

## THE SOCIETAL CONSEQUENCES OF INSECURE EMPLOYMENT: JOB INSECURITY, STRESS, AND EMPLOYEE RETENTION IN A DEVELOPING COUNTRY CONTEXT

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### Abstract

Employee turnover has emerged as a critical concern in Indonesia's industrial sector, especially within manufacturing firms employing non-permanent labor contracts. The increasing prevalence of job insecurity and elevated work-related stress has prompted serious concerns regarding employee retention and organizational performance. This study aims to examine the influence of job insecurity and job stress on turnover intention in the context of a manufacturing company in West Java, Indonesia. The urgency of the research lies in addressing psychological and organizational challenges that directly impact workforce stability. A quantitative approach with a descriptive-verification design was employed. Data were collected from 145 employees using structured questionnaires and analyzed using path analysis to estimate direct and indirect effects. The study measured job insecurity, job stress, and turnover intention using validated instruments and tested their reliability and validity prior to analysis. The findings indicate that job insecurity has the most substantial effect on turnover intention, followed by job stress. Together, these variables explain 64.4% of the variance in turnover intention. The study reveals that perceived employment instability and psychological strain are key drivers of turnover behavior. Practical implications include the need for organizations to improve employment stability and implement stress management programs. This research contributes to human resource management literature by emphasizing the societal consequences of insecure employment in developing economies and recommends future studies to expand the model with broader psychological and organizational factors.

**Keywords:** Job Insecurity, Job Stress, Turnover Intention, Human Resource Management

### A. INTRODUCTION

The dynamics of human resource management in developing countries have increasingly drawn attention due to the evolving nature of employment relations and the rising psychological pressure on workers (Rahmat, Ahman, & Apriliani, 2024). In Indonesia's industrial sector, particularly within labor-intensive manufacturing companies, workers often face uncertain job conditions, high workloads, and limited career clarity. This environment leads to job insecurity and work-related stress, which have been identified as primary antecedents of turnover intention (Ashford et al., 1989; Greenhalgh & Rosenblatt, 1984). Turnover intention itself remains a critical

issue in organizational performance and continuity (Mobley, 1977; Hom et al., 1992), especially in firms with high dependency on skilled operational labor.

Previous studies have explored the linkage between job insecurity, stress, and turnover across diverse contexts. For instance, Audiana and Kusmayadi (2018) found that both job insecurity and job stress significantly affected turnover intention among pharmaceutical staff in Bandung. Similarly, research by Schreurs et al. (2012) and Vander Elst et al. (2014) emphasized the mediating role of psychological strain in the job insecurity–turnover intention relationship. In Indonesia, empirical works remain sparse, with limited focus on the manufacturing sector despite its economic importance and labor intensity.

The novelty of this study lies in its context-specific focus: the industrial setting of PT. Kartonindo Mega Jaya, an Indonesian manufacturing firm experiencing high turnover and absenteeism among contract-based employees. While similar variables have been investigated globally, few studies offer localized empirical insights into how perceived job insecurity and stress shape the intent to leave in such organizational structures. By addressing this gap, the research contributes original data from an underexplored yet socially and economically significant segment of the Indonesian workforce.

The urgency of this research is amplified by the rising national discourse on decent work and labor rights, particularly under the pressures of globalization, technological shifts, and employment casualization (Rahmat, Ashshiddiqi, & Apriliani, 2024). Understanding the psychological drivers behind turnover intentions in industrial settings enables both academic and policy-level interventions to mitigate workforce instability. In practical terms, organizations can use these insights to reform HR strategies, enhance employee well-being, and promote sustainable labor retention (Rahmat & Ahman, 2025).

This study aims to investigate the effect of job insecurity and job stress on turnover intention among employees at PT. Kartonindo Mega Jaya. It provides empirical validation for theoretical models within human resource management and organizational psychology. Moreover, it contributes to the regional scholarship by situating the findings within the broader societal consequences of insecure employment in Indonesia's industrial sector. The implications are expected to assist scholars, managers, and policy-makers in designing more inclusive, stable, and psychologically safe working environments.

## **B. LITERATURE REVIEW**

This study is grounded in theories from human resource management and organizational psychology, particularly regarding the concepts of job insecurity, job stress, and turnover intention. These constructs have been the subject of extensive research, offering a strong theoretical foundation for analyzing employee turnover behavior (Rahmat, Apriliani, Ardiansyah, & Bukhori, 2024).

Job insecurity is defined as the perceived powerlessness to maintain desired continuity in a threatened job situation. According to Greenhalgh and Rosenblatt (1984), job insecurity represents a cognitive state in which employees experience concern over potential job loss and deterioration of working conditions. This condition not only affects job satisfaction but also erodes organizational commitment and psychological attachment. De Witte (2005) emphasized that perceived insecurity over employment continuity can significantly reduce employee morale. Sverke et al. (2002), in a meta-analysis, concluded that job insecurity is strongly associated with higher turnover intention. In the Indonesian industrial context, Sunandar (2018) found that job

insecurity significantly predicts employees' intentions to leave, particularly in the manufacturing sector where contractual employment is common. These findings provide strong justification for the formulation of Hypothesis 1: Job Insecurity has a significant positive effect on Turnover Intention.

Job stress, on the other hand, is a psychological condition that arises when there is an imbalance between job demands and individual resources or capacities. Lazarus and Folkman (1984) introduced the transactional model of stress, emphasizing that stress results not simply from external pressures but from individuals' appraisal of their coping abilities. Empirical evidence by Parker and DeCotiis (1983) confirmed that job stress, when prolonged, leads to emotional exhaustion, disengagement, and eventually a desire to leave the organization. This is further supported by Sonnentag and Fritz (2007), who argue that unmanaged job stress contributes to poor well-being and high turnover. Siagian (2014) also identified job stress as a critical factor undermining employee performance and retention. In a study conducted by Audina and Kusmayadi (2018), job stress was found to directly influence turnover intention among pharmaceutical employees. These findings support Hypothesis 2: Job Stress has a significant positive effect on Turnover Intention.

The simultaneous influence of job insecurity and job stress adds another layer of complexity. When employees feel insecure about their job while also experiencing intense stress, the cumulative psychological burden can severely diminish their organizational attachment. Hellgren et al. (1999) suggested that the combination of job insecurity and stress leads to lower motivation, job dissatisfaction, and increased withdrawal behavior. Schreurs et al. (2012) and Vander Elst et al. (2014) observed that job insecurity often amplifies stress responses, particularly when organizational support is lacking. These interactions indicate that turnover intention is not merely the result of isolated factors but can emerge from the interplay between various psychological stressors. Thus, Hypothesis 3 is proposed: Job Insecurity and Job Stress simultaneously influence Turnover Intention.

These theoretical underpinnings and empirical findings justify the construction of the conceptual framework used in this study. The framework positions job insecurity and job stress as exogenous variables, both of which influence turnover intention as the endogenous outcome. This logical structure provides a clear basis for empirical testing and model development in the Indonesian industrial context.

### **C. RESEARCH METHODOLOGY**

This study adopted a descriptive-verification research design with a quantitative approach to examine the causal relationship between job insecurity, job stress, and turnover intention among employees at PT. Kartonindo Mega Jaya. A quantitative methodology is appropriate for testing hypotheses and analyzing patterns through numerical data, as it allows researchers to assess relationships among variables using statistical techniques (Sugiyono, 2019). This study specifically applied path analysis to evaluate both direct and indirect effects between the constructs.

The target population consisted of 145 employees, including both production and administrative staff. Due to the manageable population size, the study employed a census sampling technique whereby all employees were included as respondents. This approach ensures full representation and eliminates sampling error (Silaen, 2018).

Data were collected through primary and secondary sources. Primary data were obtained using a structured questionnaire distributed directly to the employees. The questionnaire was developed using a five-point Likert scale ranging from “strongly disagree” (1) to “strongly agree” (5), and included items that measured the key constructs: job insecurity, job stress, and turnover intention. Secondary data were drawn from company documents and previous research literature.

The three variables in this study were defined and measured based on established theoretical frameworks. Job insecurity was conceptualized as an employee’s perceived threat to the continuity and stability of their employment, as introduced by Greenhalgh and Rosenblatt (1984) and further developed by De Witte (2005). Job stress referred to a psychological response to excessive job demands that surpass an individual’s coping capacity, based on the transactional stress model by Lazarus and Folkman (1984) and operationalized through the Job Stress Scale developed by Parker and DeCotiis (1983). Turnover intention was defined as a conscious and deliberate intention to leave the organization, as outlined by Mobley (1977) and refined by Tett and Meyer (1993).

Each construct was measured through multi-item scales that had been previously validated in similar organizational contexts. The instruments were adapted, translated into Bahasa Indonesia, and subjected to content validation before administration. Validity testing was performed using the Pearson product-moment correlation method to ensure that each item accurately reflected its respective construct. Reliability was assessed through Cronbach’s alpha, with coefficients exceeding 0.70 considered acceptable for internal consistency (Hair et al., 2010).

Path analysis was employed to estimate the structural relationships among variables. This technique, as explained by Ghazali (2018), allows the decomposition of effects into direct and indirect paths within a multiple regression framework. The statistical model used in this study evaluated turnover intention as the endogenous variable, with job insecurity and job stress serving as the exogenous predictors. The total effect of the exogenous variables on the endogenous outcome was calculated using the coefficient of determination ( $R^2$ ), which quantifies the proportion of variance in turnover intention explained by the independent variables.

All statistical computations, including correlation analysis, regression path coefficients, and hypothesis testing, were performed using SPSS version 25. Significance was assessed at the 5% level ( $p < 0.05$ ), and model adequacy was evaluated based on the strength and direction of the standardized path coefficients.

## **D. RESULT AND DISCUSSION**

The empirical analysis of this study investigated the causal relationships between job insecurity, job stress, and turnover intention among employees at PT. Kartonindo Mega Jaya. Using path analysis, both the direct and indirect effects of the independent variables on turnover intention were examined.

The results indicated strong correlations among the variables. Job insecurity showed a high positive correlation with turnover intention ( $r = 0.775$ ), while job stress was also positively correlated with turnover intention ( $r = 0.712$ ). The correlation between job insecurity and job stress was  $r = 0.739$ , which was classified as strong according to the interpretation guidelines by Sugiyono (2018).

### **Model Summary and Determination Coefficient**

The path analysis produced a multiple correlation coefficient of  $R = 0.802$ , with an  $R^2$  value of 0.644. This means that 64.4% of the variance in turnover intention was explained by the two

independent variables—job insecurity and job stress—while the remaining 35.6% was attributed to other factors not included in the model.

**Table 1. Model Summary**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Estimate
1	0.802	0.644	0.639	3.295

### Path Coefficients and Significance Tests

The structural model showed that job insecurity ( $\beta = 0.549, t = 7.381, p < 0.001$ ) and job stress ( $\beta = 0.307, t = 4.129, p < 0.001$ ) both had positive and statistically significant effects on turnover intention. These results confirm that both variables are relevant predictors of employee attrition.

**Table 2. Coefficient and Significance Test**

Predictor	Beta ( $\beta$ )	t Value	Sig.	Conclusion
Job Insecurity	0.549	7.381	<0.001	Significant
Job Stress	0.307	4.129	<0.001	Significant

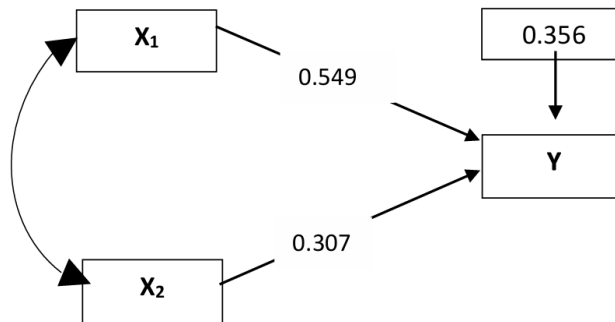
### Direct and Indirect Effects

The analysis of direct and indirect effects yielded the following findings. The **direct effect** of job insecurity on turnover intention was 30.1% ( $0.549^2$ ), while its **indirect effect** through job stress was 12.4%. Hence, the **total effect** of job insecurity on turnover intention was 42.5%. The **direct effect** of job stress on turnover intention was 9.4% ( $0.307^2$ ), while its **indirect effect** via job insecurity was 12.4%. Therefore, the **total effect** of job stress was 21.8%.

**Table 3. Direct and Indirect Effects**

Variable	Direct Effect (%)	Indirect Effect (%)	Total Effect (%)
Job Insecurity	30.1	12.4	42.5
Job Stress	9.4	12.4	21.8

These results are visualized in the structural model below:



**Figure 1. Path Diagram of Structural Model**

$$Y = 0.549 X_1 + 0.307 X_2$$

$Y = \text{Turnover Intention}$ ,  $X_1 = \text{Job Insecurity}$ ,  $X_2 = \text{Job Stress}$

### F-Test for Simultaneous Significance

To test the overall fit of the regression model, an F-test was conducted. The results show that the model is statistically significant ( $F = 128.342$ ,  $p < 0.001$ ), indicating that job insecurity and job stress jointly influence turnover intention.

**Table 4. ANOVA (F-Test)**

Source	Sum of Squares	df	Mean Square	F	Sig.
<b>Regression</b>	2.787.449	2	1.393.724	128.342	<0.001
<b>Residual</b>	1.542.041	142	10.859		
<b>Total</b>	4.329.490	144			

The findings of this study underscore the significant role of psychological factors—particularly job insecurity and job stress—in shaping employees’ turnover intentions. The results are consistent with previous research indicating that employees’ perceptions of job instability and elevated stress levels can substantially increase their intention to leave an organization (Schreurs et al., 2012; Vander Elst et al., 2014).

The dominant influence of job insecurity, which accounted for 42.5% of the total effect on turnover intention, suggests that the perceived risk of job loss or degradation of job features directly contributes to employee dissatisfaction and disengagement. This is in line with Greenhalgh and Rosenblatt’s (1984) conceptualization of job insecurity as a subjective anticipation of job loss and a lack of control over employment continuity. Sverke et al. (2002) further emphasized that job insecurity negatively affects organizational commitment, trust in leadership, and employee well-being, all of which are antecedents to voluntary turnover.

Several empirical studies conducted in Indonesia and abroad have echoed similar findings. For instance, Audina and Kusmayadi (2018) found that job insecurity significantly influences turnover intention among pharmaceutical staff in Bandung. Likewise, Sunandar (2018) observed

comparable patterns among employees in the food industry, highlighting the pervasive impact of employment uncertainty across various sectors.

Beyond insecurity, job stress emerged as a second, albeit less dominant, predictor. With a total effect of 21.8%, job stress was shown to contribute to turnover intention both directly and through its interrelationship with job insecurity. This finding reinforces the transactional stress theory proposed by Lazarus and Folkman (1984), which describes stress as a result of the imbalance between perceived demands and available coping resources. Employees experiencing high workloads, role ambiguity, or interpersonal conflicts may feel overwhelmed and begin contemplating job exit as a coping strategy.

Moorhead and Griffin (2010) defined stress as a person's response to overwhelming demands, which often leads to physical and emotional exhaustion. Similarly, Siagian (2014) noted that unmanaged job stress can lead to decreased job performance and an increased desire to leave. A study by Parashakti and Apriani (2020) demonstrated that job stress, alongside lack of organizational commitment, significantly influences employee turnover in service organizations.

Interestingly, the path analysis in this study revealed that job insecurity and job stress are not only independently predictive of turnover intention but also interact to amplify the effect. The significant correlation between the two ( $r = 0.739$ ) supports the proposition by De Witte (2005) and Hellgren et al. (1999) that employees experiencing job insecurity are more susceptible to stress due to the ambiguity and lack of control in their employment situation.

These findings have several managerial implications. First, reducing job insecurity through transparent communication, fair employment contracts, and involvement in decision-making processes can foster psychological safety. Robbins and Judge (2019) emphasized the importance of psychological contract fulfillment in mitigating voluntary turnover. Secondly, organizations should implement stress management programs such as flexible work arrangements, workload redistribution, and counseling services, which have been shown to buffer the negative effects of job stress on performance and retention (Sonnentag & Fritz, 2007).

Moreover, the explained variance of 64.4% in turnover intention by the two predictors indicates a strong model fit. However, it also implies that approximately 35.6% of the variance is influenced by other factors. Prior studies have identified variables such as compensation satisfaction (Mobley et al., 1979), organizational justice (Colquitt, 2001), and leadership style (Avolio & Bass, 2004) as significant contributors to turnover behavior. Future research may incorporate these constructs to further refine the predictive model.

In the context of PT. Kartonindo Mega Jaya, the relatively short contract duration and lack of long-term employment guarantees appear to foster job insecurity, which in turn fuels turnover. As such, management must prioritize labor stabilization and proactive engagement strategies to retain valuable human capital. When employees perceive that the organization values their contribution and provides career continuity, they are less likely to consider leaving (Allen & Shanock, 2013).

In summary, this study reinforces the critical importance of addressing both job insecurity and job stress as intertwined psychological phenomena that directly affect employee retention in industrial settings. Organizations operating in competitive environments, especially in developing countries, must adopt integrative human resource strategies that not only ensure operational efficiency but also foster employee well-being.

## E. CONCLUSION

This study provides empirical evidence on the critical role of job insecurity and job stress in influencing turnover intention among employees in the industrial sector. Conducted within the context of PT. Kartonindo Mega Jaya, the findings reveal that job insecurity exerts the strongest influence, followed by job stress. Specifically, job insecurity accounted for a total effect of 42.5% on turnover intention, while job stress contributed 21.8%. Together, these two psychological constructs explained 64.4% of the variance in employee turnover intention, indicating their substantial predictive power. From a practical standpoint, the results offer several actionable insights for human resource practitioners and organizational leaders. First, efforts to reduce job insecurity—such as implementing more stable employment contracts, involving employees in organizational decisions, and improving transparency—can significantly improve employee retention. Second, stress management interventions, including workload balancing, clear role definitions, and psychological support programs, should be institutionalized to address the multifaceted causes of job stress. These actions not only contribute to lowering turnover but also enhance overall employee well-being and organizational productivity.

Despite its contributions, this study has several limitations. The research was confined to a single company within the manufacturing sector, which may limit the generalizability of the findings. Moreover, the model only included two psychological variables, while other important predictors—such as compensation satisfaction, organizational commitment, and leadership style—were not examined. The cross-sectional design of the study also restricts causal inferences over time. Future research should expand the model by incorporating additional organizational and psychological variables to develop a more comprehensive understanding of employee turnover dynamics. Longitudinal studies may also offer deeper insights into how perceptions of job insecurity and stress evolve and interact over time. Furthermore, comparative studies across sectors and organizational types would enrich the generalizability and relevance of the findings in diverse industrial and cultural contexts.

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