

The Effect of Job Insecurity on Job Satisfaction and Intention to Quit, Case Employee of Indo China Service Company

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ABSTRACT : One form of employee behavior is the intention to quit which results in the employee's decision to resign. One factor that impacted the intention to quit is, job insecurity. Job insecurity increase intention to quit. Intention to quit occur due to dissatisfaction at work. This study aims to analyze the effect of job insecurity on intention to quit mediated by job satisfaction at the Indo China Service. Data analysis techniques used is Structural Equation Modeling (SEM) with the Partial Least Square (PLS) approach .The sample in this study included all managers and employees at the Indo China Service with a total sample of 59 people. The results showed that job insecurity gives positive effect on intention to quit, job insecurity has negative effect on job satisfaction and job satisfaction has negative effect on intention to quit. The results also shows that job satisfaction contributes as partial mediation between job insecurity in intention to quit , meaning that job insecurity directly or indirectly affect intention to quit mediated by job satisfaction.

Keywords -job insecurity, job satisfaction, and intention to quit

I. INTRODUCTION

One form of employee behavior is intention to quit which results in the employee's decision to leave his job (Manurung, 2012). The intention to quit triggers employee turnover, causing decreasing effectiveness and productivity of employee performance due to lost, of work-partner or peers (Jha, 2010). Therefore, companies are required to be able to retain their employees, such as giving high appreciation and understanding the requirements that support employees without compromising the overall performance of the company (Saeed, 2014).

Voluntarily leaving or quitting work cost company financially as to it requires additional costs to recruit new employees Sianipar and Haryanti in Saeed (2014). Improperly managed intention to quit in a company will increasing employees turnover rate, thus impacting individual employee performance .The employee turnover rate in Indo China Service Travel are above the rate of normal limit. During the period of 2015 to 2018, as shown in table 1.1 below.

Table 1.1 Employee Data Indo China Service Travel The Out Years 2015-2018.

No	Year	Total Turnover Intention	Number of employees	Turnover Intention Rate
		(Person)	(Person)	
1	2015	11	46	23.91%
2	2016	17	63	26.98%
3	2017	18	65	27, 69%
4	2018	18	59	30.51%

Source: ICS Travel Employee Data, 2018

Table 1.1, shows high percentage of resign rate, exceeding over 10% in Indo China Service Travel. A healthy company must maintain the employee turnover rate below 10%. This is supported by Hasibuan (2003) in Saputri et al (2017), in Human Resources Management Book stating that if the annual turnover in a company exceeds over 10%, it is categorized as high rate. The employee turnover rate is calculated from the number of employees resigning in one year period divided by the number of employees at the end of the year then multiplied by 100% (Agustini, 2017).

Based on preliminary interviews conducted at Indo China Service Travel located on Jl. Dewi Sri Kuta by interviewing 59 employees, 27 of whom have the intention to quit the company. With various complaints

including imbalance between workload and salary, work required is not supported by adequate facilities, imbalance of salaries compared to the benchmark, and no additional compensation for overtime work.

II. THEORETICAL FRAMEWORK, CONCEPTUAL MODEL AND HYPHOTESSES

1.1 Intention to Quit

One form of employee behavior is intention to quit which results in the employee's decision to leave his job (Manurung, 2012). The intention to quit triggers employee turnover, causing decreasing effectiveness and productivity of employee performance due to lost, of work-partner or peers (Jha, 2010). Therefore, companies are required to be able to retain their employees, such as giving high appreciation and understanding the requirements that support employees without compromising the overall performance of the company (Saeed, 2014).

2.2 Job Insecurity

One factor that contribute to *intention to quit* is, job insecurity. Safaria (2011) stated that job insecurity is a condition caused by a threat to the continuity of work. Smithson and Lewis (2000) define *job insecurity* as a psychological condition of someone who shows a sense of confusion or insecurity due to changes in work environment. Job insecurity contributes to employee sense of inconvenience at work which causes decreasing employee job satisfaction, thus significantly influence employees' intention to leave (Yasadiputra and Putra, 2014). The results of research conducted by Fadzilah&Martono (2016) showed that job insecurity contributes a significant positive effect on intention to quit, showing that high job insecurity increase the intention to quit. Intention to quit is caused by dissatisfaction with the work. Feeling dissatisfied will result in low commitment, hence the intention to quit increases. This is in line with research conducted by Widayarsi *et al.*, (2017) stated that job insecurity has a negative and significant effect on job satisfaction. This means that the higher level of job insecurity is, the lower the level of job satisfaction in the company. Wening (2005) found different results where significant job insecurity had no effect on the intention to quit.

2.3 Job Satisfaction

Job satisfaction is a positive emotional attitude and loves the work. This attitude is reflected by work morals, discipline, and work performance (Johartono and Retnaningtyas, 2013). Job satisfaction is needed to produce functional employee behavior in the company based on the disconfirmation expectation theory developed by Oliver (1997), which is a comparison of expectations and perceived reality. Employee dissatisfaction at work triggers intention to quit and when the employee leaves the current job, they will expect to get work which will provide better job satisfaction for the employee (Riyanto, 2008). For companies, job satisfaction of their employees means they are motivated and committed to achieving high performance. Job satisfaction is an evaluation that describes someone's feelings of being happy or not happy, satisfied or dissatisfied at work (Rivai and Jauvani, 2009). Research conducted by Srinadi (2015) states that job satisfaction contributes negative effect on employee *intention to quit*. Showing that the high level of job satisfaction reduce the intention to quit.

Job satisfaction mediates the effect of job insecurity on *intention to quit*. The results of research conducted by Setiawan (2016) stated that job insecurity had a significant effect on *intention to quit*. Job insecurity had a significant effect on job satisfaction and job satisfaction had a significant effect on *intention to quit*, in conclusion job satisfaction partially mediates the effect of job insecurity on *intention to quit*.

The result of study discussed previously showed similarities with the phenomena that occur in Indo China Service Travel. Therefore this researcher aims to examine "The Effect of Job Insecurity on Job Satisfaction and Intention to Quit on Indo China Service Travel Employees.

Hypothesis

- H1: Job insecurity negatively affects *intention to quit*
- H2: Job Insecurity negatively affect job satisfaction
- H3: Job satisfaction negatively affects *intention to quit*.
- H4: Job insecurity positively affects *intention to quit* mediated by job satisfaction.

III. RESEARCH METHODS

The population in this study are all managers and employees of the Indo China Service. The sampling technique uses the census method by involving all members of the population. The census method is used due to relatively small the population and the data obtained are more complete because it reflects the characteristics of the entire population. Sample calculation in this study refers to the *nonprobability sample* that is saturated sampling. The sample in this study included all managers and employees at the Indo China Service with a total sample of 59 people.

The method used in the study uses questionnaires distributed to Indo China Service employees. The measurement scale uses is a Likert Scale, with variations of scores between 1-5. Where score 1 is strongly disagree (STS), score 2 is disagree (TS), score 3 is neutral (N), score 4 is agree (S), and score 5 is strongly agree (SS). The analysis used in this study is a quantitative analysis using *Structural Equation Modeling* (SEM) with the *Partial Least Square* (PLS) approach.

IV. RESULT AND DISCUSSION

4.1 Evaluate the Structure Model or Inner Model

Evaluation of structural models or *inner models* is carried out to ensure that structural models are built strong and accurate. Testing is done by calculating the value of *R square* (R^2) and *predictive relevance* (Q^2).

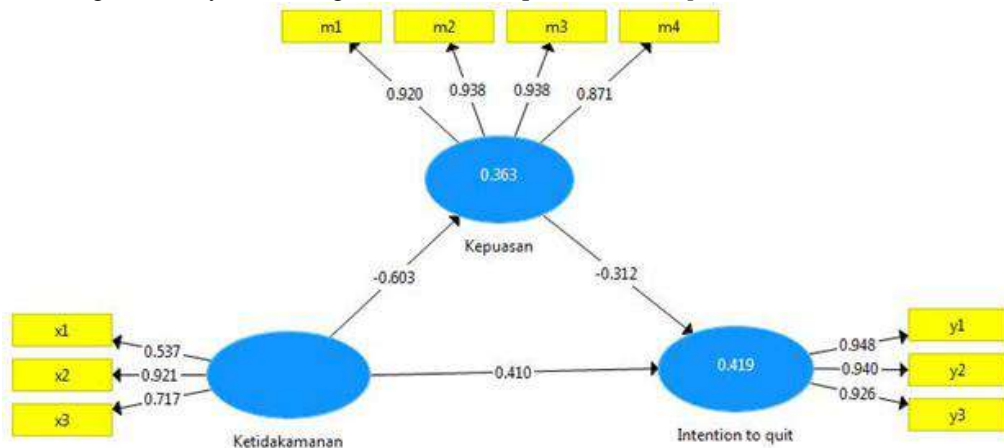


Figure 1. Structural Model

Figure 1 showed the *R-square* value of *intention to quit* variable is 0.419 and job satisfaction is 0.363.

Table 2. R- Square

Variable	R-Square
<i>Intention to Quit</i> (Y)	0.419
<i>Job Satisfaction</i> (M)	0.363

Source: Data processed (Appendix 6)

Based on the value of R^2 , value relevance of predictive (Q^2) can be calculated, with interpretation Q^2 is greater than 0, then the model is fit and will explain the phenomenon of loyalty as variable in value of Q^2 . The *predictive* value of *relevance* can be calculated as follows:

$$\begin{aligned}
 Q^2 &= 1 - (1 - R_1^2)(1 - R_2^2) \\
 &= 1 - (1 - 0.419)(1 - 0.363) \\
 &= 1 - (0.581)(0.637) \\
 &= 1 - (0.370) \\
 &= 0.630
 \end{aligned}$$

The results of this calculation indicate that the value Q^2 is 0.630, this value is greater than 0. So that it can be interpreted that the model is fit because it has relevant predictive value that is 63%. This shows the variation in the *intention to quit* variable can be explained by the variables used, namely the variable of job insecurity and job satisfaction, while the remaining 37 percent is explained by other variables that have not entered the mode.

Hypothesis testing result

The significance of the estimated parameters can be used to see the relationship between variables in the study. To test the hypothesis, by looking at the values in the *path coefficients* presented in table 3.

Table 3. Path Coefficients

Variable	Path Coefficients	t Statistics	p values	Information
Job Insecurities -> <i>Intention to quit</i>	0.410	3,740	0.002	H1 received
Job Insecurity -> Satisfaction	-0,603	10,297	0,000	H2 received
Satisfaction -> <i>Intention to Quit</i>	-0.312	3,062	0,000	H3 received

Source: Data processed (Appendix 6)

Hypothesis testing is evaluated by looking at the t-statistic value, as well as the p-value. At the condition of t-statistic greater than t-table (1.96), and p-value below 0.05, the research hypothesis can be

accepted. In Table 3, it can be seen that the effects of job insecurity (X) of the *intention to quit* (Y) has a value of t-statistic of 3.740 and p-value of 0.002, meaning that there is significant positive and significant correlation between job insecurity (X) of the *intention to quit* (Y), so H1 is accepted. The effect of job insecurity (X) on job satisfaction (M) has a t-statistic value of 10.297 and p value of 0.000, meaning that there is a positive and significant effect between job insecurity (X) on job satisfaction (M), H2 is accepted. The effect of job satisfaction (M) on *intention to quit* (Y) has a t-statistic value of 3.062 and p value of 0.000, meaning that there is a positive and significant effect between job satisfaction (M) on *intention to quit* (Y), H3 is accepted.

Testing the Role of Job Satisfaction Mediation in Job Insecurities towards *Intention to Quit*

The results of testing the coefficient of the effect of indirect compensation on employee loyalty through job satisfaction is 0.188. Calculating the value of VAF, where the coefficient of total effect is needed in order to calculate the value of VAF. The coefficient value total effect is 0.598. With the value of indirect effect coefficient and total effect, Variance Accounted For calculated by dividing indirect effect coefficient with total effect coefficient resulted in VAF for 0.314 (34%). The results show that job satisfaction has a *partial mediation* between job insecurity and *intention to quit*, which means that job insecurity can affect *intention to quit* directly or indirectly through job satisfaction. So H4 which states that job satisfaction act as mediator the relationship between job insecurity against the *intention to quit* accepted.

4.2 Research Limitations

The scope of research is only one company, the Indo China Service, which allows differences in perception or level of interpretation if carried out on other companies with greater scope. This research depends on the results of the questionnaire, so that respondents have the potential to give answers that are considered in accordance with certain values that can be accepted in their social environment, so that it can distort the average value for each variable. This research is conducted in a certain point of time, but on the other hand the environment of each period undergoes dynamic changes, so this research is important to do in the future. This study does not distinguish the characteristics of work status (Permanent Employees and Non-Permanent Employees) on employees, because in the field no different treatment was found by the company.

V. CONCLUSIONS AND FUTURE RESEARCH DEVELOPMENT

Based on the results of the analysis that has been done, it can be concluded several things where job insecurity positively influences *intention to quit*. This shows the greater sense of insecurity in Indo China Service employees while working, decreasing employee job satisfaction, thus giving a large effects on intention to quit. Job insecurity has negative effect on job satisfaction. This shows the higher insecurity, the lower the job satisfaction and it causes decreasing productivity of company employees. Job satisfaction negatively affects *intention to quit*. This shows that the higher the level of job satisfaction, hence lower the intention to quit. Job satisfaction has a partial mediating role (*partial mediation*) the relationship between job insecurity and *intention to quit*, meaning that job insecurity is able to effects *intention to quit* directly or indirectly through job satisfaction.

Future research development that are expected to be useful for the Indo China Service and other parties in need. In the *intention to quit* variable, the emergence of intention to quit company has the smallest value. This indicates that many Indo China Service employees starting to consider quitting the company. Suggestions to the Indo China Service to consider the cause of the *intention to quit* to employees to minimize the probability. In the work insecurity variable, helplessness has the smallest value. This indicates that employees feel unable to control their sense of security in, it is suggested to reconsider solutions to secure employees position to make them feels comfortable. In the variable job satisfaction, namely satisfaction about salary, in this case salary has the smallest value. This indicates that many employees feel less-optimal distribution of salaries, it is suggested to the Indo China Service to reconsider fair distribution of salaries. Future studies can add other variables that influence *intention to quit*, namely work stress. It is expected that in subsequent studies able to explain more specifically and accurately by using other factors that can affect *intention to quit*.

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