

# Turnover Intention as an Impact of Job Insecurity Among Bank Employees

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**Abstract**—The purpose of this research was to investigate the influence of job insecurity on the turnover intention among bank employees in Palembang. This descriptive qualitative study employed job insecurity as the independent variable and turnover intention as the dependent variable. The data collection technique was questionnaires, which were distributed to 125 bank employees in the city of Palembang by using a purposive sampling method. The data were then analyzed using SPSS 19.0 for Windows. The results of this study showed that job insecurity has a positive and significant effect on turnover intention. Consequently, the higher the job insecurity is, the higher the intensity (intention or desire) to resign from the job.

**Keywords**—*job insecurity; turnover intention; bank employees.*

## I. INTRODUCTION

Uncertainty may cause the members of an organization reluctant to make changes. Change is considered a 'big scourge' in organizations that can threaten the survival of their work lives. This type of situation can generate both of the employees' anxiety for their sustainable work and the disruption during its process [1]. Likewise, changes in a company's business environment, both internal and external environment, require companies to take appropriate strategies as an effort to survive, to sustain growth, and to continually develop in the business world. Work-life has dramatically changed as a result of economic recession, the emergence of new technologies, industrial restructuring, and global competition all of which affect organizations and jobs [2]. Changes in organizations such as mergers, downsizing, reorganization, new technology and hazards posing physical threats as a source of threats to workers [3]. In other words, this threat makes employees uncomfortable at work.

Reference [4] states that the associated feature of work-based insecurity is divided into three parts which are job insecurity, employer insecurity, and employment insecurity. Job insecurity as the first part is a feeling of insecurity at work resulted from a threat that there is a possibility to no longer be a permanent employee at the same company. The second feature is employer insecurity which defined as a feeling of insecurity to be an employee of different types of jobs. The last feature is employment insecurity which defined as a sense of insecurity that there will be no opportunity to change companies.

In general, job insecurity can be defined as psychological anxiety in working. The following are some definitions of job insecurity from several experts.

1. Job insecurity is the lost feeling of a person who has little power in maintaining the wished progression in a situation with pressurizing work [5]. The multidimensional definition, where job insecurity is brought up, occurs because of the presence of intimidating remark of job loss and also the mislaying of job dimensions [3][5][6].
2. Job insecurity represents the number of anxious feelings of the employees who feel the pressure on their work and at the same time they feel powerless and thus they feel that they could not do anything to fix it [3].
3. Reference [7] states that job insecurity is defined as a contradiction between the level of perceived and expected security by an employee. The disparity between the expectation of the absence of anxiety and the actual level of the anxiety about the work will create a further apprehension.
4. Reference [4] defined job insecurity is a psychological condition of the employee which is marked with emotional state of confusion and anxiety because of the circumstance change. In this definition, the main cause of the anxiety triggering the job insecurity is the perceived impermanence concerning the continuity of the employment. The occurrence of this situation is generated by temporary or contract work. The number of employees who encounter job insecurity are determined by the amount of work type with a temporary duration of time.

Furthermore, job insecurity that occurs in organizations consists of various types with different bases, as follows:

1. Reference [4] classifies job insecurity into two categories. The first classification of job insecurity according to reference [4] divides job insecurities into subjective and objective job insecurity. Objective insecurities are generally associated with clear indicators like job tenure which reflect the stability of employees in the organization. On the other hand, subjective security is relatively difficult to observe directly because the indicators used are threats to the mislaying of job and its consequences which are felt by the concerned employee who feels the insecurity.

2. Reference [2] divides job insecurity in two categories, namely quantitative and qualitative job insecurity. Quantitative job insecurity is associated with the continuation of the existing job and qualitative job insecurity in the form of perceptions about the threat of damage to work relationships, such as declining working conditions, lack of promotion opportunities, and declining salaries.
3. Reference [8] distinguishes job insecurity into four stages. The first stage is job insecurity as known to the public and the state, in the form of unemployment experienced by a country. The second stage is job insecurity at the company level when economically the condition of the company is declared unstable; the real threat about job insecurity is not yet clear. This period is often called chronic insecurity. The third stage is acute job insecurity at the individual level when perceived threats become reality and downsizing becomes reality. The fourth stage is the anticipation of job loss when dismissal has been planned. Each different phase will have a different psychological effect and different coping strategies are needed.

Another fact needs to be observed in Indonesia. The development of the banking world in Indonesia is classified as considerably rapid. This is marked by an increase in the number of office networks throughout Indonesia. The rising number of branch offices creates an increasing demand on human resources necessary to the stipulation of excellent service toward the customers. Based on data gathered by OJK (which stands for Otoritas Jasa Keuangan, or Financial Services Authority), there are 115 banks in Indonesia, including Persero Commercial Banks, National Private Commercial Banks, Regional Development Banks, and Bank Branch Offices domiciled overseas.

In Palembang alone, the number of bank offices has developed steadily. The following table will illustrate the increasing number of bank offices in Palembang from 2013 to 2016.

TABLE I THE NUMBER OF BANKS IN PALEMBANG

Bank Type	Years			
	2013	2014	2015	2016
Government Commercial Banks & Regional Development Banks	7	8	9	9
National Bank, Foreign Bank & Mixed Private Banks	30	34	37	39
Rural Banks	8	11	11	11
BRI Unit	n.a	n.a	n.a	n.a
Non-Bank Financial Institutions	n.a	n.a	n.a	n.a

Source: Statistics Centre Bureau (BPS), 2017

From Table 1 above, it can be observed that in 2013, there were 7 Government Commercial Banks & Regional Development Banks in Palembang, 30 National Bank, Foreign Bank & Mixed Private Banks, and 8 rural banks in Palembang. In 2014, there were 8 Government Commercial Banks & Regional Development Banks in Palembang, 34 National Bank, Foreign

Bank & Mixed Private Banks, and 11 rural banks in Palembang. In 2015, there were 9 Government Commercial Banks & Regional Development Banks in Palembang, 37 National Bank, Foreign Bank & Mixed Private Banks, and 11 rural banks in Palembang. And in 2016, there were 9 Government Commercial Banks & Regional Development Banks in Palembang, 39 National Bank, Foreign Bank & Mixed Private Banks, and 11 rural banks in Palembang. From the data, it can be concluded that in the span of 4 years, Palembang saw 2 additional Government Commercial Banks & Regional Development Banks, 9 additional National Banks and 3 more rural Banks.

The growth in the number of the Bank offices in Palembang should opportunities for new recruitment and promotion. At the same time, such condition will bring change that can lead to job securities. An impending mutation to a new office can cause anxiety as change will be inevitable. The establishing of the new office itself would include a series of preparation that are constantly under supervision. Another source of anxiety is the change in atmosphere brought by the possibility of adapting to new superintendant or new supervisors, new workmates, new employees, new office space and new environment. Bank employees may respond to these changes differently. Some of them may see this a good opportunity, but some may feel these changes as depressing, leading to a feeling that they need to take decision to end the anxiety.

Based on the phenomenon or condition that as explained above, the present study was intended to conduct a study on the impact of job insecurity among bank employees toward their turnover intention.

## II. METHODS

### A. Research Method

The study was designed as a quantitative research to determine the impact of certain variables over other variables. The variables used in this research were the independent and dependent variables. Job Insecurity acted as the independent variable while Turnover Intention acted as the dependent variable. The study was limited in Palembang alone, which was further limited into private banks only, because private banks are more prone to changes in terms of work contract and financial changes and thus pose more anxious situations for their employees. Thus, the population of this study was all employees of private banks in Palembang. The purposive sampling method was used as the sampling technique in this research. The researchers selected a subjective purposive sample of bank employees who had status as temporary employees both contract and outsourcing. The decision of selecting this subjective purposive sample was considered based on the fact that the needed information could only be obtained from this particular group in which the researchers determined as the sample who meet the criteria [9], as this group of employees are most vulnerable to changes within the management of private banks. Reference [10] proposed the

determination rules of sample sizes which suggesting that for most studies the appropriate sample will be the one with sizes over 30 and less than 500.

A survey was conducted as the technique of collecting the data by using questionnaires. The list of questions contained in the questionnaire was quite detailed and complete. The employees, who participated in this study by filling out the questionnaire, were permanent employees residing in Palembang. The data used in this study consisted of primary data. This kind of research data is taken directly from the sources without getting through any mediator media [11].

### B. Analysis Method

Data quality testing was conducted by using the reliability and validity tests. The measurement of a questionnaire as a variable of an indicator conducted by using an instrument called reliability. The reliability of a questionnaire can be seen from the consistency of the answer from the questions of the questionnaire itself [12]. On the other hand, the validity measurement of a questionnaire can be conducted by using a validity test. A valid questionnaire is determined by looking at its ability to reveal the things that expected to be measured by the questionnaire [12].

In this research, a classic assumption test was also performed by conducting a normality test that has a purpose to measure the distribution of confounding or residual variables in the regression model, whether it is normal or not. Furthermore, a multicollinearity test also conducted to reveal the correlation between the independent variable found by the regression model. Moreover, variance inequality from one observation's remaining to the other one in the regression model can be revealed by conducting a heteroscedasticity test.

An analysis of regression was conducted to decide the impact of job insecurity on bank employees' turnover intention in Palembang. Besides, it also used to test the truth of the hypothesis offered in this study, the model is as follows:

$$Y = a + bx + e$$

Notes:  
 $Y$  = Turnover Intention  
 $X$  = Job Insecurity  
 $b$  = regression coefficient  
 $e$  = error

### C. Testing Hypothesis

The goodness of fit of the sample regression function in calculating the actual value could be used as an assessment of its accuracy. In terms of statistics, this measurement could at least be conducted by considering the coefficient of determination ( $r^2$ ), and the statistical value of  $t$ . It can be claimed as statistically significant if the value of that statistical test calculation is in a critical area in which the place where  $H_0$  is rejected. Otherwise, it is considered as insignificant when the value of the statistic test is outside the critical area in which the place where  $H_0$  is received [12].

### 1. The coefficient of determination ( $r^2$ )

The coefficient of determination ( $r^2$ ) has a function to calculate to what extent a model can explain the variable of the dependent variable. The determining coefficient is between zero and one. A small amount of  $r^2$  value indicates that independent variables' ability to define the dependent variable is not in the far extend. On the other hand, the close distant of  $r^2$  value to reach one indicates that the independent variables are succeeded in serving the important information to forecast any possible variations appeared in the dependent variable [12].

The prejudice against the sum of the independent variable inserted into the model is the ultimate drawback of using the  $r^2$  determining coefficient. Inserting more independent variables also means the increase of  $r^2$  regarding the fact that whether it gives the dependent variable a significant effect or not.

### 2. Partial Test ( $t$ -Test)

To determine which specific coefficients are not equal to zero, additional tests are needed, namely by using the  $t$ -test. Statistically, this  $t$ -test has a function to display in what extend that independent variable could individually influence on the explanation of the dependent variable variant [12]. The significance of this partial coefficient has a  $t$  distribution with degrees of freedom  $n-k-1$  and is significant at  $\alpha = 0.05$ .

## III. RESULTS AND DISCUSSION

The questionnaires distributed in this study were 125 questionnaires. After testing the data with a validity test, using the analysis of  $df$  (degree of freedom) in which the formula  $df = n-k$  where  $n$  is the number of respondents and  $k$  is the number of independent variables was used. Then  $df = n-k$ ,  $df = 125-2 = 123$ , then  $r$  table = 0.175, and all statements in the questionnaire were declared valid. Besides, to using the validity test, the data was also tested for reliability, by using the Cronbach Alpha formula. The results of the variable construct reliability test obtained Alpha values were greater than 0.70 [13]. This means that the construct of these variables is reliable.

Based on the results of the classic assumption test, the normality test was conducted, by employing the Kolmogorov Smirnov test which shows that the significance value (Sig.) of 0.192 is greater than 0.05, which means that the research data were normally distributed. Furthermore, based on the multicollinearity test, the calculation of the tolerance value displayed a result that there was no tolerance value of less than 0.10 which means that the correlation between independent variables whose value was more than 95% did not exist. The results of the calculation of the value of Variance Inflation Factor (VIF) also showed the same thing (i.e. there was not one independent variable that had a VIF value of more than 10). So, the multicollinearity between the independent variables in this regression model did not exist. Lastly, based on the heteroscedasticity test, the job insecurity variables have no

symptoms of heteroscedasticity because of the significant value >0.05. It can be concluded, referring to the Glejser test, that this research model was free of heteroscedasticity or homoscedasticity occurs and meets the classical assumption test.

Regression Analysis is defined as a study of the dependent variable along with one or more independent variables that have a purpose to calculate and/or predict the dependent variable's population average also known as the average value based on the value of the known independent variables [14].

TABLE II MULTIPLE LINEAR REGRESSION TESTING RESULTS

<b>Turnover Intention = 2,036+0,693X1+0,241X2+e</b>				
Independent Variable	Coefficient	Sig.	Hypothetical direction	Information
Constant	2.036			
Job Insecurity	0.241	0.003	Positif	H1 accepted

The following equation is the regression equation based on the above table in this study is, the equation is as follows:

$$Y = 2.036 + 0.241X + e$$

The regression coefficient X is positive (0.241), meaning the value shows that if an increase in job insecurity scores by one unit, then the turnover intention will be raised by 0.241.

TABLE III DETERMINATION COEFFICIENT

Model	R	R Square	Std. Error of the Estimate
1	.907 <sup>a</sup>	.822	3.82762

The table demonstrates the results that the magnitude of R<sup>2</sup> is 0.822, which indicates that 82.2% variation of Turnover Intention can be defined by other variations of the Job Insecurity independent variable. Next, the result shows the residual which calculated as 17.8% is defined by the variables which not included in the model.

Moreover, Hypothesis Testing was used to statistically assess the truth of a statement which can be used as a consideration in determining whether to approve or deny the statement in the process of conclusion drawing. These non-permanent statements or assumptions are known as hypotheses in which the accuracy will be tested in the process of a study. Hypothesis testing can also support confidence in objective decision making. The results of testing the model can be seen in Table 4:

TABLE IV HYPOTHESIS TESTING RESULTS

Independent Variable	T Value	Sig.	Hypothetical direction	Information
Regression		.000	Positive	H Accepted
Job Insecurity	2.991	.003	Positive	H Accepted

The variable X has t count which is 2.991 with t table = 1.979. So, t count > t table can be concluded that the variable X has a contribution to Y. This is supported by the significance value obtained, 003 < 0.05, it can be concluded that H<sub>0</sub> is rejected and H<sub>A</sub> is accepted, meaning Job Insecurity (X) has an effect on Turnover Intention (Y).

This shows that job insecurity has a positive influence on turnover intention among private bank employees in Palembang. This means that when bank employees felt job insecurities, they started to think about leaving their employment in their respective banks and to seek another employment. This can be psychologically explained because every employee as a human being always craves comfort and it is just natural if a human being want to feel safe at their employment. Security in this context is a sense of security from the threat of losing work. This feeling of security can be an extraordinary simulator for retaining employees in the long run.

This finding is in line with previous research conducted by [15] which showed that job insecurity has a direct positive effect on intention to turnover. The results of this study indicate a direct effect between job insecurity and the intention to turnover. This means that increasing the value of job insecurity will increase the level of turnover intention. The higher the job insecurity, the higher the intense (intention or desire) to leave the job.

The threat of impending lost of employment will create an anxiety that would make the employees feel that they are walking on an edge, that a little slip can make them overthrown and demoted, or worse, dismissed. Following the four stages of job insecurity proposed by reference [8], namely the public and the state, the company level, the individual level, and the anticipation of employment dismissal, then the amount of the built-up anxiety can surmount into a depressing psychological state among the bank employees. Even though in the first stage of job insecurity is rarely felt as a direct threat as employees may be unaware of the global financial conditions, the situation would have registered into the minds of the employees that would contribute to an early stage of job insecurity. Increasing number of unemployment means a fewer job opportunities and more competitors. Even as an employed person, the lack of optimism about promotion or getting a better job will create a level of anxiety. The feeling of stagnancy can create a latent frustration that nothing that an employ do can bring them to promotion.

In case of worsening financial situations, the public or state condition where unemployment keeps increasing and the situation has affected the company, then restlessness will start to develop. At this stage, the company is already directly affected by the state financial condition and may have been declared unstable. Although job insecurity may not become clear at this stage, the latent anxiety would have developed as at this point, as promotion chance does not only getting slimmer, it starts to disappear. This stage usually creates the

anxiety that is often called the chronic insecurity. This is where the anxious feelings about the safety of one's employment in a certain profession started to build. The insecure feeling is called chronic because it is not strong yet, but it is persistent. This means, there is a continual undercurrent anxiety that continuously present in the minds of the employees.

The third stage of job insecurity according to reference [8] is called acute job insecurity, where the worsening condition of the company start affecting individual positions in that company, thus individual employees would strongly feel the threat. The undercurrent anxiety during the chronic stage of the job insecurity has by now become reality. The perceived threat of the previous stage is by now a calculation of downsizing, as the company tries to survive by, among others, minimizing expenses. For individual employees holding positions that are being evaluated, the feeling of insecurity would be depressing. At this point, the employees are facing real threats to their psychological comfort. The fourth stage is the anticipation of job loss when dismissal has been planned. At this point, job insecurities has become a mainstream psychological pressure, as dismissal of employment is impending. The waiting time between the planning of dismissals and the actual announcement is the highest level of psychological threat in these four stages of job insecurity, where employees might return to their basic instinct to protect their comfort by taking action. Thus, from psychological standpoint, the turnover intention is a very normal reaction among employees when they face job insecurities.

#### IV. CONCLUSION

Based on the results of data processing and discussion of the research results, it can be concluded that the Job Insecurity (X) variable showed a significant effect on the Turnover Intention (Y) variable in conventional banking employees in the city of Palembang. Furthermore, based on the research result, the banks were suggested to provide job security towards their employees such as an opportunity of advancement and gradually raised salary. In addition, the banks should develop an attitudinal and emotional engagement among individuals working to have high commitment and trust so the employees are likely not to be disappointed by the banks.

As stated by reference [3] stated that job insecurity reflects a series of individual views about the possibility of negative events occurring on the job. Negative changes that occur in aspects of the work and threaten the overall work, making employee organizational beliefs or commitments become weak in which there is a rejection of the organization's goals and objectives. The employee evaluates the continuation of the relationship with the organization, which can be manifested in the desire to change work and the actual action of leaving the organization.

For further study, the researcher suggested that the number of samples used is greater. With relatively more samples, the results of the analysis of the research obtained will be more accurate. The research still needs to be done on the

same aspect to find out the consistency of the results of this study. It is better to add other factors that affect employee performance so that future research will produce more complete research.

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