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Perceived Job Insecurity of White and Black Workers: An Expanded Gap in Organizations with Layoff Prevention Commitment

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This study investigates the racial disparity in perceived job insecurity between black and white workers in the context of employers' layoff prevention commitment. Using a unique employer-employee dataset combining the General Social Survey (2002) and the National Organization Survey (2002), we find that human capital indicators, job characteristics, and previous job loss are not sufficient to account for the high job insecurity perceived by black workers. Rather, an organizational commitment to avoid layoffs is a significant factor conditioning the racial disparity in perceived job insecurity. While the presence of an organizational commitment to prevent layoffs expands the racial disparity in perceived job insecurity, the absence of such a commitment to prevent layoffs attenuates such disparity.

Facing a turbulent economy, American employers experience challenges to restructure their workplace practices on the one hand, and to motivate their employees on the other (Yang 2009). One issue that confronts both workers and their employers is the increased level of anxiety about their job security that workers experience – a higher proportion of workers worry about losing their jobs than was commonly the case one or two decades ago (Valleta 2000; Schmidt 2000; Fullerton and Wallace 2007). Similar trends are taking place in most European countries – a recent study reported that almost 10% of European workers perceived there was a “very large” or “large” probability of their becoming unemployed in the near future (De Weerd et al. 2004). Such pessimistic perceptions of job security are highly consequential. For example, racial disparity in perceived job insecurity explains racial disparities in health between white and black workers (Fullerton and Anderson 2013).

In response to workers' increased anxiety about their job security, a human resource policy known as Layoff Prevention Commitment (LPC) has been adopted by many organizations.¹ The LPC is a commitment or promise made by an employer to prevent layoffs as much as is

¹In our sample, about one third of organizations have this program.

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possible. It represents employer's goodwill or, maybe, a calculated measure to improve job performance through an enhanced sense of job security.² Despite the widespread adoption of LPCs by work organizations, little research has been done to examine the extent to which these LPC alleviates workers' sense of job insecurity.

A related line of research has focused on the antecedents of perceived job insecurity. A higher level of perceived job insecurity is found to be associated with disadvantaged positions defined by race, gender, sex, personalities, human capital, job characteristics, earlier unemployment experience, and employer attributes (Elman and O'Rand, 2002; Ashford, Lee, and Bobko 1989; De Witte 2005; Schmidt 2000; Kinnunen and Natti 1994). Such studies have identified and examined different levels of factors contributing to high anxiety about job insecurity, ranging from personality, individual (positional) characteristics, to those at higher levels, including organizational, sectoral or geographic factors (Ashford et al. 1989; Hartley et al. 1991). Among these studies, the finding of a significant racial disparity in perceived job insecurity has documented that black workers have a higher level of perceived job insecurity than white workers (Elman and O'Rand 2002). Other research has found that perceived job insecurity has been consistent with actual involuntary job loss (Schmidt 2000). For example, research has revealed that the share of black workers tends to decline after corporate downsizing (Elvira and Zatzick 2002; Kalev 2009). Accordingly, the proportion of black workers who express at least some fear of job loss has remained at least twice that of whites over the last two decades (Schmidt 2000). Some other studies found that factors such as organizational changes, role ambiguity, and workers' external locus of control—seeing environmental events as having a great impact and believing that they have little power to counteract whatever threats their environment might pose — also increase workers' perception of job insecurity (Ashford et al. 1989). To the extent that human capital, job characteristics, and labor market experience differ between black and white workers, prior research has focused on racial differences in these factors to account for racial disparities in perceived job insecurity between the two groups. Yet the question that remains is whether the differences in human capital, job characteristics, and labor market experience between black and white workers can fully account for the racial difference in perceived job insecurity. Furthermore, to what extent do interventions by organizations, such as organizations' adoption of an LPC, attenuate racial disparities in perceived job insecurity? To the best of our knowledge, this is the first study to examine these questions empirically.

Using a unique employer-employee dataset combining the GSS 2002 and the NOS 2002, we find that human capital indicators, job characteristics, and previous job loss cannot account for the high job insecurity perceived by black workers. With that said, organizational commitment to avoid layoffs is an additional, significant factor explaining the racial disparity in perceived job insecurity. Specifically, our study reveals the unintended consequences of an LPC. Opposite to what it is supposed to do, we find that the presence of organizational commitment to prevent layoffs expands the observed racial disparity in perceived job insecurity, whereas the absence of such commitment of layoff prevention attenuates such disparity.

This article contributes to the literature in important ways. First, although scholars have long insisted that organizational contexts are indispensable in accounting for workers' attitudes and

²It is worth noting that the LPC is an orally based term without legal ramification. Employers making such commitment simply state their benevolent intent to protect job security of their employees, whereas violation of the commitment carries no legal consequences to employers.

behaviors (Baron and Bielby 1980), we know little about how workplace programs and policies affect racial differences in perceived job insecurity. In particular, scant research exists to investigate how the emergent LPC programs promising to avoid layoffs affect the racial disparity in perceived job insecurity. Due to the lack of cross-level data capturing both workers' characteristics and employers' attributes, prior studies of racial disparity in perceived job insecurity are limited in that racial disparity in perceived job insecurity has been largely analyzed as a function of differences in individual attributes such as human capital, job characteristics, and previous labor market experiences. Our study, in contrast, simultaneously examines both individual and organizational factors that may account for racial disparity in perceived job insecurity. Moreover, by examining the effect of an LPC on racial disparity in perceived job insecurity between blacks and whites, this study explores and reveals the unintended consequences of such HR policy.

The rest of the article is organized as follows. We first review the literature of racial disparity of perceived job security between black workers and white workers. Then, we provide a brief introduction of layoff prevention commitments provided by employers as an effort to show their goodwill and as an organizational reaction to employees' increasing anxiety about layoffs. Next, we evaluate the effectiveness of layoff prevention commitments on perceived job security in general and their impacts on the racial disparity in perceived job security in particular. We then present findings from a quantitative analysis of a unique two-level worker-organization dataset and draw conclusions.

RACE AND PERCEIVED JOB SECURITY

The perception of job insecurity is a complex and multifaceted phenomenon. In an excellent review, De Witte (2005) discussed differences between the cognitive probability of losing one's job (e.g., I think that I will be dismissed) and the affective experience (e.g., I am worried that I will become unemployed), and between qualitative job insecurity (worry about losing certain important features of the jobs such as ranking, pay, autonomy) and quantitative job insecurity (worry about losing the job *per se*). Here, we underscore that this study defines the perception of job insecurity as reflecting workers' subjective assessment of the probability of not being able to keep their jobs.

The issue of the perceived job insecurity has drawn increasing attention from researchers (Elman and O'Rand 2002; Kinnunen et al. 1999; Schmidt 1999; Manski and Straub 2000). Studies documented that perceived job insecurity is related to workers' personality traits, gender (DeWitte 2005; Ashford et al., 1989), race/ethnicity (Manski and Straub 2000; Wilson, Eitle, and Bishin 2006; Wilson and Mossakowski 2009), prior job loss (Kinnunen et al. 1999), occupations, education levels, workers' age (Schmidt 1999), job control (Mauno and Kinnunen 2002; Ashford et al. 1989), organizational sectors (private/public), and organizational changes (Ashford et al. 1989). Many of these studies have noted significant racial disparity in perceived job insecurity (Elman and O'Rand 2002; Wilson et al. 2006; Wilson and Mossakowski 2009) in that black workers have the highest perceived job insecurity and white workers the lowest. One study documents that the perception of job insecurity for black workers is twice as high as it is for white workers (Manski and Straub 2000), another study reports that not only racial disparities in job insecurity exist, but also such difference explains a portion of racial disparities in health

(Fullerton and Anderson 2013). These studies have suggested that a host of factors such as differences in human capital, occupational characteristics, and labor market experience account for the racial disparity in perceived job insecurity. Although perceived job insecurity is a subjective matter, it is not just “something in your head” (De Witte 2005); it reflects black workers’ vulnerabilities in the entire labor process.

Human Capital Theory (Becker 1993) stipulates that workers with higher education levels, longer job tenure, and greater job training—particularly firm-specific training—are special assets to employers. Workers’ human capital indicates to employers their current productivity as well as their future value (Black and Lynch 1996). As firm-specific knowledge accrues with job tenure, systematic training, and education, those with longer tenure, more training, and higher education are more likely to be retained than others when firms undergoing layoff strive to decide which jobs to cut (Elvira and Zatzick 2002). Research has documented that blacks spend significantly more time searching for jobs, acquire less work experience, and experience less stable employment than do whites with equivalent characteristics (Tomaskovic-Devey, Thomas, and Johnson 2005). Procedures such as the last-hired, first-fired in part reflects employer’s preference of workers with long tenure, as employers prefer to retain workers with great firm-specific knowledge (Feldstein 1976). As whites on average accumulate more human capital than blacks, the latter are more prone to layoff. Therefore blacks’ perceived job insecurity is a reflection of the reality that blacks bear the brunt of corporate downsizing as research has shown their share of total employees tends to decline following layoffs (Elvira and Zatzick 2002; Kalev 2009).

Perceived job insecurity is linked also to the job displacement rate of industries (Elman and O’Rand 2002). Certain industries such as agriculture, farming, and manufacturing have experienced drastic reduction in the number of jobs they produce in the last two decades (Kletzer 1998), whereas other industries such as public administration, services, finance/insurance, retail/wholesale, and transportation experienced either a stable or increased labor force in terms of the number of jobs these industries create or sustain (Stewart 2000). Historically, jobs available to blacks have been disproportionately located more in industries with declining employment opportunities.

However, can human capital, job characteristics, and even previous job loss fully account for the greater job insecurity perceived by black workers compared to whites? The persistence of institutional racism suggests a negative answer to this question (Desmond and Emirbayer 2010) as research reveals that the systemic white domination of people of color embedded and operating in organizations and social institutions exerts a great influence on human capital acquisition over one’s career (Tomaskovic-Devey et al. 2005). The negative experiences of workers of ethnic and racial minorities in general and blacks in particular occur in virtually all crucial aspects of employment, ranging from job seeking and hiring (Moss and Tilly 2001), to skill requirements and training (Caputo 2002), to job promotion (Smith 2005), to wage and benefits (Gleicher and Stevans 2005), and to job loss (Elvira and Zatzick 2002). In one experiment involving face-to-face interviews, black applicants were half as likely as equally qualified whites to receive a callback or job offer (Pager, Western, and Bonikowski 2009). Another study revealed that even whites with felony drug conviction were more likely to land a job than were blacks with a clean record, controlling for human capital factors (Pager 2003).

Informed by both the human capital perspective and research in institutional racism, we maintain that black workers’ perception of high job insecurity may echo their labor market vulnerability due to not only their lack of human capital but also due their negative experiences

from institutional racism. Since institutional racism is difficult to be empirically measured, we adopt an indirect approach to infer its impact on perceived job insecurity by testing the following hypothesis.

Hypothesis 1: Black workers tend to perceive their jobs as more insecure than do white workers even after controlling for human capital, job characteristics, and previous job loss.

COMPANY LAYOFF PREVENTION COMMITMENT

So far, we have examined the question of whether human capital and other job characteristics can fully account for racial disparities in perceived job insecurity. We now move further and explore whether and to what extent an organizational-level factor, the LPC, affects racial disparities in perceived job insecurity. To the best of our knowledge, our study is one of the first few studies to examine this question empirically.

Since the 1980s, massive layoffs of workers, which often come under different disguises such as corporate restructuring, downsizing, delaying, and job displacements, have become a way of life. Studies have documented quite extensively the negative consequences of layoffs for parties that are involved at all different levels. At the individual level, laid-off workers suffer from long-term social-physiological disorders and greater economic loss (Greenhalgh, Lawrence, and Sutton 1988); managers implementing layoffs are portrayed negatively as being inept and having failed to maintain an appropriately-sized workforce (Allan 1997); survivors of layoffs undergo declines in their loyalty and work performance (Grunberg, Anderson-Connolly, and Greenberg 2000). At the societal level, the news of massive downsizing cast doubts on the soundness of the economy and may lead to pessimistic views of the overall economic conditions. The neoclassical economics portrait of layoffs as normal and even healthy adjustments to economic downturns has lost its appeal when confronted with the disruptive effects of layoffs on workers, families and communities. These negative consequences resulting from layoffs have been alarming to management and academic scholars. In response, some corporate protection programs and human resources plans have been designed to alleviate those negative consequences (Allan 1997). One such program is the Layoff Prevention Commitment.

Examining the Impact of Layoff Prevention Commitment

Most employment relations, particularly those in the for-profit sector and non-union settings, are subject to the “Employment at Will” doctrine, which means that employees who are “hired at will” can be “fired at will” – employment relationships can be terminated for any or no reason, with or without cause or notice, at any time. However, exceptions to “Employment at Will” do exist for those with formal employment contracts, most of which are in managerial and professional occupations, such as tenure-track university professors (Hodson and Sullivan 2008:80), or out of statutory considerations. Terminations are rendered illegal if they are solely based on any of the protected categories (sex, race, age, national origins, etc.).

Somewhere lying in the middle between “Employment at Will” and “Formal Employment Contract” is “Implicit Employment Contract,” which embraces a doctrine of “implied covenants

of good faith and fair dealing.” These implicit employment contracts do not have legal binding force, but rather represent benevolent intent on the part of the employer to protect their employees’ job security as best as they can. Those contracts are rarely explicit, serving only as a promise/commitment from employers to promote employment security, but often they are not even acknowledged (Cappelli et al. 1997: 200–204). Such implicit contracts are built up over time through a series of exchanges between employer and employee: loyalty and retention of the employees are rewarded with stable employment and income. Therefore, although violations of implicit employment contracts rarely result in litigation, employee demoralization and mistrust of management are very common consequences to those violations (Morrison and Robinson, 1997).

The layoff prevention commitment, as a policy, is a commitment, or a promise made by the employers to prevent layoffs as much as they can. It represents employers’ goodwill or, maybe, a calculated measure to improve job performance by promoting an enhanced sense of job security, in the context of a lack of formal employment contract to guarantee continuing employment. A recent study documents that the job security guarantees (the similar version of layoff prevention promise in England) are often used by employers to curb the heightened sense of job insecurity resulting from organizational restructuring (Bryson, Cappellari, and Lucifora 2009). The guarantee reduces perceptions of job insecurity, demonstrating that the job security guarantees can be granted to get higher motivation, trust, and cooperation in times of substantial organizational changes. However, similar investigation is absent in U.S. work organizations – little is known about the extent to which the layoff prevention commitments affect workers’ sense of job security, and furthermore, how such impact can differ for workers in different groups. Therefore it is important to assess, empirically, whether and to what extent black workers come to view the layoff prevention commitments differently from their white coworkers; and if so, to explore possible causes for their diverging views toward this human resource policy.

A hypothetical desirable outcome of a layoff prevention commitment would be an increased level of perceived job security across the board; even better, the white-black disparity in perceived job security decreases or disappears. An undesirable outcome would fall short of discernable improvement in perceived job security in either of the groups; even worse, the white-black disparity increases as blacks may interpret it as mainly serving the needs of their white coworkers and therefore become more anxious about their own job security. Our analysis below will show the second, undesirable scenario is a more plausible outcome of the program of layoff prevention commitment.

Layoff Prevention Commitment and Racial Disparity in Perceived Job Insecurity

Many researchers have maintained that workplace HR program adoption and implementation are disparate processes (Kelly 1999; Reid, Kerr, and Miller 2003). For example, one study found the “decoupling” between organizational adoption of a flextime program and employees’ actual access to it has detrimental effects on workers’ actualization of productivity (Yang and Zheng 2011). Research also shows that progress in breaking glass walls and ceilings has been quite limited despite the 30-year presence of Equal Employment Opportunity (EEO) and Affirmative Action (AA) (Reid et al. 2003). Meanwhile, organizational programs focusing on reducing bias (e.g., diversity training) have shown little effect on actual diversity outcomes such as the number of women and minorities in managerial positions (Kalev, Dobbin, and Kelly 2006).

Here, we contend that although companies making commitments to avoid layoff to signal that they are good employers with employee-friendly policies (Cappelli 2004), implementation of the commitment is likely to be fragmented and stratified, depending on workers' status, occupation, and race/ethnicity. In particular, an important interaction process between workers and employers is crucial to understanding the differentials among workers in their reactions to employers' layoff prevention program. In this vein, studies of the social psychology of workers are highly relevant (Elvira and Zatzick 2002). Social psychological processes such as "stereotyping" demonstrate how gender and race operate as general indicators of competence negatively and bias the evaluation of women and minorities (Ridgeway and Correll 2004; Bell and Nkomo 2001; Kraiger and Ford 1985). In addition, "in-group preference" considers similarity in demographic characteristics as proxy for productivity or ability to "fit in" (Reskin 1998); hence members of the "out-group" are viewed less favorably and encounter significant barriers to enter the circle, resulting in "social homophily" in the workplace (Turner 1987; Kanter 1977). To the extent that whites in general occupy decision-making positions, such cognitive biases – social homophily, stereotyping and in-group preference – tend to benefit white workers while undermining minority workers when it comes to major employment decisions such as layoffs (Elvira and Zatzick 2002).

Studies have documented not only the racial gaps between white and black workers in various employment outcomes (Castilla 2008; Yang 2007) but also the unfair treatment of minority workers, which is sustained and propagated through various organizational policies and practices (Bielby 2000). Black workers' feelings of being disfavored by their employers and by their white coworkers is reinforced by their negative work experiences that being black is a major barrier to job acquisition (Moss and Tilly 2001), job promotion (Maume 1999), and salary increase (Wright 1978). All these affect the level of trust of black workers, particularly toward the management (Vallas 2003). Consequently, black workers may come to interpret workplace policies and employer promises with more suspicion and uncertainty than do white workers.

Scholars have discussed two particular mechanisms that explain why workplace HR policies may induce different racial reactions between white and black workers (Wilson et al. 2006) and between three racial groups: white, black, and Latinos in privileged positions (Wilson and Mossakowski 2009). The first one is the marginalized worker mechanism, which stresses the discrimination-induced, structural marginality experienced by minorities in workplaces. For minority workers, histories of discrimination have perpetuated their fear of being evaluated or allocated unfairly in the workplace, which increases their perceived risk of job loss. The second mechanism emphasizes dispositional features associated with minority workers. For example, black workers embrace a great level of fatalism that life is not responsive to one's own choice, actions, and efforts because it is determined by luck, fate, or powerful others (Wilson and Mossakowski 2009: 368).

We think the first mechanism, the marginalized worker explanation, is very relevant to our inquiry here of how this particular HR policy, an employer's commitment to avoid layoffs, induces differential responses from white and black workers. It provides historical perspectives to understand how white and black workers may react to the policy differently. White workers, being historically insulated from various unfair treatments and discriminatory practices, come to welcome the policy as genuine and benevolent. On the contrary, black workers, being historically the targets of workplace discriminations, interpret it with negative views.

Hypothesis 2: The relative higher job insecurity perceived by black workers compared with white workers is more pronounced in organizations with a layoff prevention commitment than in organizations without the commitment.

DATA, MEASURES, AND MODELS

To test this hypothesis, we use a combined dataset of two national representative datasets: the 2002 General Social Survey (GSS) (Davis, Smith, and Marsden 2002) and the 2002 National Organization Survey (NOS) (Smith, Kalleberg, and Marsden 2002). Thus, the unit of analysis is workers, with organizational-level data attached to the observations. This combined worker-employer dataset provides an ideal research opportunity to analyze the interaction processes between workers' personal traits and their workplace characteristics.

Because the respective codebooks of the 2002 GSS and the 2002 NOS provide great details on their research design, data collection, and questionnaire items, we offer here a brief description of our combined dataset. The GSS is an "omnibus" personal interview survey of U.S. households conducted annually by the National Opinion Research Center (NORC). The 2002 GSS contains core questionnaire items and questionnaire modules on prejudice, doctors and patients, quality of working life, employee compensation, altruism, adult transition, and mental health. The sample of the 2002 NOS comes from the informants of the 2002 GSS. During the 2002 GSS interviews, the NORC asked half of all household respondents to provide contact information about their employers. Of the total 888 GSS respondents who were asked to provide their employer contact information, 14 were duplicates in that more than one GSS respondent worked at the sample physical location. Thus, the final sample of the 2002 NOS consisted of 874 unique physical locations. The NORC then conducted telephone interviews to collect complete information on 516 of the 874 locations, producing an unadjusted response rate of 59%. The adjusted response rate is 62.4% percent after accounting for the cases that were not located, were found to no longer exist, or were found to be a duplicate of another physical location.

By combining the GSS 2002 and the NOS 2002, we obtain a dataset of 516 cases encompassing both employer-level variables such as layoff prevention commitment, organization size, age, and other structural properties and employee-level variables such as race, and perceptions job insecurity. In addition, we eliminate 28 workers belonging to the "others" group, focusing on the remaining 488 white and black workers only. Elimination of the workers of the "others" group occurs for two reasons. First, the focus of this study is comparing and contrasting white workers with black workers in their perceived job insecurity. Second, the "others" group, which in itself encompasses a variety of groups such as American Indian, Asian Indian, Chinese, Korean, Japanese, and Hispanics, is highly heterogeneous in many workplace outcomes. Further breaking the workers down to their respective ethnicity groups produces too few cases for each group to warrant any statistically significant inference. In the end, the total number of cases included in the final analysis is 338 after list-wise deletion of cases with one or more missing values. A comparison between the original sample of 516 cases and the resulting sample of 338 cases does not reveal any systematic differences between them; therefore the exclusion of missing data does not cause any serious sample selection bias. To ensure comparability, all our data analyses below are based on the subsample of the 338 cases. Also note that the resulting

sample consists of 338 employees from their respective workplaces, no two or more employees come from one workplace.

The dependent variable of perceived job security was measured by the response to the following item in the GSS 2002: “My job security is good.” We dichotomize the variable by assigning “0” to responses of “very true” or “somewhat true,” and “1” to “not too true” or “not at all true.” Among the 338 valid responses, only 54 workers reported “not too true” or “not at all true,” accounting for 16%. The remaining 84% of workers are relatively optimistic about their job security.

The two key independent variables are “race” and “organization layoff prevention commitment.” Black or African American workers account for 16.3% of the sample, while the remaining 83.7% are white. Organizational layoff prevention commitment is measured with the following item in the NOS 2002: “Has your organization made explicit or implicit commitment to its employees to avoid layoffs, except in extreme circumstances?” In our sample, about a third of the employers made such commitment, while the other two thirds did not.

To test the hypothesis – whether the racial gap in the perceived job insecurity expands in the organizations that made commitment to avoid layoff, we develop interaction models for the logistic regression of workers’ perception of job insecurity. The independent variables are the main terms of race, organizational layoff prevention promise, their product terms, and other control variables. In particular, the formula is as the following:

$$\text{Logit}\left(\frac{p_i}{1-p_i}\right) = \beta_1(\text{blacks}) + \beta_2(\text{layoff-prevention}) + \beta_3(\text{blacks} \times \text{layoff-prevention}) + \dots \beta_k \quad (1)$$

We treat the layoff prevention promise as the moderator variable that hypothetically conditions the relation between race and the perceived job insecurity. In our regression of the interaction model, we code the layoff prevention variable in such a way that organizations that made layoff prevention promises are the reference group, coded as 0, whereas organizations without such promises are coded as 1. When the product terms are involved in the multivariate regression, the coefficients and the standard errors of the main terms are conditioned on the moderator variable being 0 (Aiken and West 1991:131; Jaccard 2001:18–24). In this study, the coefficients of the race reflect the differences in the predicted odds ratio in perceived job insecurity between white and black workers, conditional on the moderator variable being 0 – those organizations that made a commitment to avoid layoffs. Mathematically, applying “layoff prevention = 0” to equation 1 produces the following result,

$$\text{Logit}\left(\frac{p_i}{1-p_i}\right) = \beta_1(\text{blacks}) + \dots \beta_k \quad (2)$$

The simplified model of Equation 2 reflects the racial difference in perceived job insecurity between white and black workers, conditional on that such racial disparity occurs in organizations with layoff prevention promises made to their workers. Likewise, in the second interaction logistic model, we reverse-code the layoff prevention variable so that organizations that did not make layoff prevention promises are the reference group, coded as 0, whereas organizations with such promises are coded as 1. Consequently, the coefficient of the racial disparity in perceived

job insecurity reflects such difference in organizations without layoff prevention promises. Details in interaction terms can be found in Aiken and West (1991) and Jaccard (2001).

We also took note of a recent development of the heterogeneous choice model (Williams 2009, 2010), which intends to control for the heteroskedasticity in the logistic regression. In particular, the heterogeneous model would be able to control for the unobserved heterogeneity in the two groups that we study (white and black workers), thus ensuring that the resulting coefficient reflects the true difference between the two groups. Using the OGLM function in the STATA (Williams 2010), we were able to conduct heterogeneous choice modeling with our data, providing additional evidences in support of our findings.

Previous research has argued that prior work experience, human capital, and labor market conditions affect racial disparity in perceived job insecurity. If when compared with whites, black workers have more negative work experiences, more vulnerable market conditions, and lower human capital, their higher perception of job insecurity should be explained by those independent controls. Thus, controlling for those variables is necessary to tease out the independent impact of layoff prevention commitment programs on racial disparity in perceived job security. Space limitation forbids description of all other control variables included in the multiple regressions. The Appendix provides detailed descriptions of those variables.

FINDINGS

To investigate the first hypothesis – whether black workers are more pessimistic about their job security than are white workers, we first present some descriptive evidence from the cross-tabulation between workers’ race and perception of job insecurity. Table 1 shows that black workers are much more pessimistic of their job security – almost 30% of blacks do not consider their job security as good compared with 13.4% of whites. The chi-square of the race-perception of job insecurity is significant ($\chi^2 = 8.42$, $df = 1$, $p < .01$), suggesting a significant racial disparity in perceptions of job insecurity. Although, the bivariate statistical analyses do not control for mediating variables and were unable to rule out potential spurious relationships, such analyses provide preliminary evidence to support Hypothesis 1, which predicts that black workers are more pessimistic about their job security than are white workers.

TABLE 1
Perceived Job Insecurity and Worker’s Race

Racial Disparity in Perception of Job Insecurity		Workers’ Race		Row Margin
		White	Black	
INDIVIDUAL RESPONSES FROM GSS2002: My job security is good	Not too true or not at all true	38 (13.4%)	16 (29.1%)	54 (16%)
	Very true or somewhat true	245 (86.6%)	39 (70.9%)	284 (84%)
Column Margin		283 (100%)	55 (100%)	$N = 338$

$\chi^2 = 8.42$; $df = 1$; $p < .01$.

Later multiple regression analyses should account for the issue of spuriousness by controlling for the susceptible mediating independent variables.

To examine whether or not the employer layoff prevention promise conditions the relationship between race and perceived job insecurity, Table 2 presents cross-tabulation between race with perception of job insecurity for two sub-samples – one consisting of employers who made promise to avoid layoffs and the other of employers who did not make such promise. Among employers who made a promise to avoid layoffs, 13.7% of white workers believed it was either “not too true” or “not at all true” that “my job security is good,” whereas that number for black workers is much higher at 45.0%. The racial disparity in perceived job insecurity, however, drastically declines in the sample of employers who did not make such promise to avoid layoffs. In contrast, in the workplaces without commitments to avoid layoffs, 13.3% of white workers believed it was either “not too true” or “not at all true” that “my job security is good,” while about 20.0 percent of black workers felt the same. The 6.7% gap (20.0% percent – 13.3%), although a sizable difference, is much smaller than the 31.3% gap (45.0% – 13.7%) in those organizations with a layoff prevention commitment. This result provides preliminary empirical evidence to support Hypothesis 2.

To provide compelling evidence of racial disparity in perceived job insecurity and to identify the roots of such disparity, Table 3 shows logistic regression of perceived job insecurity with controls for prior job loss, human capital, and occupational differences, which may account for the relations between race and perceived job insecurity. Model I in Table 3 provides information that supports hypothesis 1 and its predictions regarding racial disparity in perception of job insecurity. The model shows that compared with white workers, the odds for black workers to perceive their jobs as not secure are significantly higher. In particular, the odds for black workers are almost two and half times higher than that of white workers to consider their jobs not secure ($\exp(1.243) - 1 = 2.47$). The results also show that prior job loss, human capital, and occupational differences do not fully account for the pessimistic view of black workers on their job security. Only one of the human capital indicators – reception of job training, has an alleviating effect on perceived job insecurity. The odds for those who received job training to consider their jobs not secure is 27% lower ($\exp(-1.315) = 0.2685$) than it is for those without such training. Such a significant impact from training in reducing job anxiety persists in two later models (Models II and III). In addition, our analysis shows that organization commitments to avoid layoffs does not have statistically significant effects on workers’ perception of job insecurity – workers in those organizations with the layoff prevention commitments are not more optimistic about their job security than workers in organizations without such commitments. Those results materialize in the context of the statistical control of other explanatory variables of the perception of job insecurity, including past layoffs, human capital indicators, occupational differences, and various other industrial and organizational variables. Thus, we believe our findings are robust.

Model II in Table 3 adds the interaction term of black \times layoff prevention promise to Model I. Because the layoff prevention is coded as organizations that made a commitment to avoid layoffs = 0, and organizations without such a commitment = 1, the coefficient of black workers should be interpreted on the condition that organizations made a commitment to avoid layoffs (Jaccard 2001:18–24). It shows, quite conspicuously, that conditional on organizations with layoff prevention commitments, black workers have 558% (exponential $(1.884) - 1 = 558\%$) higher odds than do white workers to perceive their jobs “not too secure or not at all secure.”

TABLE 2
Perceived Job Insecurity and Workers' Race, Broken Down by Organization Commitment to Avoid Layoff

		Workers' Race		
		White	Black	Row margin
Organizations that made commitment to workers to avoid layoffs* (NOS 2002: N =115)				
INDIVIDUAL RESPONSES	Not too true or not at all true	13 (13.7%)	9 (45%)	22 (19.1%)
FROM GSS2002: My job security is good	Very true or somewhat true	82 (86.3%)	11 (55%)	93 (80.9%)
Column Margin		95 (100%)	20 (100%)	N = 115 (100%)
Organizations that did not make commitment to workers to avoid layoffs** (NOS 2002: N =223)				
		Workers' Race		
		White	Black	Row Margin
INDIVIDUAL RESPONSES	Not too true or not at all true	25 (13.3%)	7 (20%)	32 (16.5%)
FROM GSS2002: My job security is good	Very true or somewhat true	163 (86.7%)	15 (80.0%)	191 (83.5%)
Column Margin		188 (100%)	35 (100%)	N = 223 (100%)

* $\chi^2 = 10.47$; $df = 1$; $p < .01$.

** $\chi^2 = 5.23$; $df = 1$; $p < .05$.

Model III in Table 3 is another interaction model, with the organization layoff prevention being reverse-coded that those organizations that made commitments/promises to avoid layoffs are coded as 1, whereas those without such promises are coded as 0. The interaction term of black \times layoff prevention promise is created by multiplying black (1 = black, 0 = white) with layoff prevention promise (1 = with such promise, 0 = without such promise). Thus, the main term of the variable "black" should reflect the differential in perceived job insecurity between black and white workers conditional on the distinction that the organization did not make a commitment to avoid layoffs. Model III shows a striking result: in organizations without a layoff prevention commitment, black workers are NOT significantly higher in their perceived job insecurity than white workers. The empirical evidences support Hypothesis 2 – racial disparity in perceived job insecurity materializes with one condition – organizations make a commitment to avoid layoffs. When such layoff prevention is absent, racial disparity in perceived job insecurity between white and black workers disappears. Model IV uses the STATA's OGLM function to apply the heterogeneous model to our data. The results confirm the findings in Model II – racial disparity in perceived job insecurity emerges between white and black workers when organizations make a layoff prevention commitment.³

We want to point out that our interaction terms in the interaction and OGLM models are not statistically significant, although the main term race (blacks = 1; whites = 0) are significant when

³We also conduct ordered logit regression of the models with the original dependent variable scale of "not at all true," "not too true," "somewhat true," and "very true." We did not find substantive differences between the two sets of regression models (e.g., the binary logistic regression and the ordered logit regression).

TABLE 3
Unstandardized Coefficients of Logistic Regression of the Perception of Job Insecurity

Organization-level variables	Model I job insecurity	Model II interaction model	Model III interaction model	Model IV heterogeneous choice + interaction
Did organizations make commitment to avoid layoff (yes = 1, no = 0)	—	—	-.171 (.406)	—
Did organizations make commitment to avoid layoff (no = 1, yes = 0)	.464 (.344)	.171 (.406)	—	1.277* (.616)
Number of organization department	.006 (.033)	.005 (.034)	.005 (.034)	.000 (.000)
Number of organization hierarchy	.004 (.033)	.006 (.032)	.006 (.032)	-.001 (.000)
Organization formalization	-.053 (.095)	-.041 (.096)	-.041 (.096)	-.001 (.000)
Organization age (logged)	-.113 (.153)	-.101 (.155)	-.101 (.155)	-.001 (.001)
Organization size (logged)	.040 (.116)	.028 (.118)	.028 (.118)	.001 (.001)
Independent organization	.147 (.375)	.115 (.380)	.115 (.380)	-.006 (.035)
Government	-.418 (.558)	-.448 (.563)	-.448 (.563)	-.314 (.253)
Non-profit organization	-.518 (.667)	-.564 (.682)	-.564 (.682)	.324 (.254)
For-profit organization (REF)	—	—	—	—
Black percentage	.009 (.006)	.009 (.006)	.009 (.006)	.000 (.000)
Women percentage	-.001 (.006)	-.001 (.006)	-.001 (.006)	.000 (.000)
Growth industry	.078 (.492)	.029 (.494)	.029 (.494)	-.000 (.001)
Individual-level variables				
Black (White as reference)	1.243** (.437)	1.884** (.626)	.756 (.569)	1.529* (.492)
Male	-.183 (.372)	-.178 (.374)	-.178 (.374)	.260 (.275)
Age	.020 (.013)	.017 (.013)	.017 (.013)	-.001 (.004)
Black × Org Commitment to Avoid Layoff? (No = 1; yes = 0)	—	-.1.128 (.793)	—	-.1.277 (.716)
Black × Org Commitment to Avoid Layoff? (Yes = 1; No = 0)	—	—	1.128 (.793)	—
Education-Graduate	-.005 (.813)	.112 (.819)	.112 (.819)	.574 (.612)
Education-Bachelor	.058 (.659)	.130 (.662)	.130 (.662)	-.065 (.523)
Education-Junior college	-1.684 (.864)	-1.521 (.867)	-1.521 (.867)	-.221 (.610)
Education-High school	-.620 (.577)	-.599 (.578)	-.599 (.578)	-.269 (.453)
Education-<high school (REF.)	—	—	—	—
Work tenure (years)	-.035 (.024)	-.036 (.024)	-.036 (.024)	-.018 (.017)

(Continued)

TABLE 3
Continued

Organization-level variables	Model I job insecurity	Model II interaction model	Model III interaction model	Model IV heterogeneous choice + interaction
Training	-1.315* (.565)	-1.310* (.564)	-1.310* (.564)	.002 (.001)
Occupation-Managers	-.564 (.555)	-.554 (.558)	-.554 (.558)	-.468 (.463)
Occupation-Professional/Technicals	-.344 (.510)	-.445 (.521)	-.445 (.521)	-.191 (.391)
Occupation-Clericals	.659 (.439)	.633 (.440)	.633 (.440)	.670 (.347)
Occupation-Manual Labors (REF.)	—	—	—	—
Previous Layoff? (yes = 1; no = 0)	-.091 (.627)	-.105 (.639)	-.105 (.639)	.569 (.420)
Model Wald χ^2 (df)	34.142(25)	36.201(26)	36.201(26)	—
N	338	338	338	338

Numbers in parentheses are standard errors. Bold type indicates significant coefficients.
* $p < .05$; ** $p < .01$; *** $p < .001$ (two-tailed test).

organizations made layoff avoidance commitment to employees. Statistically, significant test for interaction terms is to determine whether the two coefficients (β_1 and β_2) are significantly different from each other, whereas the significant test for the main term is to evaluate whether the coefficient is significantly different from zero. We do not know how to reconcile the difference between having a significant main term (race) on the one hand, and an insignificant interaction term on the other with some tangible substantive explanations. We hereby leave a cautious note that further analysis may be needed to affirm our finding of the racial disparity in perceived job insecurity in the presence of organizational commitment to avoid layoff to their employees.

DISCUSSION

This research contributes to the extant literature on racial disparity in perceived job insecurity by bringing the firm back in to examine the racial disparity under different organizational contexts. Our research divulges a complex process of interaction between organizational commitments to avoid layoffs and racial disparity in perceived job insecurity – the presence of such a promise slightly decreases the anxiety of job security for white workers, but ironically increases the perception of job insecurity for black workers, causing significant racial disparity in perceived job insecurity. We speculate that black workers' negative perception of such seemingly benevolent policies may reflect either of the following two processes: (1) that it is a sheer subjective matter – black workers use their negative experiences in other work domains to interpret this general policy, or (2) that black workers are actually reacting upon a situation of discrimination – even though it is a general policy, the enactment and communication of such a policy makes it appear to be limited to only white workers. Some scholars further specify that two mechanisms may be at work and contribute to black workers' pessimistic view of their job securities (Wilson et al. 2006; Wilson and Mossakowski 2009). One is dispositional, that black workers are more fatalistic, believing what they have done is not as important as who they are. The other one is workplace-related, that black workers have been unfairly treated in job allocations and evaluations. Both mechanisms would predict black workers being pessimistic regarding their job security. While this research produces no confirmatory evidence indicative of either process, extant theories of social homophily, stereotyping, and in-group preference seems to corroborate both allegations.

In support of the first conjecture, the theories of social homophily, stereotyping, and in-group preference suggest that various workplace activities from recruiting to social interactions (Kanter 1977) take place within the boundaries delineated by similarities in racial/ethnicity and gender dimensions. Homogenous work groups embrace great social integration to the extent that emotional cohesion in those groups hampers their ability to integrate “deviate” members (O'Reilly, Caldwell, and Barnett 1989). A consequence of such social homophily is that outsiders are responsible for fitting themselves in, but often encounter significant barriers to entering the circle (Reskin 1998). When it comes to interpreting corporate policies or human resource programs, significant racial divergence may emerge as most of those policy planners and program executioners are whites who fill majority of the executive-level managerial positions (Elvira and Zatzick 2002). White workers, who are congruous with the managerial racial characteristics, have little problem accepting the policy and program as they and to interpreting them in a positive manner. In contrast, black workers, being outsiders and long-term targets of various workplace inequalities, may come to interpret the policy/programs with much suspicion and uncertainties.

Consistent with the second speculation, the observed racial disparity in perceived job insecurity in the presence of organizational layoff prevention may not only reflect black workers' perception and knowledge of group disadvantages in the workplace, but also relate to the difference in the manner in which such a layoff prevention promise is communicated to workers. A highly formalized procedure involves written script in employee handbooks that indicates organizational commitments to protect workers' jobs and to avoid layoffs. A less formal process may require managers to make announcements suggesting that organizations strive to avoid layoffs and to maintain steady employment for their current workers. The most informal procedure involves word-of-mouth communications: companies voice their intention to protect workers' jobs to managers, who may use informal channels such as after-hour socials, lunch breaks, and personal chatting to propagate such messages. In light of the theories of social homophily, stereotyping, and in-group preference, it is plausible to speculate that the more informal the channel is, the more the difficulties for "outsiders" to know and to understand the policies in their full terms. Studies have shown that homophily is the underpinning to social activities in small groups and teams (Katz et al. 2004), and homophily in race/ethnicity creates the strongest divides in our personal environments (McPherson, Smith-Lovin, and Cook 2001). Thus, the informal word-of-mouth passing of messages via social activities inevitably produces tremendous obstacles that prevent the sharing of such information with black workers, individuals who are outsiders to the prominent white workers' groups.

However, our data do not allow us to empirically test how the different modes of communication may affect the reception of the message by black workers. One indirect test one can conduct is to look at the difference between white and black employees in managerial ranks, and the difference between them in non-managerial ranks. One may hypothesize that the difference would be small in managerial ranks as managers are messengers themselves, as opposed to the non-managerial ranks. However, one study documented that even for those privileged workers (those in professional and managerial positions), racial differences are significant between black, Latino, and white employees. And the discrimination-induced, structural marginality experienced by minority workers is the chief reason behind their heightened perceived insecurity (Wilson and Mossakowski 2009). Regardless, the topic of racial disparity in perceived job insecurity across different occupational ranks deserves more systemic studies with pertinent data.

Future studies with pertinent data can help rule out the potential endogeneity problem – that layoff prevention promises sometimes may be a response to rather than a cause of increased racial disparity in perceived job insecurity. In addition, this research should precipitate many new exciting topics. For example, we know little about whether and how the well-documented racial disparity in other crucial labor outcomes such as hiring, payment, promotion, job training, and job dismissal correlate with organization-level human resource programs that allegedly promote equality in those processes. If organizational structures and scripts are largely ritual and ceremonial (Meyer and Rowan 1977), what are the significant factors that influence organizational distribution of resources such as job opportunities, upper-echelon positions, and training? Evidences from this study seems to suggest that informal workplace social processes further distinguish white workers from black workers due to different interpretations and perceptions of an organization's human resources programs. To ascertain whether and to what extent this statement holds, more studies are needed to go beyond the issue of the perception of job insecurity to examine other important work-related subjects such as training and job promotion.

Lastly, we would point out that a layoff prevention commitment does not reduce the job anxiety of white workers either – it actually increases the perception of job insecurity for white workers by 0.4%, which is a negligible margin (see Table 2). The finding that white workers do not appreciate such layoff protection policies is quite conspicuous if indeed they are the group targeted by the policy. Factors that may account for such apathetic reactions are not available for this analysis, prompting new studies to delve into those issues. For example, future studies can analyze whether some innate personality traits may account for the perceived job insecurity. For instance workers may be firm believers of external locus of control, that they are at the mercy of those unstable environmental factors, and they have little control over their lives (Ashford et al. 1989). Also at the macro societal level, the increasingly globalized economy precipitates high level of uncertainties, propelling many organizations to rewrite many employment policies and programs (Cappelli et al. 1997). Top items on executives' agendas are contingent workforces, flexible employment, part-time jobs, and cost-saving outsourcing, which have replaced the original plans of steady employment and promotion with the same employers. Amid such great transformations, employers' layoff prevention policies may appear to be largely rhetorical and less appealing. Future studies can investigate the combined effect on perceived job insecurity from such personality traits of external locus of control on the one hand, and the new labor market characteristics of great uncertainties (Cappelli et al. 1997) on the other. To those workers whose locus of control is external and environment is fraught with uncertainties, a single employer policy to avoid layoffs is insufficient to alleviate their job anxiety.

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APPENDIX: CONSTRUCTIONS ITEMS OF INDEPENDENT VARIABLES

Variables	Items	Descriptive Statistics	Survey
Respondent age	Respondent's age	Mean = 41.71 St.d. = 13.06	GSS 2002
Respondent education	Respondent's education	Less than High School = 45 High School = 269 Junior College = 47 Bachelor = 108 Graduate = 46	GSS 2002
Job training	Did respondent receive job training?	Yes = 454 No = 30	
Respondent tenure	The number of years respondent works for the organization	Mean = 6.93 St.d. = 8.50	GSS 2002
Respondent sex	Respondent's sex	Male = 231 Female = 285	GSS 2002
Respondent work hours	The number of hours respondent works per week	Mean = 40.17 St.d. = 14.73	GSS 2002
Respondent Occupation	Respondent's occupation	Managerial = 82 Professional/technical = 120 Clerical = 105 Manual/labor = 181	GSS 2002
Organization size	The number of full time employees (natural logged)	Mean = 3.24 St.d. = 2.30	NOS 2002
Organization independence	Whether organization has parents or is complete independent	Independent = 334 With parent = 181	NOS 2002

(Continued)

Variables	Items	Descriptive Statistics	Survey
Organization sector	The organization sector	For-profit = 360 Non-profit = 43 Government = 112	NOS 2002
Department for EE/AA	Separate department for Equal Employment or Affirmative Action	Yes = 113 No = 389	NOS 2002
Department for HR	Separate department for human resources	Yes = 201 No = 302	NOS 2002
Number of departments	Number of departments for different functions	Mean = 5.26 St.d. = 8.72	NOS 2002
Number of hierarchical ladders	Number of levels from lowest to highest hierarchical ladder	Mean = 5.47 St.d. = 10.87	NOS 2002
Formalization	Documentations for job description, job performance, safety, violence, weapons, and dispute resolution. Existence of each document is coded as 1, and results summed up.	Mean = 4.37 St.d. = 2.48	NOS 2002
Women percentage	Organization women percentage	Mean = 50.00 St.d. = 33.19	NOS 2002
Black percentage	Organization black worker percentage	Mean = 14.43 St.d. = 24.64	NOS 2002
Growth industry	Growth industries are finance, service, sales, public administration, transportation Industries not in growth are agriculture and manufacturing	Growth industry = 389 Industry not in growth = 92	NOS 2002