

Job Insecurity in Sri Lanka: How Self-Efficacy Mediates its Effect on Optimism

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Abstract

Job insecurity is a significant concern globally and in Sri Lanka. It has been determined to detrimentally affect various job-related factors and the psychological health of individuals. Job insecurity may be a significant stressor that affects the optimism of youth, and optimism is crucial for mental and physical well-being. Accordingly, job insecurity's negative effects may potentially be reduced by self-efficacy by fostering beliefs in their abilities despite job uncertainty. Consequently, self-efficacy has been identified as a potential psychological buffer. Nevertheless, empirical studies examining the mediating effect of self-efficacy between job insecurity and optimism are limited. The study aims to investigate the effect of job insecurity on optimism and the mediating role of self-efficacy, addressing the research gap in Sri Lanka. This quantitative study follows a cross-sectional survey design, treating job insecurity as the predictor variable, optimism as the outcome variable, and self-efficacy as the mediator. The final sample size included 164 Sri Lankan young career adults aged 18 to 35 who are currently working, with data collected through convenience sampling. The data was analysed using simple linear regressions and mediation analysis. The results revealed that job insecurity was a significant predictor of both self-efficacy and optimism. Similarly, self-efficacy emerged as a significant predictor of optimism. A partial mediation effect of self-efficacy was observed. These findings highlight the significance of self-efficacy in mediating the relationship between job insecurity and optimism and suggest enhancing self-efficacy as an empowering approach to diminish the adverse impacts of job insecurity.

Keywords: Job insecurity, self-efficacy, optimism, Sri Lankan young career adults

Introduction

Job insecurity, as framed by De Witte (2005), refers to a persistent feeling of uncertainty concerning an individual's employment, characterised by a perceived threat of losing one's job, which creates a psychological environment fraught with anxiety and apprehension. Work occupies a fundamental role, promoting individual mental health by fulfilling several essential human needs, including survival, social connection, and independence. Consequently, the prospect of job loss can significantly impede an

individual's ability to satisfy these vital needs, as job insecurity encompasses not only apprehension about the continuity of one's employment but also concerns surrounding potential changes that accompany job loss, ultimately leading to feelings of powerlessness in the face of this looming threat. As a result, individuals confronted with job insecurity often grapple with concerns that extend beyond mere economic apprehensions. Simultaneously, research indicates a link between psychological well-being and job insecurity (Etehad & Karatepe, 2019); specifically, high work insecurity predicted subsequent decreases in psychological well-being. The recent observable escalation in the cost of living, coupled with widespread financial instability and the unpredictability of today's job market, has exacerbated job insecurity (Rajapakshe & Chandrasiri, 2023). Accordingly, it is increasingly recognised as a major work stressor in the modern workforce, bearing profound implications for psychological well-being. Simultaneously, the intricate relationship between psychological factors and job insecurity is well-established, with factors like optimism and self-efficacy influenced by job insecurity. Scheier et al. (1994) defined optimism as a key characteristic associated with better psychological outcomes, reflecting individuals' capacity to maintain positive expectations regarding future outcomes, which serves as a coping mechanism, reducing distress, and contributes to overall well-being. However, optimism may frequently be undermined by job uncertainty, leading to negative outcomes like high depression or even suicidal ideation, demonstrating the critical importance of examining its link with job insecurity. Concurrently, Self-efficacy, defined as one's perception of their ability to attain desired goals, is also essential for psychological resilience and adaptability (Bandura, 1997). Individuals with high self-efficacy are more likely to employ proactive coping strategies and maintain control in challenging situations (Tomas et al., 2019), which is crucial for effectively managing job insecurity (Etehad & Karatepe, 2019). Thus, self-efficacy may mediate the link between job insecurity and optimism.

Concurrently, the significance of studying job insecurity's impact on optimism and the mediating effect of self-efficacy is increasingly relevant given the rising global prevalence of job insecurity and mounting concerns regarding employment stability. In Sri Lanka, these issues are particularly pronounced (Rajapakshe and Chandrasiri, 2023). For instance, in 2023, the Centre for Poverty Analysis (CEPA) reported that Sri Lanka's 2022 economic turmoil, driven by significant inflation and economic instability, resulted in significant vulnerabilities for livelihoods, leading to many business closures and workforce reductions. Consequently, numerous workers encountered job losses and precarious contracts, heightening job uncertainty (CEPA, 2023). Additionally, the scarcity of fresh job opportunities forced many individuals into informal employment, like gig work, often with lower wages and facing a notable lack of job stability, as a means of survival. Likewise, Rajapakshe and Chandrasiri (2023) further revealed that the pervasive job insecurity reflects broader instability in Sri Lanka's job market, underscoring the urgency of addressing this issue. Correspondingly, early-career individuals aged 18-35 are especially vulnerable, often experiencing substantial financial difficulties due to the prevalence of casualised employment opportunities, which historically lead to detrimental psychological consequences during economic downturns. Hence, addressing job insecurity is imperative to understanding its psychological outcomes, particularly in Sri Lanka, where limited studies have examined its effect on optimism and the potential mediating role of self-efficacy (Etehad & Karatepe, 2019; Guarnaccia et al., 2018). Despite sparse evidence, based on Social Cognitive Theory (SCT), which posits that behaviour is shaped by observation, imitation, modelling, and cognitive processes, all functioning through reciprocal determinism, it can be rationalised that self-efficacy is essential in shaping individual's responses to job insecurity, potentially buffering the undesirable effects and enhancing optimism (Bandura, 1997). This framework will help interpret the results by highlighting how strengthening self-efficacy may improve well-being in uncertain job markets. Accordingly, the overall objective of the research is to establish the effect of job insecurity on the self-efficacy and optimism of Sri Lankans and to examine how self-efficacy mediates the effect of job insecurity on optimism.

Method

The study used a quantitative cross-sectional survey design, with the predictor variable, job insecurity, the outcome variable, individuals' optimism and the mediator, self-efficacy. The subsequent hypotheses were formulated.

H₁: Job insecurity significantly predicts optimism

H₂: Job insecurity has a significant negative impact on self-efficacy

H₃: Self-efficacy has a significant positive impact on optimism

H₄: Self-efficacy mediates the impact of job insecurity on optimism

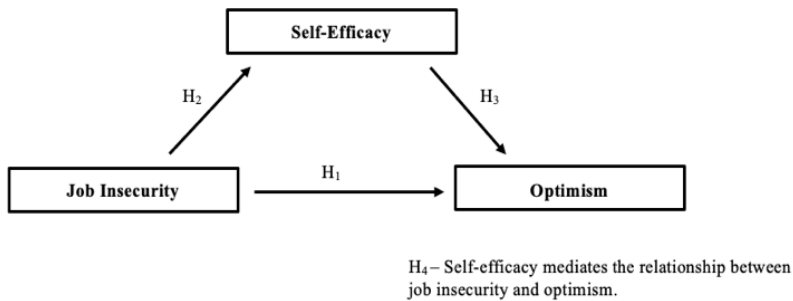


Figure 1: Conceptual framework

Sampling

The study's sample consisted of people aged 18-35 who are currently working. After data cleaning and removing outliers, the final sample comprised 164 individuals ($M_{age} = 24.7$, $SD_{age} = 4.86$). 53.7% of participants were male ($n=88$), 45.7% were female ($n=75$), and 0.6% were non-binary ($n=1$). G*Power (f^2 of 0.06, $\alpha=.05$, $1-\beta = .08$) determined that a sample size of 164 was necessary to obtain adequate statistical power for the analysis and sufficient for a meaningful study. Although random sampling was not feasible due to resource constraints, through convenience sampling, participants were recruited from various workplaces across Sri Lanka through an online survey distributed via professional networks and workplace groups, ensuring a broad range and inclusivity. This approach captured diverse perspectives on job insecurity, encompassing five out of the country's nine provinces, while maintaining the sample's representativeness and integrity of randomness.

Materials

Table 1: Psychometric properties of the questionnaires

Scale	Developers	No. of items	Item type	Score range	Reliability
JIS	De Witte (2005)	8	Likert	1-5	$\alpha = 0.74$
GSES	Schwarzer and Jerusalem (1995)	10	Likert	1-4	$\alpha = 0.85$
LOT-R	Scheier et al. (1994)	10	Likert	0-4	$\alpha = 0.58$

The Job Insecurity Scale (JIS), General Self-Efficacy Scale (GSES), and Life Orientation Test-Revised (LOT-R) were utilised as standardised measures for job insecurity, self-efficacy, and optimism, respectively.

These tools are recognised for their reliability and validity, showing robust psychometric properties across diverse cultural contexts.

Procedure and ethical considerations

Ethical approval for the study was obtained before the data collection from the Ethical Review Committee of the School of Psychology at the Sri Lanka Institute of Information Technology. Online surveys were used as a form of data collection and were distributed from 06/12/2024 to 26/02/2025 through Google Forms, consisting of four sections: demographics, questionnaires on job insecurity, self-efficacy, and optimism. Participants received an information sheet outlining the study purpose, the voluntary nature of the study and the assurance of anonymity and confidentiality at the start and were debriefed after completion.

Data analysis

JAMOVI version 2.3.28 was used for data analysis, including descriptive statistics, regression assumptions, linear regressions and mediation analyses, with a significance level of $p < 0.05$. Three linear regression analyses were conducted to test H_1 , H_2 , and H_3 confirming that all necessary assumptions were met beforehand. The mediation analysis assessed H_4 after the regressions verified the direct effects.

Results

Table 2: Descriptive statistics for the main variables (n=164)

	Job Insecurity	Self-efficacy	Optimism
Mean (M)	21.1	32.9	13.1
Standard deviation (SD)	5.42	5.23	3.73

No significant differences in scores for gender were observed across all variables. Part-time workers (M= 22.5, SD = 5.61) and full-time students (M=22.1, SD= 5.93) experienced the highest job insecurity, while full-time workers (M= 32.7, SD= 5.48) and full-time students (M= 30.9, SD= 5.05) had the lowest self-efficacy. Entrepreneurs exhibited the least job insecurity (M= 13.7, SD= 3.79), highest self-efficacy (M=38.3, SD= 1.53) and optimism (M= 18.7, SD= 2.08). Among relationship statuses, those in relationships faced the most job insecurity (M=22.4, SD=5.51, $s^2=30.4$), followed by married (M=21.2, SD=6.18, $s^2=38.1$), and singles (M=20.5, SD=5.07, $s^2=25.7$). Self-efficacy was slightly higher among married (M=32.9, SD=6.33) and single individuals (M=32.9, SD=5.04) compared to those in relationships (M=32.8, SD=5.23). Interestingly, individuals who are married (M=13.4, SD=3.92) and in relationships (M=13.4, SD=3.70) reported the highest optimism.

Table 3: Linear regression analyses

Regression	R²	Adjusted R²	F (df1, df2)	p-value	B	SE	t
Job insecurity →Optimism	.107	.102	19.5 (1, 162)	<.001	-0.225	0.0511	-4.41
Job insecurity →Self-Efficacy	.178	.173	35.1 (1, 162)	<.001	-0.407	0.0687	-5.93
Self-Efficacy →Optimism	.242	.237	51.6 (1, 162)	<.001	0.351	0.0488	7.184

Table 3 illustrates the results of the three linear regressions. The first regression, predicting optimism based on job insecurity, indicated a statistically significant regression, explaining 10.7% variance in optimism, $R^2 = .107$, $Adjusted R^2 = .102$, $F(1, 162) = 19.5$, $p < .001$. Hence, H_1 is accepted, demonstrating that job insecurity significantly predicts optimism. The second regression analysing job insecurity's impact on

self-efficacy similarly indicated a statistically significant result, $R^2 = 0.178$, $Adjusted R^2 = .173$, $F(1, 162) = 35.1$, $p < .001$. The outcome indicated that 17.8% of the variance of self-efficacy is justified by job insecurity. Job insecurity is a significant negative predictor of self-efficacy; thus, H_2 is accepted. Finally, the regression assessing self-efficacy's effect on optimism indicated strong significance, with 24.2% of the variance explained ($R^2 = .242$, $Adjusted R^2 = .237$, $F(1, 162) = 51.6$, $p < .001$). As self-efficacy is a significant positive predictor of optimism, H_3 is accepted.

Table 4: Mediation analysis

Type	Effect	Estimate	SE	95 C.I (a)		β	z	p
				Lower	Upper			
Indirect	JIS → GSES → LOT-R	-0.125	0.0301	-0.184	-0.0660	-0.181	-4.16	<.001
Component	JIS → GSES	-0.407	0.0683	-0.541	-0.2735	-0.422	-5.96	<.001
	GSES → LOT-R	0.307	0.0529	0.203	0.4103	0.430	5.80	<.001
Direct	JIS → LOT-R	-0.101	0.0510	-0.201	-4.60e-4	-0.146	-1.97	0.049
Total	JIS → LOT-R	-0.225	0.0510	-0.325	-0.1256	-0.327	-4.42	<.001

Note. JIS – Job Insecurity Scale, GSES – General Self-Efficacy Scale, LOT-R – Life Orientation Scale (Revised).

The mediation analysis results demonstrated that job insecurity significantly reduced self-efficacy ($B = -0.407$, $SE = 0.0683$, $\beta = -0.422$, $p < .001$). Lower self-efficacy is significantly linked to reduced optimism ($B = 0.307$, $SE = 0.0529$, $\beta = 0.430$, $p < .001$). Since both these pathways are significant, the overall indirect effect (via self-efficacy) is meaningful. Thereby, H_4 is accepted. The findings indicate that self-efficacy partially mediates the relationship between job insecurity and optimism. The indirect effect was significant ($B = -0.125$, $SE = 0.0301$, $\beta = -0.181$, $p < .001$), indicating that job insecurity negatively affects self-efficacy, which in turn reduces optimism. The confidence interval (-0.184, -0.0660) does not include zero, confirming this significant mediation. Additionally, the direct effect of job insecurity on optimism after accounting for self-efficacy was marginally significant ($B = -0.101$, $SE = 0.0510$, $\beta = -0.146$, $p = .049$). The total effect combining both direct and indirect influences was also significant ($B = -0.225$, $SE = 0.051$, $\beta = -0.327$, $p < .001$), showing a strong overall negative impact. Therefore, while self-efficacy plays a mediating role, job insecurity still affects optimism.

Discussion

This study is among the few to investigate the mediating role of self-efficacy in the relationship between job insecurity and optimism, providing valuable insights for individuals experiencing job uncertainty and organisations considering psychological elements connected to individuals. The study revealed that job uncertainty significantly predicts low optimism and negatively impacts self-efficacy, while self-efficacy showed a statistically significant positive influence on optimism, with self-efficacy partially mediating the job insecurity on optimism. All four hypotheses were accepted, despite limited evidence in Sri Lanka regarding these connections; slightly similar studies are employed as evidence to make inferences for the discussion. For instance, Chan et al. (2004) provided evidence that experiencing high job insecurity is associated with lower optimism. Their findings reinforce the findings of the current study. Accordingly, Cheng et al. (2014) examined the role of job control, optimism, and social support in buffering the adverse effects of job insecurity, indicating the significant role of optimism serving as a moderator, alleviating job insecurity's unfavourable effects. Although this study does not investigate the effect of job insecurity on

optimism, it does highlight the interplay between the two. Alternatively, studies by Etehad and Karatepe (2018) and Guarnaccia et al. (2018) reinforce the notion that job insecurity diminishes self-efficacy and self-efficacy significantly predicts optimism. Simultaneously, the findings illustrated a partial mediation of self-efficacy. While Cheng et al. (2014) did not find that self-efficacy reduces job insecurity on optimism, Zyberaj and Bakac (2022) emphasised that psychological capital, which includes self-efficacy, can reduce job insecurity's detrimental effects. Despite Zyberaj and Bakac focusing on job satisfaction, this illustrates that higher self-efficacy may assist individuals in effectively managing job insecurity. Additionally, Tomas et al. (2019) established that occupational self-efficacy fully mediated the relationship between job challenges and job insecurity, clearly indicating how psychological dimensions influence job insecurity through self-efficacy. Overall, self-efficacy can effectively shape responses to workplace stressors, potentially enhancing optimism amidst job uncertainties.

Correspondingly, this study has significant implications, implying that enhancing self-efficacy may help mitigate job insecurity's negative effects, especially in Sri Lanka's collectivist culture, where strong community support can bolster self-efficacy. In theory, the findings expand SCT by showing how self-efficacy contributes to maintaining optimism in uncertain job situations. Alternatively, this signifies interventions that strengthen self-efficacy, thereby helping people preserve optimism and overall well-being despite insecurity. Notably, despite the significance of self-efficacy, much variance in optimism remains unexplained, indicating that additional factors, like coping strategies, social support, and personality traits, might buffer job insecurity outcomes. Alternatively, limitations of the present study should be addressed in future studies. Firstly, the reliance on self-reported data may introduce response and social desirability bias, potentially leading to inaccuracies, and LOT-R indicated low reliability ($\alpha = 0.580$), possibly influenced by cultural or linguistic factors specific to Sri Lanka. Future research should incorporate Sinhala-validated scales and random sampling across diverse demographics to improve the reliability, accuracy, and representativeness. Given Sri Lanka's economic instability, establishing job security is challenging. So empowering individuals to thrive and adapt despite job uncertainty is essential, as noted by Cheng et al. (2014), Tomas et al. (2019), and Zyberaj and Bakac (2022). Enhancing self-efficacy may improve coping with job insecurity and maintain optimism. Further exploration of self-efficacy enhancement as a strategy against the adverse effects of insecure employment is required.

Conclusion

The study provided evidence substantiating the mediating role of self-efficacy in the job insecurity-optimism relationship. While it addresses a critical gap in Sri Lanka's organisational psychology discourse, the authors also acknowledge that measures should be taken to improve individuals' self-efficacy, enabling them to cope better with job insecurity and reduce pessimism.

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