

Fear of Layoffs and Its Impact on Financial Well-Being and Work Behaviour of Corporate Employees

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Abstract

In recent years, the increasing incidence of workforce downsizing and organizational restructuring has intensified the fear of layoffs among corporate employees. This fear, often described as job insecurity, has significant implications for the financial well-being and work behaviour of employees. This study aims to examine the impact of fear of layoffs on the financial well-being and work behaviour of corporate employees. Using a structured questionnaire, data was collected from 100 corporate employees. The study is empirical and reliant on primary data, and it uses descriptive and inferential statistical analysis with the help of Pearson's correlation analysis to determine the relationship between variables. The expected outcomes of the study suggest that a higher level of fear of layoffs is likely to adversely affect employee financial well-being and work behaviour. The study concludes with recommendations for organizations to address job insecurity through transparent communication, mental health support, and financial wellness programmes.

Keywords: Fear of Layoffs, Financial Well-Being, Work Behaviour, Job Insecurity, Corporate Employees.

Introduction

The competitive and increasingly technological landscape for growing businesses is forcing an organization to focus on increasing their efficiency, cutting costs, and adapting to changing market conditions. As a result, downsizing the workforce has become a very common strategic response, leading to widespread apprehension among employees about their job security. Fear of job loss means employees believe they could potentially lose their position because of factors beyond their control, such as corporate restructuring, economic uncertainty, or advances in automation.

Fear of job loss means employees believe they could potentially lose their position because of factors beyond their control, such as corporate restructuring, economic uncertainty, or advances in automation.

Additionally, employees who experience job insecurity will likely be less motivated, less satisfied with their job, and more likely to withdraw from their employer. This study intends to examine how fear of layoffs impacts corporate employees' financial well-being and work behaviour.

Objectives of the Study

The present study is undertaken with the following specific objectives:

1. To examine the level of fear of layoffs among corporate employees.

2. To analyse the impact of fear of layoffs on the financial well-being of corporate employees.
3. To study the influence of fear of layoffs on the work behaviour of corporate employees.

Hypotheses of the Study

Based on the objectives of the study, the following null hypotheses were formulated and tested:

H₀₁: Fear of layoffs has no significant impact on the financial well-being of corporate employees.

H₀₂: Fear of layoffs has no significant impact on the work behaviour of corporate employees.

Review of Literature

The body of existing literature offers a thorough review of previous studies focused on job loss anxiety, economic status, and workplace conduct. These studies provide a foundation for understanding the multifaceted impact of job insecurity on employee well-being and organisational outcomes.

De Witte et al. (2021) conducted a comprehensive review of longitudinal research related to the relationship between the fear of job loss and employee health. The results revealed that job insecurity is consistently linked to poorer mental health, lower job satisfaction, and weakened organisational commitment.

Sverke et al. (2020), by conducting a meta-analytic approach, assessed the impacts of employee job insecurity on emotional health and work-related outcomes. They discovered that job insecurity is negatively related to job satisfaction, organisational commitment, and performance, and positively related to turnover intentions and health complaints.

The study conducted by Jiang and Lavaysse (2021) into the cognitive and emotional aspects of job insecurity and its consequences indicated that both cognitive and affective job insecurity independently predict withdrawal behaviors, burnout, and health outcomes, with affective insecurity showing a stronger effect.

In the study of Blom et al. (2023) on the relationship between job insecurity and financial strain, the authors assessed a mediating mechanism in which job insecurity leads to financial anxiety, which in turn affects general well-being and productivity.

Park et al. (2024) conducted research on organizational downsizing and the impact of how fear of being laid off impacts employee behavior and financial planning. The results noted that fear of layoffs has a significantly negative effect on employees' long-term financial decisions and increases short-term risk aversion.

Research Gap

The review of prior research has shown that many prior researchers have separated their examination of job insecurity, financial well-being, and work behaviour into independent studies. There is a scarcity of integrated studies that simultaneously investigate all three dimensions in the Indian corporate context. This study attempts to fill that gap by examining the combined impact of fear of layoffs on both financial well-being and work behaviour among corporate employees in India.

Research Methodology

The investigation is empirical and reliant upon primary data from corporate employees. It uses an organised questionnaire to collect data from 100 corporate employees. The questionnaire consisted of Likert-scale statements measuring three constructs: fear of layoffs, financial well-being, and work behaviour.

Descriptive and inferential statistical analysis of the collected data occurred using the Microsoft Excel program. The level of fear of layoffs, financial well-being, and work behaviour among employees were analysed using mean scores, and hypothesis testing was done using Pearson's correlation analysis.

Data Analysis

The data collected from corporate employees was systematically analysed using descriptive and inferential statistical tools. Mean scores were calculated for each construct and hypothesis testing was conducted using Pearson’s correlation to examine the relationships between fear of layoffs, financial well-being, and work behaviour.

Fear of Layoffs

Fear of Layoffs is an employee’s perception of insecurity or anxiety over the possible loss of their job due to downsizing, restructuring, or economic factors. The table below presents the mean scores of the fear of layoffs statements responded to by the corporate employees surveyed.

Table 1 Mean Scores of Fear of Layoffs

S. No.	Statements	Mean Score
1	I feel insecure about my job due to possible layoffs	3.95
2	News of layoffs in my industry increases my anxiety	4.10
3	I feel that my job may not be stable in the long run	3.88
4	Organizational restructuring increases my fear of job loss	4.02
5	I am concerned that layoffs could affect me at any time	4.15
	Overall Mean Score	4.02

Interpretation

The result of this research indicates that corporate employees experience a significant amount of job insecurity. The overall mean score of 4.02 (on a scale of 1 to 5) suggests that the employees were above the neutral midpoint in terms of the level of their fear of being laid off. The highest rated statement was “I am concerned that layoffs could affect me at any time” (mean = 4.15), indicating that employees perceive the possibility of layoffs as an ongoing, present risk rather than a distant, hypothetical one.

Corporate restructuring, performance-based employment practices, and macroeconomic uncertainty in the corporate environment significantly contribute to heightened job insecurity perceptions among employees.

Financial Well-Being

Financial well-being is a term that describes how well someone can provide for their own financial obligations and have access to the financial tools and resources they need to make choices in life. Table 2 presents the mean scores of the financial well-being statements.

Table 2 Mean Scores of Financial Well-Being

S. No.	Statements	Mean Score
1	Worry about meeting financial commitments	4.08
2	Avoidance of long-term financial decisions	3.92
3	Financial stress due to possible job loss	4.05
4	Impact on savings and investment planning	3.85
5	Confidence in financial future	3.30
	Overall Mean Score	3.84

Interpretation

The mean score of financial well-being is 3.84, which is significantly above the neutral midpoint. This

suggests that corporate employees are experiencing notable levels of financial stress and uncertainty, likely influenced by the fear of potential layoffs.

Even though there is a comprehensive positive overall financial strength of employees in terms of financial condition, the lowest mean score of 3.30 was recorded for “Confidence in financial future,” indicating that employees are particularly uncertain about their long-term financial security.

This finding shows that while employees might not currently be experiencing a financial crisis, job loss fears play a significant role in undermining their financial confidence and planning behaviour.

Work Behaviour

Work behaviour includes employee attitude, motivation, levels of engagement and actions taken to perform their job. Job insecurity can manifest in various behavioural changes among employees. Table 3 presents the mean scores of the work behaviour statements.

Table 3 Mean Scores of Work Behaviour

S. No.	Statements	Mean Score
1	Reduction in work motivation	3.90
2	Difficulty in concentration at workplace	4.00
3	Increased workplace stress	4.18
4	Extra effort to safeguard job	3.75
5	Reduced job satisfaction	3.88
6	Reduced emotional attachment to organization	3.92
	Overall Mean Score	3.94

Interpretation

The corporate context showed that the mean score in the area of working behaviours was 3.94. This value indicates that fear of layoffs is having a meaningful impact on how employees conduct themselves at work.

However, they are also being influenced negatively by the fear of layoffs, and to a certain extent, that fear has shaped their behavioral responses. The highest mean was recorded for “Increased workplace stress” (mean = 4.18), while the lowest was for “Extra effort to safeguard job” (mean = 3.75).

This indicates that the fear of layoffs diminishes the quality of the work behaviours displayed, and not necessarily the quantity. Employees appear to be physically present and active at work but are emotionally and cognitively disengaged due to persistent job insecurity.

Hypothesis Testing Results

Microsoft Excel’s Pearson’s correlation analysis tested the hypotheses to see how much fear of losing one’s job affected financial well-being and work behaviour. Table 4 presents the hypothesis testing results.

Table 4 Hypothesis Testing Results

Hypothesis	Variables Tested	Correlation Coefficient (r)	P-value	Decision
H ₀₁	Fear of Layoffs vs Financial Well-Being	-0.56	< 0.05	Rejected
H ₀₂	Fear of Layoffs vs Work Behaviour	-0.61	< 0.05	Rejected

Interpretation of Hypothesis H₀₁

H₀₁: Fear of layoffs has no significant impact on financial well-being of corporate employees.

The correlation coefficient value of -0.56 indicates that there is a moderate to strong negative relationship between fear of layoffs and financial well-being. The p-value is less than 0.05, which means the null hypothesis is rejected. This confirms that fear of layoffs has a significant negative impact on the financial well-being of corporate employees.

Interpretation of Hypothesis H₀₂

H₀₂: Fear of layoffs has no significant impact on work behaviour of corporate employees.

From the correlation coefficient of -0.61 , it shows that there is a strong negative relationship between fear of job loss and work behaviour. The p-value is less than 0.05, which means this null hypothesis is also rejected. This confirms that fear of layoffs significantly and negatively impacts the work behaviour of corporate employees.

Findings of the Study

According to the report, the findings from the research suggest that employees in corporations believe strongly in the existence of a threat of layoffs, with an overall mean score of 4.02 for fear of layoffs. This suggests that they are very aware of, and concerned about, the possibility of being let go.

Although employees perceive a high level of job insecurity, they demonstrated strong likelihoods of financial stability (mean = 3.84), which indicates financial anxiety rather than actual financial crisis.

Additionally, scores for Work Behaviour were high (3.94), thus showing that employees have continued to maintain their level of engagement. However, fear of layoffs appears to negatively affect their emotional engagement and concentration.

The findings support the rejection of both null hypotheses which state that there is either no relationship or a positive correlation between fear of layoffs and financial well-being ($r = -0.56$, $p < 0.05$) and work behaviour ($r = -0.61$, $p < 0.05$).

Conclusion

In this study of the corporate sector, we looked at how much corporate employees were afraid they would get laid off and how that fear impacted their financial well-being and work behaviour. The results confirmed that fear of layoffs has a significant and negative impact on both dimensions.

The current research project is designed to investigate the impact of the layoff perception (fear) on financial status and work performance of employees in the corporate sector. Organizations should invest in transparent communication strategies, employee assistance programs, financial wellness initiatives, and mental health support systems to mitigate the adverse effects of job insecurity on employee well-being and organizational productivity.

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