Stress Management*, Vol. 13, pp. 378-91.
- Lorente, L., Salanova, M., Martinez, I. and Schaufeli, W.B. (2008), "Extension of the Job Demands-Resources model in the prediction of burnout and engagement among teachers over time", *Psicothema*, Vol. 20 No. 3, pp. 254-360.
- McKee-Ryan, F.M. and Kinicki, A.J. (2002), "Coping with job loss: a life-facet model", *International Review of Industrial and Organizational Psychology*, Vol. 17, pp. 1-29.
- Marsh, H.W., Balla, J.R. and Hau, K.T. (1996), "An evaluation of incremental fit indices: a clarification of mathematical and empirical properties", in Marcoulides, G.A. and Schumacker, R.E. (Eds), *Advanced Structural Equation Modeling Techniques*, Lawrence Erlbaum, Mahwah, NJ, pp. 315-53.
- Maslach, C., Schaufeli, W.B. and Leiter, M.P. (2001), "Job burnout", *Annual Review of Psychology*, Vol. 52, pp. 397-422.
- Millward, L.J. and Brewerton, P.M. (2002), "Contractors and their psychological contracts", *British Journal of Management*, Vol. 10 No. 3, pp. 253-74.
- Noer, D.M. (1993), *Healing the Wounds: Overcoming the Trauma of Layoffs and Revitalizing Downsized Organizations*, Jossey-Bass Publishers, San Francisco, CA.
- Nunnally, J.C. and Bernstein, I.H. (1994), *Psychometric Theory*, 3rd ed., McGraw-Hill, New York, NY.
- O'Neill, H.M. and Lenn, D.J. (1995), "Voices of survivors: words that downsizing CEOs should hear", *Academy of Management Executive*, Vol. 9 No. 4, pp. 23-34.
- Reisel, W.D., Probst, T.M., Chia, S.L., Maloles, C.M. and König, C.J. (2010), "The effects of job insecurity on job satisfaction, organizational citizenship behavior, deviant behavior, and negative emotions of employees", *International Studies of Management and Organization*, Vol. 40 No. 1, pp. 74-91.
- Schaufeli, W.B. (2006), "The balance of give and take: toward a social exchange model of burnout", *The International Review of Social Psychology*, Vol. 19 No. 1, pp. 87-131.
- Schaufeli, W.B. and Bakker, A.B. (2004), "Job demands, job resources, and their relationship with burnout and engagement: a multi-sample study", *Journal of Organizational Behavior*, Vol. 25 No. 3, pp. 293-315.
- Schaufeli, W.B. and Taris, T.W. (2005), "The conceptualization and measurement of burnout: common ground and worlds apart", *Work and Stress*, Vol. 19 No. 3, pp. 262-356.
- Schaufeli, W.B., Bakker, A.B. and Salanova, M. (2006), "The measurement of work engagement with a short questionnaire: a cross-national study", *Educational and Psychological Measurement*, Vol. 66 No. 4, pp. 701-16.
- Schaufeli, W.B., Bakker, A.B. and van Rhenen, W. (2009), "How changes in job demands and resources predict burnout, work engagement, and sickness absenteeism", *Journal of Organizational Behavior*, Vol. 30 No. 7, pp. 893-917.
- Schaufeli, W.B., Leiter, M.P. and Maslach, C. (2009), "Burnout: 35 years of research and practice", *Career Development International*, Vol. 14 No. 3, pp. 204-20.
- Schaufeli, W.B., Leiter, M.P., Maslach, C. and Jackson, S.E. (1996), *MBI-General Survey*, Consulting Psychologists Press, Palo Alto, CA.

- 
- Sverke, M., Hellgren, J. and Näswall, K. (2002), "No security: a meta-analysis and review of job insecurity and its consequences", *Journal of Occupational Health Psychology*, Vol. 7 No. 3, pp. 242-64.
- Thaler, R. and Rosen, S. (1976), "The value of saving a life: evidence from the labor market", in Terleckyj, N. (Ed.), *Household Production and Consumption*, Vol. 20, National Bureau of Economic Research, New York, NY, pp. 265-97.
- van Veldhoven, M. and Meijman, T.F. (1994), *Het Meten van Psychosociale Arbeidsbelasting met een Vragenlijst: de Vragenlijst Beleving en Beoordeling van de Arbeid (VBBA). [The measurement of psychosocial job demands with a questionnaire: the questionnaire on the experience and evaluation of work (QEEW)]*, Nederlands Instituut voor Arbeidsomstandigheden [Dutch Institute for the Improvement of the Working Environment], Amsterdam.
- van Veldhoven, M., de Jonge, J., Broersen, S., Kompier, M. and Meijman, T. (2002), "Specific relationships between psychosocial job conditions and job-related stress: a three-level analytic approach", *Work and Stress*, Vol. 16 No. 3, pp. 207-28.
- Vroom, V.H. (1964), *Work and Motivation*, John Wiley & Sons, New York, NY.
- Wang, C.G. (2003), "Occupational mobility and social inequality in China", *Chinese Journal of Population Science (in Chinese)*, Vol. 2, pp. 27-36.
- Wells, J.D., Hobfoll, S.E. and Lavin, J. (1997), "Resource loss, resource gain, and communal coping during pregnancy among women with multiple roles", *Psychology of Women Quarterly*, Vol. 21 No. 4, pp. 645-62.
- Wong, J. (2006), "Research on human capital investment based on employment relationship stability", doctoral dissertation (in Chinese), Zhejiang University, Zhejiang.
- Xanthopoulou, D., Bakker, A.B., Demerouti, E. and Schaufeli, W.B. (2007), "The role of personal resources in the Job Demands-Resources Model", *International Journal of Stress Management*, Vol. 14 No. 2, pp. 121-41.

### Further reading

- Emberland, J.S. and Rundmo, T. (2010), "Implications of job insecurity perceptions and job insecurity responses for psychological wellbeing, turnover intentions and reported risk behavior", *Safety Science*, Vol. 48 No. 4, pp. 452-9.
- Robinson, S.L. (1996), "Trust and breach of the psychological contract", *Administrative Science Quarterly*, Vol. 41, pp. 574-99.

### About the authors

Qiao Hu is a PhD student of Social and Organizational Psychology at Utrecht University, The Netherlands. She is also a teacher in Yongkang Nursing School of Zhejiang Province, China. Her main research interests concern topics from the field of work and health, including the Job Demands-Resources model, burnout, work engagement, and job design. Qiao Hu is the corresponding author and can be contacted at: qiaohu2005@yahoo.com.cn

Wilmar B. Schaufeli is full Professor of Occupational Health Psychology at Utrecht University, The Netherlands. His research interests include job stress, burnout, absenteeism, work engagement, workaholism, and worksite health interventions.