



## Moving from job loss to career management: The past, present, and future of involuntary job loss research



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### ABSTRACT

Job loss continues to be a pervasive problem, affecting large numbers of workers each year. The research of job loss has evolved from the early, descriptive studies that attempted to understand what the loss of work meant for individuals to a more complex understanding of what individuals do to attempt to manage the job loss and identification of the factors that predispose them to be able to do this managing. From this research, we know that job loss has negative consequences for most, but not all, individuals, that for some individuals having a bad job is better than having no job, and individuals who are more resilient and have better coping skills have better outcomes following the experience. There are, however, many questions yet to be answered, especially in light of the often confusing and sometimes contradictory results of past studies. This review traces the research of job loss from the early exploratory studies through the development of complex models focused around stress, appraisal, and coping and on to the current focus on reemployment quality, underemployment, career exploration and planning, and employability. The article concludes with directions for future theoretical and empirical research, for design of outplacement and other organizational programs, and for policy decisions.

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### 1. Introduction to job loss and job loss research

Job loss continues to be a pervasive issue for millions of workers around the globe. In the “new normal” economy, many individuals can expect to lose a job through a downsizing, company closure, or restructuring, and expect to be unemployed for a longer period of time (Censky, 2011). Research has documented the negative impact of the experience and the factors that lead to impairments in well-being. Research also has identified coping strategies and other variables that position individuals better for higher quality reemployment following a job loss.

Job loss research has evolved from the early, primarily descriptive studies focused on the meaning of the loss (e.g., Jahoda, 1979, 1981; Winefield, Tiggemann, & Goldney, 1988) to the testing of longitudinal, complex models that examine job loss relative to constructs such as stress, appraisal, coping, reemployment, and employability (e.g., Leana & Feldman, 1992; Leana, Feldman, & Tan, 1998; Prussia, Fugate, & Kinicki, 2001; Wanberg, Hough, & Song, 2002). The most recent research has emphasized what individuals do to manage the job loss experience from the perspectives of career transitions (e.g., Zikic & Klehe, 2006) and employability (e.g., Fugate, Kinicki, & Ashforth, 2004; McArdle, Waters, Briscoe, & Hall, 2007). Many unanswered questions remain, however.

The following sections provide a review of the past research of job loss and then suggest directions for future theory, research, practice, and policy that will improve our understanding of the implications of job loss and how to prepare individuals for

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managing such events in this “new normal” economy. The inclusion of research on underemployment, employability, and career planning and transitions, as well as the discussion of future directions, extends what has been learned from previous reviews of the job loss research.

### 1.1. Definition of involuntary job loss

The term *job loss* as used in this review refers to displaced workers who have experienced an involuntary job loss through no fault of their own (Jacobson, LaLonde, & Sullivan, 2005; Latack, Kinicki, & Prussia, 1995). These workers have no expectation of returning to the job that was lost, often have a strong attachment to their industry (Fallick, 1996), and may have suffered negative consequences as a result of the loss.

*Unemployed* is a broader term that includes individuals who have voluntarily left their jobs, new entrants into the labor market, reentrants (Schneer, 1993), and individuals who were terminated from their jobs for cause. The unemployment experience of these groups differs from that of individuals who were involuntarily dismissed and, thus, did not choose by their own actions to be unemployed.

Individuals who lose their jobs and do not become reemployed right away become part of the ranks of the unemployed (McKee-Ryan & Kinicki, 2002). However, this review focuses on job loss as an *event* as opposed to unemployment, a *state or condition* (Latack & Dozier, 1986; Latack et al., 1995). By considering job loss as an event, the focus of the research moves to one of examining adaptation and adjustment to the experience after it occurs, the primary focus of job loss research. Job loss research has shown that the impact of the event itself is large, even absent a long-term period of unemployment (Latack & Dozier, 1986; Latack et al., 1995).

### 1.2. Focus on individual-level job loss

Further, this article focuses on job loss at the individual level and includes work done primarily by management, organization, psychology, and sociology researchers. Macro- or aggregate-level research by economists adds to our knowledge about the effects of job loss by identifying relationships among variables for groups of individuals. Such research does not address effect variations in the job loss experience (Leana & Ivancevich, 1987; McKee-Ryan, Song, Wanberg, & Kinicki, 2005) of individuals, however. Micro-level information is needed to effectively design programs that address the differential impact of job loss on individuals.

Job loss has traditionally been viewed as a type of psychological failure (Latack & Dozier, 1986). Job loss ranks in the upper quartile of life events in terms of the level of stress created (Hobson et al., 1998; Holmes & Rahe, 1967). The experience has been compared to other traumatic losses, such as the death of a loved one (Blau, 2006; DeFrank & Ivancevich, 1986). In fact, research on job loss has drawn from the work of Kubler-Ross (1969) on the stages of death and dying (Blau, 2006), and has addressed the grief that accompanies the experience (Archer & Rhodes, 1995; Brewington, Nassar-McMillan, Flowers, & Furr, 2004). Job loss also has been tied to outcomes such as mortality risk and suicide (Eliason & Storrie, 2009). The idea that job loss carries the potential for negative outcomes is indisputable.

According to a recent Brookings Institute report (Krueger & Mueller, 2011), nearly half of the unemployed in the U.S. in early 2011 had been without work for 27 weeks or longer, with an average of around nine months. The report notes that extended unemployment creates a risk that displaced workers will become discouraged trying to find work and lose relevant skills during the transition to new employment if they are without work for an extended period of time. The cumulative effect of these factors can result in higher joblessness, lower educational achievement by the children in the family, less stability in wages and in employment over time, and worse health outcomes.

However, not all individuals respond negatively to a job loss. Losing a job can actually have a beneficial outcome (Latack & Dozier, 1986; Paul & Moser, 2009; Zikic & Richardson, 2007). In general, though, the evidence is overwhelmingly convincing that losing a job leads to a detriment in psychological, physical, and social well-being (Leana & Feldman, 1992; Leana & Ivancevich, 1987) until at least some equilibrium is gained, usually in the form of a new job that is equal to or better than the one that was lost (McKee-Ryan et al., 2005).

## 2. Understanding the meaning of work

Any conversation about unemployment is inherently a conversation about the absence of work and the meaning of work. In fact, much of the early research of job loss in the 20th century focused on understanding what the absence of work meant for individuals who involuntarily lost their jobs (e.g., Fryer & Payne, 1986; Jahoda, 1981; Warr, 1987).

Fryer and Payne (1986) provide more detail for the reader interested in learning about the early job loss research. In general, early work viewed individuals as passive, inactive, unstructured, and depressed respondents to the job loss event (Bakke, 1940; Fryer & Payne, 1986; Jahoda, 1979). The two predominant theories used to explain the effects of unemployment based on this early research are the phase/stage theory and the deprivation model.

### 2.1. Phase/stage theory

According to the phase/stage theory, as with any loss of something of value, the response to the job loss comes in phases (or stages): initial shock; optimism as the job search begins; pessimism, anxiety and distress when the job search does not

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