

# Perceived vulnerability of job loss and satisfaction with life in the hospitality sector in times of pandemic: a multi-mediational approach

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## Abstract

**Purpose** – The COVID-19 pandemic has severely impacted business and viability of firms in the hospitality sector. This paper aims to examine the impact of perceived vulnerability of employees in this sector related to job loss and satisfaction with life. Additionally, it tests whether the impact is reduced for an individual possessing high emotional and financial well-being.

**Design/methodology/approach** – This study uses cross-sectional data obtained through a survey of 312 hospitality sector employees. Using PLS-SEM, hypothesized relationships between constructs are tested.

**Findings** – Perceived vulnerability of job loss negatively impacts satisfaction with life; however, this negative impact gets significantly reduced in the presence of emotional and financial well-being.

**Research limitations/implications** – The results provide an impetus to focus on emotional and financial well-being to reduce employees' vulnerabilities and improve their life satisfaction. In the absence of specific relief programs by the Government and with reduced business activity, employers need to look for innovative ways for ensuring their own sustenance and employee well-being.

**Originality/value** – This study is one of the initial works on examining how perceived vulnerability of job loss induced by the pandemic on hospitality sector employees' impacts their satisfaction with life. It also makes a novel attempt to examine emotional well-being and financial well-being, as mediators in this relationship.

**Keywords** Emotional well-being, Financial well-being, COVID-19 pandemic

**Paper type** Research paper

## 1. Introduction

Hospitality sector is susceptible to epidemics, natural disasters, terrorist attacks and financial crises (Chien and Law, 2003; Paraskevas, 2013; Lo *et al.*, 2006; Nguyen *et al.*, 2017; Hung *et al.*, 2018; Ali *et al.*, 2019). Outbreaks of SARS, Ebola and similar diseases had affected hospitality industry in the past, but the scale of impact of COVID-19 is unparalleled (John Hopkins, 2020). Soon after COVID-19 was declared as a pandemic (WHO, 2020), most countries imposed unprecedented travel restrictions and lockdowns. In a bid to contain the contagious virus and keep it from spreading in one of the world's most populous countries, the Government of India announced total lockdown from 25 March, 2020 till 31 May, 2020. After 75 days of complete closure, hotels and restaurants were permitted to open with restrictions such as night curfew, closure of bars, gymnasiums and swimming pools, and



limited gatherings (De, 2020). Lockdown, restrictions and fear of contagion significantly reduced tourism and caused a slowdown in economic activities, adversely impacting business of the tourism and hospitality sector and led to wide-scale job losses (McKinsey and Company, 2020; WTTC, 2020). In the tourism and hospitality sector in India, losses in 2020 were estimated to be INR 15000 billion for three quarters starting from April 2020 (Kale, 2020), with 70% of the workforce potentially expected to lose jobs (Kumar, 2020). Furthermore, in the absence of any direct financial stimulus or relief package to this distressed sector by the Government, the impact is more profound (FICCI, 2020).

For individuals, the impact of job loss becomes even more severe due to absence of any state sponsored unemployment and social security benefits. Fear and stress related to health and job loss severely impact mental health of employees (Huston, 2020; Wang *et al.*, 2020). Recent studies suggest that hospitality sector employees are anxious about the changing work environment, work status, health-related challenges. This can adversely impact their satisfaction with life (Friman *et al.*, 2017; Ann and Blum, 2020; Morse, 2020). In India, several studies have reported negative effects of COVID-19 induced social distancing, self-isolation and changes in working environment, on employees' mental health (Panchal *et al.*, 2020; Sarkar, 2020). Adverse situations reduce happiness and life satisfaction of employees (Satici, 2016; Alrawadieh *et al.*, 2020; Morse, 2020); however, emotional stability (Wendt *et al.*, 2019) and financial protection (Ruberton *et al.*, 2016) allow them to effectively deal with such challenging situations. Extant research documents the emotional and financial aspects of individual well-being (Chen *et al.*, 2016; Huston, 2020) related to life satisfaction (Kukanja and Planinc, 2012). Nonetheless, studies indicating the importance of both emotional well-being (EWB) and financial well-being (FWB) in adverse situations are limited (Satici, 2016; Alrawadieh *et al.*, 2020). The present study fills this gap.

Satisfaction with life is a widely researched topic (Diener *et al.*, 1985; Galla, 2016; Satici *et al.*, 2016). Several studies document close association between stress and satisfaction with life of employees in the hospitality sector (Chen *et al.*, 2016; Alrawadieh *et al.*, 2020; Wang *et al.*, 2020). Additionally, job-related conflicts, stress, burnout, vulnerability to a particular situation, emotional dissonance, etc. are some other variables that have been found to negatively impact satisfaction with life (Chen and Spector, 1991; Lue *et al.*, 2010; Chen *et al.*, 2016; Galla, 2016). Well-being is identified as an important positive precursor of satisfaction with life which includes work quality, happiness, job satisfaction, work engagement, etc. (Fredrickson and Joiner, 2002; Friman *et al.*, 2017; Morse, 2020).

Economic downturn severely aggravates stress and poses serious damage to mental health of individuals (Panchal *et al.*, 2020; Sarkar, 2020). Perceived vulnerability captures the expected probability than one will experience the threat (Lv *et al.*, 2012) and is expected to negatively impact an individual's well-being (Satici, 2016). Perceived vulnerability of job loss of an employee needs to be assessed in stressful situations such as the COVID-19 pandemic that brings huge threat and uncertainty in human life. Literature is scant in examining the effects of vulnerability of job loss on satisfaction with life (Satici, 2016; Urquijo *et al.*, 2016) and more so, in the hospitality sector.

Some recent hospitality studies examined psychological well-being of employees and its impact on life satisfaction (Patel and Wolfe, 2019; Ali *et al.*, 2019; Wang *et al.*, 2020). The current study contributes by examining if possession of strong mental resources (high EWB) and FWB can reduce the impact of perceived vulnerability of job loss on satisfaction with life. Adaptation theory of well-being (Luhmann and Intelisano, 2018) states that individuals with high EWB are better able to cope with negative experiences and adapt to the situation (Fredrickson and Joiner, 2002; Wendt *et al.*, 2019). Aspiration economic theory of well-being confirms the high impact of financial status (well-being) in satisfying basic

material needs (Fuentes and Rojas, 2001) and providing a sense of security (Ruberton *et al.*, 2016), which improves satisfaction of life (Montpetit *et al.*, 2015; Darvishmotevali *et al.*, 2017; Wang and Xie, 2020).

Rest of the paper is ordered into several sections. Section 2 reviews related literature and Section 3 develops testable hypotheses. Section 4 offers data and methods while Section 5 brings forth the findings and analysis. Section 6 highlights conclusions and important implications; it also identifies limitations and offers directions for further research.

## 2. Literature review

Satisfaction with life is the key element of this research and literature documents it in multifarious ways (Satici *et al.*, 2016; Alrawadieh *et al.*, 2020). It has been defined in several studies as a feeling of happiness and fulfillment with life (Galla, 2016; Sirgy, 2019); alternately, it represents an individuals' psychological state that relates to psychological and economic well-being (Satici, 2016; Urquijo *et al.*, 2016). The negative link between satisfaction and stress has also been profusely examined (Urquijo *et al.*, 2016; Bangwal and Tiwari, 2019; Griffiths *et al.*, 2019). A stressful event with high vulnerability negatively impacts individuals' life satisfaction (Morse, 2020). Perceived vulnerability measures the probability that one would experience the threat (Griffiths *et al.*, 2019).

Due to the outbreak of COVID-19, vulnerability of job loss is the biggest concern of hospitality employees, that may have serious impact on their employment status, socio-economic status, fulfillment of basic needs (Baum *et al.*, 2020; Ann and Blum, 2020; Mayer, 2020). Such negative impacts on the hospitality industry have been discussed in previous studies in the context of SARS, MERS (Chien and Law, 2003; Hung *et al.*, 2018), but spread of the present threat is seen to be more severe (Baum *et al.*, 2020). Most importantly, vulnerability of contractual and lower level work forces, upon which the hospitality sector largely depends, is high, with greater severity in poor nations (Wu and Li, 2017). Globally, and also in India, employment policies in hospitality have always remained challenging with regard to low pay structure, poor labor relations, long working hours, unstable career growths (Darvishmotevali *et al.*, 2017; Ferreira *et al.*, 2017) (Shani *et al.*, 2014). Current situation is the amplification of the existing poor workforce practices for formal and informal employees in the hospitality sector (Baum *et al.*, 2020), and is worse in poor nations (Shani *et al.*, 2014), with severe consequences on life satisfaction (Darvishmotevali *et al.*, 2017).

According to Winkelmann and Winkelmann (1998), unemployment or job loss includes both pecuniary and non-pecuniary costs that affect life satisfaction of individuals. Psychological effect of unemployment (non-pecuniary costs) have larger negative effect on well-being and life satisfaction than pecuniary costs (monetary/income loss) (Stavrova *et al.*, 2011; Chang and Busser, 2020). Several hospitality studies considered individuals' experience to pain, anxiety, and emotional suffering as a psychological effect of job loss that reduces life satisfaction drastically (Shani *et al.*, 2014; Darvishmotevali *et al.*, 2017; Lee and Madera, 2019). Helliwell and Huang (2014) explained that people who are still employed face stronger adverse psychological effect of change in unemployment percentage in the country. Thus, they are more vulnerable to job loss which reduces their life satisfaction.

On the other hand, we have studies that indicated the strong effect of both non-pecuniary costs and pecuniary costs of unemployment, especially in poor nations (Schwarze and Härpfer, 2007; Wu and Li, 2017) and some in the hospitality context (Shani *et al.*, 2014; Ferreira *et al.*, 2017). Evidence posits that perception of decrease in household income and unsatisfied material needs in an unemployed society decreases life satisfaction (Diener and Biswas-Diener, 2002; Darvishmotevali *et al.*, 2017). Unemployment is considered to be

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involuntary and surely reduces life happiness, both on personal or society levels (Stavrova *et al.*, 2011; Wang and Xie, 2020). Thus, it becomes important to understand the effect of vulnerability to job loss in adverse situations which is still underexplored in the hospitality context. To ensure that the present study includes both non-pecuniary and pecuniary aspects of vulnerability of job loss, especially for those who are still employed in the current situation, we included emotional and FWB to measure life satisfaction of individuals.

Various microeconomic theories suggested positive but complex association between well-being and income (Stutzer and Frey, 2003; Easterlin, 2005; Rojas, 2019). Also, findings of various studies indicated a weak direct association between absolute level of income and well-being of a person, that ultimately has some effect on life satisfaction (Fuentes and Rojas, 2001; Diener and Biswas-Diener, 2002; Divya and Paul, 2016). Literature suggests that impact of income on well-being and people's happiness is dependent on individual's income expectations in comparison to society (relative theory) (Rojas, 2019), basic living needs satisfaction (absolute theory) (Kopsov, 2019), emotional stability of individuals to bring their good or bad experiences to normal even in case of low income (adaptation theory) (Luhmann and Intelisano, 2018; Kwon and Lee, 2020), satisfaction of material needs, income aspiration levels related to circumstances and social comparisons (aspiration theory) (Genicot and Ray, 2020), etc. Substantial evidence suggests that individuals' desire to satisfy their basic material needs has more influence than absolute level of income on life satisfaction (Stutzer and Frey, 2003; Easterlin, 2005). However, the impact of income level appears to be stronger in developing and poor economies (Fuentes and Rojas, 2001; Diener and Biswas-Diener, 2002). We found no known studies assessing the association in India and in the hospitality sector.

Following the aspiration theory in the developing nation context, the present study recognizes the importance of financial status or well-being of individuals, in satisfying basic living needs or providing financial security that may affect life satisfaction positively. FWB is defined as the current state or perception of an individual to sustain or survive with desired living standards and perception of satisfied material needs in a particular situation (Brüggen *et al.*, 2017). FWB is largely discussed in academic fields including financial studies, socio economics studies, consumer behavior, human psychology, and happiness (Kukanja and Planinc, 2012; Yeo and Lee, 2019). Some studies also related it with life happiness and satisfaction under the wealth-happiness gradient approach (Ruberton *et al.*, 2016; Netemeyer *et al.*, 2018; Lee and Madera, 2019; Osman *et al.*, 2020) and associated hedonic pleasure with it.

Considering FWB as a sole measure provides an incomplete picture of the relationship between well-being and satisfaction with life. We have evidence that people with low income are happier than wealthy individuals with higher expectations of relative income and materialist wealth (Prawitz *et al.*, 2006; Helliwell and Huang, 2014; Kopsov, 2019). Psychologists have tried to understand the characteristics of happy and satisfied people (Stutzer and Frey, 2003). Several surveys and empirical studies have been done in this regard and confirmed the influence of individuals' emotional and behavioral competencies in affecting life happiness (Kahneman and Deaton, 2010; Huston, 2020). Under this, the adaptation theory of well-being that focuses on the emotional aspects of well-being to adapt to any positive and negative situation is quite vital (Brickman and Campbell, 1971). Adaptation theory of well-being describes the importance of emotional stability in individuals to bring their good or bad experiences to normal through adaptation process (Kwon and Lee, 2020). It further confirms that even in low economic/income status, emotional capabilities tend to make individuals happier than high-income status individuals (Yang *et al.*, 2017).

EWB is defined as the emotional quality of an individual's life based on the intensity of joy, stress, sadness, other positive or adverse emotions etc., which make his/her life pleasant or unpleasant (Kahneman and Deaton, 2010; Bangwal and Tiwari, 2019; Chang and Busser, 2020). EWB of an employee is important to understand during the COVID-19 pandemic since employees are facing serious instability, dealing with a variety of emotions related to work from home guidelines, job pressure, employment status, health threats, etc., which affect their emotional state (Huston, 2020).

### *2.1 Rationale of the study*

The present study follows the aspiration and adaptation theory of well-being. The study discusses some important points. First, the present study explores the weak link between income and life satisfaction further in the developing nation context. We feel that with India being a poor but developing nation (ranked 124 based on purchasing power parity adjusted GDP) [1], the impact of both non-pecuniary and pecuniary costs of unemployment or job loss will be significant, contrary to existing literature. Second, the impact of COVID 19 is severe and uncertain on hospitality workforce (Baum and Hai, 2020). Some studies highlighted consequences of the current situation on hospitality workforce globally, including job and pay cuts, threat of job loss, huge work pressure, slow recruitment, psychological issues including anxiety, depression etc. (Baum and Hai, 2020). These studies however, lack in measuring impact on workforce empirically. In this regard, the present study tests perceived vulnerability of job loss of employees and proposes its negative impact on life satisfaction. In addition, the study indicates the importance of individual's own emotional and FWB to reduce vulnerability of job loss and improve life satisfaction, by including their mediating effect. Finally, prior studies suggested ways and initiatives of various government and hospitality sectors to cope with the situation (Darvishmotevali *et al.*, 2017; Ferreira *et al.*, 2017). This study highlights a few such initiatives in India.

## **3. Hypotheses development**

### *3.1 Perceived vulnerability of job loss and satisfaction with life*

Some studies confirm the adverse relationship between perceived vulnerability and satisfaction with life (Satici, 2016; Urquijo *et al.*, 2016). Schwarze and Härpfer (2007) document that peoples' vulnerability of job loss may cause serious emotional and psychological problems including depression, emotional instability, anxiety and monetary problems like low relative income, unsatisfied basic needs, financial insecurity etc. (Kukanja and Planinc, 2012) opined that it will reduce well-being and satisfaction with life (Chen and Spector, 1991). Perceived vulnerability to be rendered unemployed has an adverse impact on employees' relative income (Rojas, 2019) and satisfaction of material needs (Helliwell and Huang, 2014), which increase their current aspirations and expectations, and decrease life happiness (Genicot and Ray, 2020). This relationship was supported in a few related or unrelated previous psychological studies (Galla, 2016; Satici *et al.*, 2016). However, no known study is found in the hospitality sector context. Therefore, it is hypothesized:

*H1.* Perceived vulnerability of job loss negatively influences satisfaction with life.

### *3.2 Mediating role of emotional well-being and financial well-being as mediators*

Adaptation theory of well-being reports that EWB is high in people with mindfulness and self-compassion which reduces vulnerability to stress and enhances satisfaction with life (Galla, 2016). Fredrickson and Joiner (2002) confirmed that positive emotions contribute to satisfaction with life. Individuals with positive emotions feel good at present and enhance

their chances to feel good or satisfied in future adversities, with enhanced EWB. Such individuals are found less vulnerable to negative emotions or situations (Wendt *et al.*, 2019). Studies in support of adaptation theory report a positive relationship between EWB and satisfaction with life (Kahneman and Deaton, 2010; Galla, 2016). In the hospitality sector also, some studies have examined this relationship for tourists, employees, etc. (Friman *et al.*, 2017; Alrawadieh *et al.*, 2020). These studies explain the strong direct and mediating effect of EWB in coping with stress and improving satisfaction with life. Hence, the next hypothesis is as follows:

H2. EWB mediates the relationship between perceived vulnerability of job loss and satisfaction with life.

Various measures of economic behavior such as relative income, social inequality, income aspirations, perception of satisfied material needs, financial stress, financial security etc., and their influence on people's happiness (satisfaction) have been discussed extensively in academic literature (Lue *et al.*, 2010; Morse, 2020). According to Divya and Paul (2016), individuals with high-income aspirations, derived from their adaptation capabilities and social comparison, are able to match such aspirations, report happiness and satisfaction with life. On the other hand, unemployment, which forces individuals to low income groups in society, has negative impact on satisfaction with life (Prawitz *et al.*, 2006; Helliwell and Huang, 2014). Schwarze and Härpfer (2007) confirmed that individuals with high vulnerability of job loss are doubtful about satisfying their basic needs and report low satisfaction. Conversely, people with better financial status (well-being), measured through satisfied material needs, indicate high life satisfaction even in crisis situations (Rojas, 2019). Studies confirmed that acquiring high income may not necessarily enhance life happiness but, perception of fulfilling basic needs in difficult situations has a larger effect on life happiness, especially in the context of poor economies (Fuentes and Rojas, 2001; Diener and Biswas-Diener, 2002). Therefore, the study proposes:

H3. FWB mediates the relationship between perceived vulnerability of job loss and satisfaction with life.

### 3.3 Conceptual model

Based on the review, the model exhibited in Figure 1 is proposed for testing. We aim to examine how perceived vulnerability of job loss impacts satisfaction with life. We further examine the mediating effects of EWB and FWB on this relationship.

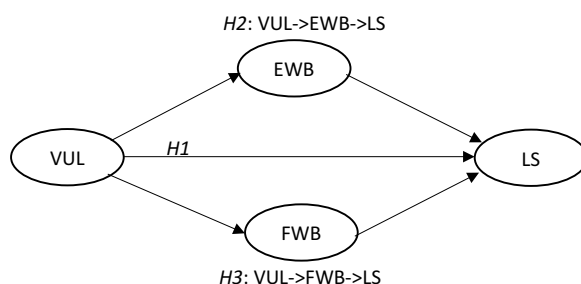


Figure 1.  
Proposed model

## 4. Methods

### 4.1 Sampling and data collection

Sampling frame for the study constituted people employed in India's hospitality sector. Using a combination of convenience and snowball sampling techniques, we contacted people at middle-level management of hotel chains, food chains, restaurants and airlines, owners of budget hotels, and travel and ticketing firms, and requested them to share the survey instrument with their colleagues, staff and acquaintances. Our choice of hospitality sector was guided by multiple reasons. First, the COVID-19 spread directly halted business operations of companies in this sector, causing widespread distress and challenges for several months (De, 2020). Second, being labor intensive in nature, this sector employs a large workforce, approximately 9% of the population in India (FICCI, 2020); so, there is high vulnerability to job loss. Third, being a service industry, well-being of employees directly impacts service quality of companies, so employee well-being assumes importance from the organizational point of view as well (Alola *et al.*, 2019).

We prepared and circulated the link of a web-based questionnaire. This method was favored as it facilitated inclusion of respondents spread across geographical areas which helped to reduce social desirability bias. We did a web-based focused-group discussion with 10 participants for pretesting and shared the questionnaire with eight industry experts and five academicians, for content validity. Based on these measures, we refined the instrument to make it more readable, understandable, and conveying clear meaning to the respondent. We made a few changes to the language of the questions and changed the sequencing. To check reliability and validity of the survey instrument, we also carried out a pilot study with 40 respondents. The constructs were found to be reliable and valid.

A total of 334 responses were received, excluding the initial 40 used for pretesting, from March to July 2020. We discarded 22 unusable responses; 312 valid responses were considered for analysis. As COVID-19 had hit the hospitality sector hard, we received no response from the laid-off and retrenched workforce. Details of the sample profile are presented in Table 1. We conducted a priori power analysis using the inverse square root method (Kock and Hadaya, 2018), for calculating the minimum acceptable sample size. With the minimum acceptable effect size of 0.04 and a power of 80%, this method suggested a minimum sample requirement of 160 respondents. We also used g\*power analysis (Faul *et al.*, 2007) which suggested a minimum required sample of 77 for 80% power. Our sample of 312 exceeds both these requirements and is thus adequate for testing.

### 4.2 Measures

The questionnaire was divided into two sections; the first section captured demographic information and the second section included scales for various constructs. Variables used in the study were recognized in literature. Responses to scale-based questions were measured on a seven-point Likert scale, with "1" for "strongly disagree" and 7 corresponding to "strongly agree". Satisfaction with life (LSAT) construct measured the degree of satisfaction perceived by the respondent, with higher values representing higher level of satisfaction and vice-versa. The statements for LSAT construct were modified and adapted from Diener *et al.* (1985). The vulnerability of job loss (VUL) constructs captured the perception of employees about chances of his/her job loss, with higher score representing greater vulnerability and vice-versa. Statements for the VUL construct were adapted from Satici (2016). EWB and FWB were the mediating variables employed in the study. EWB construct measured respondents' emotional strength and resilience, with higher value representing an emotionally stable and resilient individual. Items for the EWB construct were adapted from Fredrickson and Joiner (2002). FWB construct captured respondents' perception of his/her

Variable	Items	Frequency	(%)
Gender	Male	182	58.33
	Female	155	49.68
Age	19–24 Years	86	27.56
	25–29 Years	95	30.45
	30–39	69	22.12
	40–58	62	19.87
Marital Status	Unmarried or Single	175	56.09
	Married	137	43.91
Education	Elementary and High school	51	16.35
	Bachelor's Degree	176	56.41
	Master's Degree/Doctoral Degree	85	27.24
Experience	1–3 years	69	22.12
	3–5 years	62	19.87
	5–10 years	67	21.47
	10–15 years	59	18.91
	More than 15 years	55	17.63
Type of Organization	5 Star hotels and resorts	134	42.95
	3- and 4-Star hotels	66	21.15
	Budget hotels	26	8.33
	Restaurants and food chains	64	20.51
	Airline, travel and ticketing	22	7.05
Emergency Savings	Up to 3 months	136	43.59
	Up to 6 months	57	18.27
	Up to 12 months	51	16.35
	More than 12 months	68	21.79

**Table 1.**  
Sample profile

financial situation wherein a higher level is desirable and is representative of financial security and stability. FWB scale was modified from [Prawitz et al. \(2006\)](#). All the constructs, with their indicators, are presented in [Appendix](#). Additionally, to test whether the relationship between VUL and LSAT could be affected by demographic variables and socio-economic variables ([Satici, 2016](#)), we included control variables in the model.

#### 4.3 Common method bias

We applied various procedural as well as statistical remedies for identification and control of common method bias (CMB), as it can be a worry in survey-based research ([Podsakoff et al., 2003](#)). As both predictor and criterion variables were acquired from the same respondent, we performed psychological separation in the instrument. While designing the survey, we employed various procedural remedies like keeping responses anonymous and informing the respondents about the purpose of survey. All questions were kept close-ended and a few questions were also reverse coded, to identify non-serious responses.

### 5. Analysis and findings

We applied the partial least squares structural equation modeling (PLS-SEM) method for examining our proposed hypotheses through SmartPLS3 software (Version 3.3.2) ([Ringle et al., 2015](#)). We chose PLS-SEM over covariance-based SEM as it is a robust approach for data analysis that does not necessitate normality assumption and performs better with smaller samples ([Hair et al., 2019](#)). Finally, in PLS-SEM, chances of bias are minimum, and it has been found more appropriate for assessing complex models with multiple mediators ([Sarstedt et al., 2016](#)). We employed the confirmatory composite analysis (CCA) approach for



assessing measurement as well as structural models (Hair *et al.*, 2020). For measuring the significance of variables' coefficients, we used bootstrapping technique (with replacements), with a sample of 10000.

5.1 Measurement model assessment

To assess the measurement model, indicator loadings, internal reliability, convergent and discriminant validity were examined (Hair *et al.*, 2020). All indicator loadings are greater than 0.708 (Nunnally, 1978) and associated t-statistic above  $\pm 1.96$  at a 5% significance level (Hair *et al.*, 2017). Table 2 exhibits the values for mean, standard deviation, Cronbach's alpha (CA), Dijkstra-Henseler's rho alpha (rho\_A), average variance extracted (AVE), and composite reliability (CR) for all the constructs. Positive skewness and higher mean value of perceived vulnerability scale confirms that respondents had higher perceived vulnerability of job loss. All constructs are found to be reliable and consistent since the values for CA, CR and rho\_A are greater than 0.70 (Hair *et al.*, 2017). All constructs are found to have convergent validity since factor loadings exceed 0.70 and AVE values are more than 0.50 (Fornell and Larcker, 1981). To examine discriminant validity, we tested the HTMT criteria (Henseler *et al.*, 2015), presented in Table 2. As required, all HTMT values are lower than 0.85 (Kline, 2011). Moreover, confidence intervals values as positive, without inclusion of zero in between two confidence intervals, establishes discriminant validity (Hair *et al.*, 2019).

5.2 Common method bias analysis

We examined the presence of CMB using numerous statistical approaches (Podsakoff *et al.*, 2003). First, we used Harman's single factor test (Podsakoff *et al.*, 2003) and found that no individual factor could explain large amount of variance. Secondly, employing the full collinearity test, we found the VIF values to be lower than 3.33 (Kock and Lynn, 2012). Finally, we applied the measured latent marker variable (MLMV) technique (Chin *et al.*, 2013), using the social desirability scale of Reynolds and Harris (2009), as measured marker variable. This variable was individually added as a latent variable to the independent and dependent variables. We obtained the R-square and beta values with and without inclusion of the marker variable and found the difference to be low, which further points toward absence of CMB.

5.3 Assessment of structural model

Employing the CCA approach, we first checked the collinearity issue and found that all inner model VIF values were less than 3.33 (Hair *et al.*, 2020), suggesting that multi collinearity is not an issue in the model. Next, we checked the weights of path coefficients, estimated through the bootstrapping procedure. We first tested the structural model to examine the total effect of VUL on LSAT without including the mediators. VUL negatively

Constructs	Mean	SD	CA	rho_A	CR	AVE	EWB	FWB	LS	VUL
EWB	4.478	1.751	0.930	0.931	0.947	0.781				
FWB	3.758	1.700	0.937	0.941	0.949	0.728	0.680			
LSAT	3.729	1.664	0.901	0.904	0.931	0.772	0.829	0.780		
VUL	4.134	1.831	0.913	0.926	0.938	0.792	0.365	0.219	0.393	

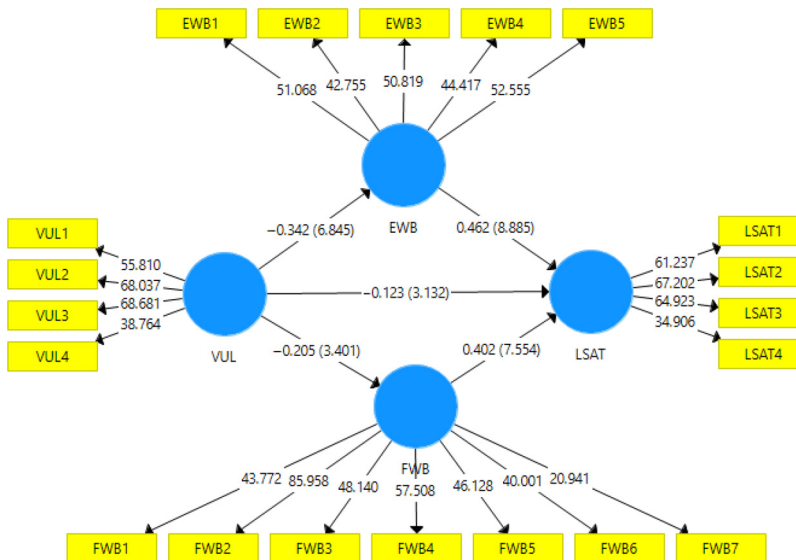
**Table 2.**  
Measurement model  
assessment

**Note:** CA is Chronbach's alpha, rho\_A is Dijkstra-Henseler's rho alpha, CR is composite reliability and AVE is average variance extracted

affects LSAT ( $\beta = -0.374, t = 7.263, p < 0.001$ ) with an  $R^2$  value of 0.14, which supports our  $H1$ . The standardized path coefficients of the mediation model along with p-values are presented in Figure 2. VUL is negatively related to EWB ( $\beta = -0.342, t = 6.845, p < 0.001$ ) and FWB ( $\beta = -0.205, t = 3.401, p = 0.001$ ). Further, LSAT is positively related to EWB ( $\beta = 0.462, t = 8.885, p < 0.001$ ) and FWB ( $\beta = 0.402, t = 7.554, p < 0.001$ ), which provides support to  $H2$  and  $H3$ .

We included age, gender, experience and emergency savings as control variables in the structural model to examine whether they influence the endogenous variable (LSAT). Neither of the control variables significantly impacted respondents' satisfaction with life (age:  $\beta = 0.018, t = 0.291, p = 0.771$ ; gender:  $\beta = 0.038, t = 1.265, p = 0.206$ ; education; experience:  $\beta = 0.084, t = 1.371, p = 0.170$ ; organization type:  $\beta = -0.026, t = 0.805, p = 0.421$ ).

Steps three through six of CCA based structural model assessment requires examining predictive ability of the structural model using four different metrics -  $R^2, f^2, Q^2$ , and PLS predict (Hair et al., 2020). The  $R^2$ , signifying in-sample prediction of the endogenous construct, was examined first. The structural model in Figure 2 explains 68.5% variance in LSAT ( $p < 0.001$ ), which indicates medium predictive accuracy in the model (Hair et al., 2017). Next, we examined the effect size ( $f^2$ ) which is an in-sample predictive metric for establishing importance of various exogenous constructs on the endogenous construct (Cohen, 1988). The values of  $f^2$  exceeding 0.02, 0.15, and 0.35 are indicative of small, medium and large effect sizes (Cohen, 1988). The  $f^2$  values of VUL, EWB, and FWB for predicting LSAT are 0.043, 0.372, and 0.307, indicating small, large, and medium effect sizes respectively. Next, we checked the  $Q^2$  statistic which indicates predictive relevance of the endogenous construct by measuring cross-validated redundancy (Geisser, 1974; Stone, 1974). A higher value for  $Q^2$  is representative of better predictive accuracy and values larger



**Note:** For constructs the values represent the path coefficients and the values in parenthesis are the  $t$ -values of the path

**Figure 2.**  
Structural model

than 0.25 and 0.50 represent medium and large predictive relevance of the PLS-SEM model. (Hair *et al.*, 2019). Using the blindfolding technique with omission distance of 7, we obtained a  $Q^2$  value of 0.524 for LSAT which indicates large predictive relevance of the model. Lastly, we tested the out-of-sample predictive power of the model for LSAT using the PLS predict procedure with ten folds and ten repetitions. Most of the values for RMSE and MAE were found lower using PLS-SEM analysis in comparison to the linear model (LM), providing support to predictive power of the model (Shmueli *et al.*, 2019).

#### 5.4 Assessment of mediation effects

For examining the significance of mediation effects, bootstrapping procedure was adopted. The total effect of VUL on LSAT ( $\beta = -0.374$ ,  $t = 7.263$ ,  $p < 0.001$ ) is found significant, which can be observed in Table 3. With the inclusion of two mediators, the direct effect gets reduced ( $\beta = -0.123$ ,  $t = 3.132$ ,  $p = 0.002$ ). This points to the presence of mediation effect and as hypothesized, the two forms of well-being reduce impact of perceived vulnerability of job loss on satisfaction with life. Furthermore, the mediation results for EWB and FWB are significant, and specific indirect effects, along with the confidence intervals, are presented in Figure 2 and Table 3.

We tested mean differences [2] among the sample for the type of business and emergency savings status. We found no significant difference in type of business for all indicators. However, there was significant difference in all scales for the level of emergency savings of respondents. Importantly, we found that employees with high emergency savings were found to exhibit higher well-being and satisfaction while exhibiting lower vulnerability and vice-versa.

## 6. Conclusion and implications

### 6.1 Conclusion

The study discusses existing vulnerabilities of workers in the hospitality sector and assesses new ones and their impact on life satisfaction due to COVID 19 situations. Results indicate the importance of emotional and FWB to reduce worker's vulnerabilities since individuals with low savings are found more vulnerable and lower in satisfaction. Therefore, it becomes imperative for hospitality firms to review these factors for following a people centered approach to decision making and protecting from any harm from the vulnerabilities affecting employees. The study may be considered significant as it gives importance to both EWB measured with emotional strength, and FWB measured with satisfied basic needs and savings of employees in the hospitality sector.

To be specific, the study confirms a strong negative relationship between perceived vulnerability and satisfaction with life, corroborating evidence of Chen *et al.* (2016) and

Hypotheses (and Desired Relationship)	Std Beta	Std error	<i>t</i> -value	5% CI LL	95% CI UL	Decision
H1 (VUL-> LS)	-0.374***	0.052	7.263	-0.455	-0.284	Supported
Model without mediation	-0.123**	0.039	3.132	-0.188	-0.059	
Model with mediation						
H2 (VUL-> EWB-> LS)	-0.158***	0.030	5.309	-0.209	-0.112	Supported
H3 (VUL-> FWB-> LS)	-0.083**	0.025	3.271	-0.127	-0.044	Supported

Notes: \*\* $p < 0.01$ ; \*\*\* $p < 0.001$ , based on 10,000 bootstraps

**Table 3.**  
Structural  
relationships and  
hypothesis testing

Satici *et al.* (2016). The results allow us to infer that perceived vulnerability of job loss of an employee to stressful situations like COVID-19 reduces his/her satisfaction with life. Our findings are consistent with Stavrova *et al.* (2011), that perceived vulnerability of job loss or unemployment leads to adverse psychological and monetary effect to individuals which reduces life satisfaction. Psychological effects are found higher among persons who are still employed than those who are laid-off (Helliwell and Huang, 2014; Ali *et al.*, 2019). But, we also have studies that confirmed negative impact of unsatisfied basic needs due to the COVID situation on employees' life satisfaction (Diener and Biswas-Diener, 2002; Wu and Li, 2017). The negative association is found stronger in the context of developing and poor nations (Schwarze and Härpfer, 2007). This supports our hypothesis *H1*.

The partial negative mediation effect of EWB in the relationship between perceived vulnerability of job loss and satisfaction with life, explains that EWB decreases the negative consequences of perceived vulnerability on satisfaction with life. A few studies included EWB to test the relationship between well-being and satisfaction with life, in the context of hospitality and other industries (Friman *et al.*, 2017; Alrawadieh *et al.*, 2020), but the possible mediating role of EWB in hospitality context is new. Also, we find limited work in the context of EWB and the role of emotional capabilities to adapt to a stress event (Fredrickson and Joiner, 2002; Sirgy, 2019). Our findings are similar to the work done by Fredrickson and Joiner (2002) and Alshebami and Alamri (2020), which confirmed that EWB generates positive emotions in individuals, helping them to better cope with stress and gives satisfaction with life. This accepts our hypothesis *H2*.

The study confirms the small but negative mediating effect of FWB in the relationship between perceived vulnerability of job loss and satisfaction with life. This implies that a person with good financial status can better handle stress and financial issues (Brüggen *et al.*, 2017). According to Yeo and Lee (2019), wealth improves one's perception of satisfying material needs and provides satisfaction with life. Consistent with our findings, studies find a strong mediating effect of FWB on life satisfaction. Helliwell and Huang (2014) and Netemeyer *et al.* (2018) also suggest that FWB provides security and confidence to individuals to fulfill their basic needs and achieve high income in society that, in turn, improves life happiness and reduces stress and anxiety. Montpetit *et al.* (2015) suggest that people with high FWB are able to manage stress effectively and are less affected in a stressful situation. A large number of studies examined the association between individuals' employment status (employed or unemployed) and financial status, while determining life satisfaction (Netemeyer *et al.*, 2018; Patel and Wolfe, 2019; Osman *et al.*, 2020). But, no known study has investigated the impact of FWB to simultaneously handle perceived vulnerability and enhance satisfaction with life.

Finally, the study conducts the mean difference analysis based on employees' emergency saving status and type of organization. We found employees having low emergency savings (up to 3 months) with high perceived vulnerability of job loss, low EWB, low FWB and low life satisfaction than employees having high emergency savings (up to or more than 12 months). However, no significant mean difference is found among the type of organizations.

## 6.2 Theoretical implications

The study offers a few notable theoretical contributions to existing research in the hospitality sector. By indicating current situation of the hospitality sector in India, hospitality employees perceived vulnerability of job loss, their emotional and FWB, have an impact on life satisfaction. Perceived vulnerability is largely used in health-related studies and measures susceptibility to health-related threats to individuals (Lue *et al.*, 2010; Lv *et al.*,

2012; Lee and Madera, 2019; Wang and Xie, 2020). The present study is a novel attempt to measure perceived vulnerability of job loss among Indian hospitality workforce in COVID-19 situation and how it impacts life satisfaction. The study further supports existing literature on economic aspiration theory and adaptation theory of well-being in the developing nation context and confirms the significant mediating effect of emotional and FWB. However, the study supports previous findings and finds a stronger effect of EWB on life satisfaction than FWB (Netemeyer *et al.*, 2018; Patel and Wolfe, 2019; Osman *et al.*, 2020).

EWB is a widely research agenda (Luhmann and Intelisano, 2018) but interestingly, a few known studies also discuss the importance of FWB in crisis situations and how it affects life satisfaction, especially in developing nations (Divya and Paul, 2016; Netemeyer *et al.*, 2018). There is evidence that financial status has a significant impact on individuals' satisfaction in a poor or developing nation context (Montpetit *et al.*, 2015) which provides support to our results. This explains that an employee with high emotional and FWB is better able to handle vulnerability of job loss which increases his/her satisfaction with life in the current situation. This was further supported in the mean analysis conducted based on emergency savings of employees.

### 6.3 Practical implications

Findings of the study offer valuable information to managers in the hospitality sector. Employees are the most important assets for any organization, for long-term sustainability. Hotel performance and its ratings are highly dependent on employees' dealings which, in turn, are impacted by employees' state of mind (Alola *et al.*, 2019). So, focusing on employee well-being is the need of the hour. With the crisis impacting almost every country across the world and a large proportion of the world population (John Hopkins, 2020), vulnerability of job loss is high (McKinsey and Company, 2020; WTTC, 2020) and the impact on mental health is severe (Panchal *et al.*, 2020; Sarkar, 2020). The problem is precarious in countries like India where Government has not provided any specific relief package and employers have to bear the losses of stalled business activity and fixed employee cost (Kale, 2020). This surely affects employee's mental and financial health (WTTC, 2020). The present study finds hospitality workforce with high-perceived vulnerability of job loss in the current situation that reduces life satisfaction.

The present study highlights the significance of emotional and FWB of employees in the crisis situation. The study confirms strong mediating impact of EWB in reducing the negative impact of perceived vulnerability of job loss on life satisfaction, more than FWB. The study suggests that organizations need to focus on ensuring job security and build trust levels among employees. Though mass layoffs look inevitable, instead of laying off the staff, companies in this sector may look at options of asking employees to work on rotation, which would reduce cost for the employer and ensure job sustenance for all employees. Organizations also need to offer counsel to their employees and boost up their morale. Tailor-made emotional wellness programs should also be organized. These steps would increase EWB of employees and thereby motivate them to perform better.

The study confirms the small but significant impact of FWB. The study suggests that managers should focus on organizing financial literacy programs for its employees and offer them advice on financial planning. The study emphasizes employees' financial security and ability to satisfy their basic needs in the current situation. In addition, based on the results of mean analysis, the study indicates the importance of emergency savings on employees' vulnerability and on their well-being and life satisfaction. Perceived vulnerability is high among respondents because their savings levels are low (refer Table 1); so financial planning may help employees to save more for exigencies. As evidenced in the study, FWB

improves satisfaction with life, so enhancing FWB of employees would also improve satisfaction with life and positive attitude.

In the crisis time, with business at standstill and revival to take time (Kale, 2020), managers need to look for newer avenues to earn revenues and reduce costs. With no specific government support for operating expenditure or employee sustenance, the onus to survive would solely lie on the organizations (FICCI, 2020). Renowned hotel chains have started offering contactless check-in and check-out process, QR based menus and curated home delivery. In addition, newer avenues are being explored such as chefs and bartenders going to homes of clients and menus that boost immunity and health of guests (Kumar, 2020). So contactless commerce, bringing hotel like experiences at home, and focusing on health and safety of clients, can offer avenues for revenue generation. Furthermore, to boost sales, flexible booking should be offered to clients with customized plans for staycations and workcations. In the near future, people are expected to prefer domestic destinations over international ones and may rather choose to drive than fly (Kiesnoski, 2020). Hospitality industry would need to thus focus on domestic tourists and that too, in the near vicinity instead of focusing on long distant tourists. The costs are bound to rise as the firms in this sector would need to spend on ensuring social distancing, regular sanitization and disinfection (Jiang and Wen, 2020). So, the hotels should try to reduce operating costs and offer no frill rooms by providing toiletries, accessories and bar items on demand, to reduce pilferages and blockage of funds. Other costs should be rationalized such as tweaking marketing strategies with emphasis on digital and social media marketing, focus on smaller events like organizing weddings, reduced scale events with focus on existing customers and focused clientele. Hybrid models for MICE (Meetings, Incentives, Conferences and Exhibition) may also be employed and tailor made to the needs of corporate clients (Kumar, 2020).

#### 6.4 Limitations and future research

This study may suffer from few limitations. The geographic coverage is limited to India, a multi-country study could have given additional valuable insights. The study examines employee's perception during time of crisis; additional data before and after the crisis may explain long-term impacts of such events. The study primarily focused on hotels, restaurants and food chains, airlines, and travel and tour business, but more representation from airlines and other hospitality firms could add value with a larger sample. In addition, the study only discusses the impact of the current situation on hospitality employees in a cross-sectional setting. Future studies may also examine the impact longitudinally on employees, employers and type of business in the hospitality sector, to further refine and compare the results. Lastly, future studies can develop this research further by examining the impact of various socio-demographic variables, specifically including emergency savings. Nevertheless, the study is perhaps the first one to examine mediating effects of well-being on the association between perception of vulnerability to job loss and satisfaction with life.

#### Notes

1. [www.gfmag.com/global-data/economic-data/worlds-richest-and-poorest-countries](http://www.gfmag.com/global-data/economic-data/worlds-richest-and-poorest-countries)
2. These results are available in supplementary file.

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### Further reading

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Construct	Item	Statement	Loading	Std-error	t-value
EWB	EWB1	I feel emotionally strong	0.891	0.017	51.068
	EWB2	I feel I have sufficient emotional strength to handle any stressful situation	0.868	0.020	42.755
	EWB3	Emotionally, I feel like I am ready for anything	0.899	0.018	50.819
	EWB4	I feel that I have the emotional strength to cope with any adverse situations	0.877	0.020	44.417
	EWB5	I feel like I have enough emotional strength to effectively help others deal with their emotional issues	0.884	0.017	52.555
FWB	FWB1	I feel secure in my current financial situation	0.874	0.020	43.772
	FWB2	I am very satisfied with my present financial situation	0.902	0.010	85.958
	FWB3	I always worry about being able to meet normal monthly living expenses*	0.857	0.018	48.140
	FWB4	I am highly confident that I could find the money to pay for a financial emergency	0.872	0.015	57.508
	FWB5	I restrict spending on leisure/entertainment activities*	0.871	0.019	46.128
	FWB6	I always find myself hand to mouth for my financial needs*	0.843	0.021	40.001
	FWB7	I don't feel stressed about my personal finances in general	0.743	0.035	20.941
Satisfaction with Life (LSAT)	LSAT1	The conditions of my life are excellent	0.896	0.015	61.237
	LSAT2	I am satisfied with my life	0.901	0.013	67.202
	LSAT3	Till date I have achieved what I wanted to	0.892	0.014	64.923
	LSAT4	If I could live my life over, I would change almost nothing	0.825	0.024	34.906
Perceived Vulnerability of Job loss (VUL)	VUL1	Chances are, I will soon lose my job	0.886	0.016	55.810
	VUL2	I am sure I can keep my job*	0.897	0.013	68.037
	VUL3	I feel secure about the future of my job*	0.904	0.013	68.681
	VUL4	I think I might lose my job in the near future	0.872	0.022	38.764

Note: \* Indicates reverse coded statements

Table A1.

### About the authors

Prof Nidhi Singh has an experience of more than 10 years in teaching and corporate. She is an active research scholar enrolled under IP University, Delhi. She has qualified UGC Net also. She has presented many papers in various Seminars and Conferences including IIMR, IICA, NLSIU etc. and published papers in journals of National and International Repute like *IJIM* (Elsevier), *JRCS* (Elsevier), *IJBM* (Emerald), *NMIMS* management review (Web of Science), *IJICBM* (Inderscience), *IJSSM* (Inderscience), *Decision* (Springer), *FIIIM* (Sage), *MLS* (Sage), *SERD*, *GSCSR*, etc.

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Dr Shailendra Nigam is a Professor in the area of OB/HR and an academic administrator trained at IIM Ahmedabad, with more than three decades of experience spreading both in academics and

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