

ANALYSIS OF EMOTIONAL EXHAUSTION THROUGH DOWNSIZING WITH JOB SATISFACTION AS MEDIATION

Nathaniel Clement¹, I Gede Adiputra^{1*}

¹Faculty of Economics and Business, Universitas Tarumanagara, Jakarta – 11470, Indonesia

*Email: gedea@fe.untar.ac.id

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ABSTRACT

Nowadays, many tech companies are on a downward trend. This can be referred to as a tech bubble burst. This makes it very difficult for companies, especially those in the e-commerce industry, financially. These companies are constantly looking for ways to make efficiencies in order to save costs and streamline the company. There are many ways to do that, but the most commonly used is downsizing. Downsizing is a way of efficiency by removing unnecessary employees to avoid unnecessary costs. Although downsizing is effective in saving costs, there are some negative effects of downsizing, namely its effect on emotional exhaustion and job satisfaction of the remaining employees in the company or can be said to be layoff survivors. Emotional exhaustion can be interpreted as emotional exhaustion towards their work while job satisfaction is the feeling of satisfaction that a person has when doing their job. The purpose of this study is to determine and analyze the effect of downsizing on emotional exhaustion and job satisfaction of employees working in the e-commerce industry in Indonesia. This study uses quantitative research methods with a cross sectional approach and non-probability sampling techniques with data obtained by means of questionnaires distributed to 180 respondents. The results of this study Downsizing has a significant effect on emotional exhaustion, Downsizing has a significant effect on job satisfaction, Job Satisfaction has a significant effect on emotional exhaustion, Job Satisfaction can mediate the effect of downsizing on emotional exhaustion.

Keywords: Downsizing, Job Satisfaction, Emotional Exhaustion, E-Commerce

1. PREFACE

Introduction

The Covid-19 pandemic has brought the national and global economies into an economic recession. This is characterized by negative or contractionary national and global economic growth. The national economy itself, just experienced a contraction in the second quarter of 2020 with economic growth of -5.3%. The contraction was mainly caused by a decrease in household consumption due to social restrictions to prevent Covid-19, a decrease in investment spending including for the construction and acquisition of fixed assets, and a decrease in the realization of government spending including goods spending. In addition, there was a sharp decline in foreign trade. The trough of declining economic growth has been passed in the second quarter, but Covid-19 will still hold back economic growth in the third and fourth quarters. Therefore, the Government is trying to improve national economic performance in the third quarter and it is expected that economic growth in 2020 will be around -0.4% to 1%.

One of the sectors that has been hit hard by the Covid-19 pandemic is Micro, Small, and Medium Enterprises (MSMEs), which also drove down the national economy. This is understandable because MSMEs have a huge contribution to the national economy. According to data from the Ministry of Cooperatives, Small and Medium Enterprises (MSMEs) in 2018, the number of MSME players was 64.2 million or 99.99% of the total number of business actors in Indonesia. The labor absorption of MSMEs is 117 million

workers or 97% of the labor absorption of the business world. Meanwhile, the contribution of MSMEs to the national economy (GDP) is 61.1%, and the remaining 38.9% is contributed by large business actors whose number is only 5,550 or 0.01% of the number of business actors. Of course, with this COVID-19 condition, many companies are looking for ways to be able to maintain their company's existence. One of them is by downsizing. Downsizing can occur in several aspects but what is clearly visible is downsizing in the labor aspect. Jobstreet Indonesia conducted a survey of workers affected by the COVID-19 pandemic. As a result, 35% of workers were laid off and 19% of workers were temporarily laid off. Country Manager of Jobstreet Indonesia Faridah Lim explained that more than 50% of the workforce in Indonesia has been affected by the COVID-19 pandemic, whether it is being laid off or temporarily laid off.

One industry that has a large lay-off rate is the e-commerce industry. This is evident from the statistical data found as follows:

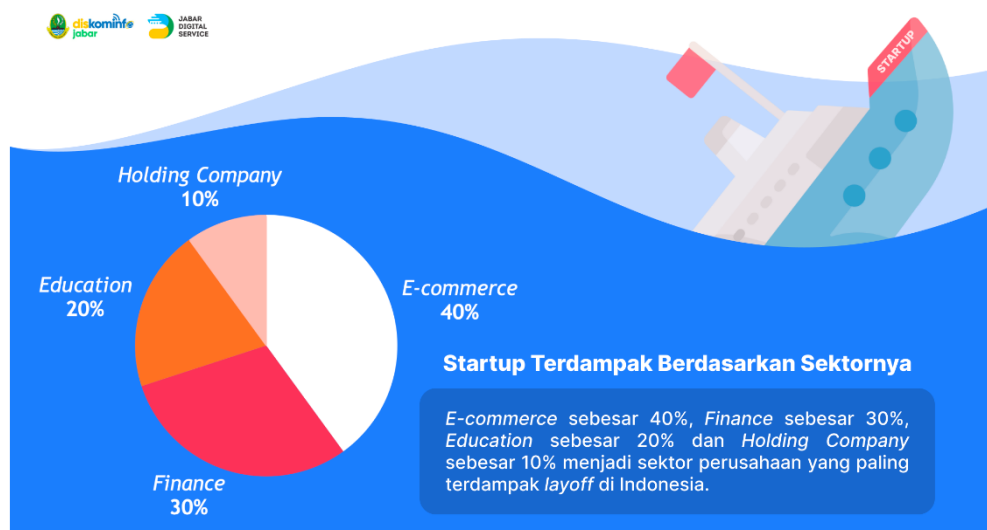


Figure 1 Impactful Startups by Sector

This makes this research more focused on the e-commerce industry. Apart from the huge downsizing that has occurred in the e-commerce industry, another phenomenon about this industry is that it is a very potential industry in Indonesia. As many as 96 percent of internet users search for products or services that they want to buy and 91 percent visit their retail websites. This means that of all internet users in Indonesia, almost all of them like to shop via the internet and with this situation, e-commerce companies must be able to maintain internal conditions to be able to maintain their business performance. However, with the high level of downsizing in this industry, companies need to know the things that can happen due to downsizing the number of employees. Employee downsizing in companies is often referred to as downsizing. Downsizing is a deliberate reduction in a company's headcount. There have been many studies on employees who are fired, but it was found that there is a lack of studies on employees who are retained after downsizing and are starting to be noticed because they determine the future development and success of the company. Studies show that retained employees are also affected by downsizing and can suffer from "survivor syndrome". This can make them suffer from complex mental illness and behavioral changes such as stress, anxiety, depression, low commitment and the possibility of leaving the company due to work overload (Lee, Cai, Liu, & Chang, 2022).

Looking at the definition above, it can be concluded that downsizing will affect the psychology of employees, both employees who are excluded or their associates who survive because they feel the threat that one day they could be excluded. This is certainly an unfavorable situation for both companies and employees, and companies certainly need to pay attention to this so that employees' working conditions are not disturbed and employees can work optimally. Several studies have found that downsizing that occurs in companies can affect several things such as emotional exhaustion and job satisfaction. Downsizing is one of the ways of savings made by companies by reducing the number of employees. This is believed to improve organizational efficiency and effectiveness according to Budros (1999). But according to Guiniven (2001), downsizing can cause problems for employees who remain in the company after dismissal. Employees who are retained after downsizing are called layoff survivors according to Virick, Lilly and Casper (2007). The problem that downsizing can cause to layoff survivors can be a decrease in affective commitment, performance and job satisfaction. This is because the remaining people in the company feel job insecurity. According to Angellina and Masman (2023), satisfied employees have a good assessment of their work, based on their experiences and observations. This is directly related to the level of organizational commitment and productivity, and low trust in managers. Employees feel hopeless, fearful and have low morale according to Ugboro (2003). These are some of the indicators that cause job satisfaction to decline. Campbell and Pepper (2007) reported that employees going through the downsizing process can lose interest in their work and eventually lead to low job satisfaction.

Emotional exhaustion itself is one of the things that can form burnout. Emotional Exhaustion is a feeling of being emotionally exhausted and excessive towards their own work. Studies show that employee exhaustion has an inverse relationship with job satisfaction. Employee Exhaustion is also the largest and most significant factor that can affect job satisfaction (Coelho et al., 2023). Employees who feel that there is continuous downsizing in a company either due to problems from their own employees or company problems, will feel that they have the same opportunity to be removed from the company. With the level of downsizing increasing, employees who are in the company are increasingly worried about their future in the company and make employees mentally tired of working in the company. Therefore, the higher the downsizing, the higher the level of emotional exhaustion in a company. Wright and Cropanzano (1998) state that emotional exhaustion is most likely to occur when actual resources such as time and effort have been lost, feelings of threatened loss of resources, situations when individual resources are insufficient to meet job needs or when anticipated results are not produced purely from the individual's efforts. Bakker et al. (2006) concluded that there are Big Five personality traits that exist as factors such as: Extraversion, Agreeableness, Conscientiousness, Neuroticism, Autonomy.

Emotional Exhaustion is influenced by Emotional Dissonance. Emotional dissonance is defined as a conflict between expressed and experienced emotions according to Abraham (2000). Acting happy when experiencing stress can result in emotional exhaustion due to experiencing the tension of emotional dissonance or resources have been depleted due to forcing to act happy. Kenworthy et al. (2014) showed a study of 16,000 employees which concluded that there is a consistent relationship between emotional dissonance and emotional exhaustion.

Another factor that can arise with downsizing is the low job satisfaction of employees who work. This happens because with the dismissal or downsizing in a company, employees will experience several things such as a lack of coworkers to help them, working conditions that

are not conducive, and superiors who will increasingly closely supervise employee work. Some of these things certainly make employees feel that what they expect at work does not match their expectations, thus reducing their job satisfaction.

Emotional exhaustion is the feeling and emotional overload towards their own work while job satisfaction is the satisfaction obtained by employees when doing their work. Coelho et al. (2023) stated that employee exhaustion has an inversely proportional relationship with job satisfaction. Employee exhaustion is also the largest and most significant factor that can affect job satisfaction. Churiyah (2011) noted that job satisfaction and emotional exhaustion are directly and significantly related. Employees who have low employee exhaustion and high job satisfaction will have high commitment and performance according to Mitchell et al. (2001) while according to Halbesleben and Bowler (2007), employees who have high employee exhaustion and low job satisfaction will cause job ineffectiveness. Zaglady (2005) said that employees who experience emotional exhaustion will not feel job satisfaction, and consequently cannot show the expected performance.

Seeing from the discussion above, this research will try to examine how the effect of downsizing on employees, where this research will then be carried out under the title: The Effect of Downsizing on Emotional Exhaustion with Job Satisfaction as Mediation.

Problem Formulation

Based on the description above, this research is limited to examining only the variables of downsizing, emotional exhaustion and job satisfaction. This research is also limited to only examining employees who work in e-commerce companies in Indonesia, so the problem formulations of this research are:

- Does downsizing affect the emotional exhaustion of employees of e-commerce companies in Indonesia?
- Does downsizing affect job satisfaction of employees of e-commerce companies in Indonesia?
- Does job satisfaction affect the emotional exhaustion of employees of e-commerce companies in Indonesia?
- Does job satisfaction mediate the effect of downsizing on emotional exhaustion of employees of e-commerce companies in Indonesia?

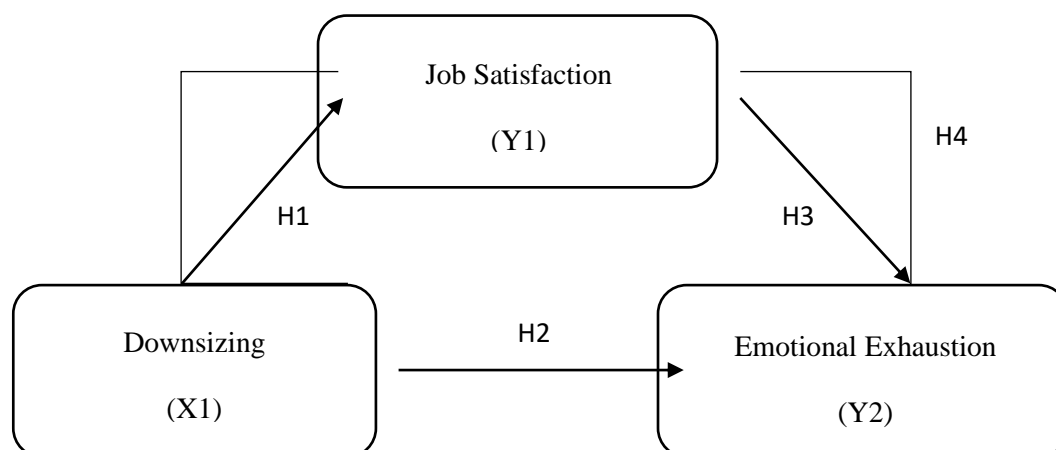


Figure 2 Research Model

2. RESEARCH METHOD

This research uses a survey research design. This research uses a survey because it uses a questionnaire in collecting data and describing the character of the respondent. In this study, the causal analysis technique is used because it examines the relationship between variables, namely the variables of downsizing, emotional exhaustion and job satisfaction.

The population is employees who work in e-commerce companies in Jakarta. The sampling technique used is probability sampling with a simple random sampling approach. The probability sampling approach is an approach where the entire population has the same opportunity to be sampled. While simple random sampling is an approach where sampling is done randomly. To determine the number of samples, because it is not known with certainty, the sample calculation will use the Hair formula with the number of samples calculated using the number of statement indicators on the questionnaire x 10. With 16 indicators, the minimum sample size that must be achieved is $18 \times 10 = 180$ respondents.

In this study there is one independent variable, namely Downsizing (X), and 2 dependent variables, namely Emotional Exhaustion (Y1), and Job Satisfaction (Y2). The following is an operationalization table of each variable:

Table 1 Operationalization of Downsizing Variables

Variable	Indicators	Statement	Code	Scale
Downsizing Anekwe et al (2019)	Frequent absence	An employee will be more absent from work when he feels that his job is insecure.	DS1	Interval
	Decreased performance	Job insecurity increases worker absenteeism and decreases performance.	DS2	
	Job security	An employee has a strong desire to stay in the organization for a very long time as long as his job is secure.	DS3	
	Increased workload	Employee turnover results in additional workload for the remaining staff.	DS4	
	Operational disruption	High employee turnover disrupts the normal operations of the company and causes morale problems that affect organizational performance.	DS5	
	Loss of competent employees	Employee turnover allows the organization to lose competent and high-performing employees.	DS6	

Table 2. Operationalization of Emotional Exhaustion Variables

Variable	Indicator	Statement	Code	Scale
Emotional Exhaustion (Mansour, 2022)	Emotionally drained	I feel emotionally drained from my work	EI1	Interval
	Feeling exhausted by activities	I feel tired when I wake up in the morning and have to face another day at work.	EI2	
	Working with others is tiring	Working with people all day is really tiring for me	EI3	

	Feeling tired with work	I feel exhausted by my job	EI4	
	Feeling frustrated	I feel frustrated with my job	EI5	
	Feeling overworked	I feel I work too hard at my job	EI6	
	Feeling stressed	Working with people directly is too stressful for me	EI7	

Table 3 Operationalization of Job Satisfaction Variables

Variable	Indicator	Statement	Code	Scale
Job Satisfaction (Putri and Frianto, 2022)	Job	I feel that the work I do meets my expectations.	JS1	Interval
	Salary	I feel that the salary I receive is in line with my expectations.	JS2	
	Co-Workers	I feel that the coworkers I have meet my expectations	JS3	
	Boss	I feel that my boss meets my expectations	JS4	
	Environment	I feel that my work environment meets my expectations.	JS5	

The data analysis technique used is Partial Least Square including several tests, namely: Outer Loading, Average Variances Extracted, Composite Reliability, Discriminant Validity and Bootstrapping.

3. RESULT AND DISCUSSION

Hypothesis testing is generated using bootstrapping through SmartPLS. The results of hypothesis testing are used to test the effect of the independent variable on the dependent variable and find out whether the variable is rejected or accepted. With t-statistics criteria higher than 1.96 and p-values less than 0.05. The following are the results of hypothesis testing in Figure 2 and Table 4 and 5.

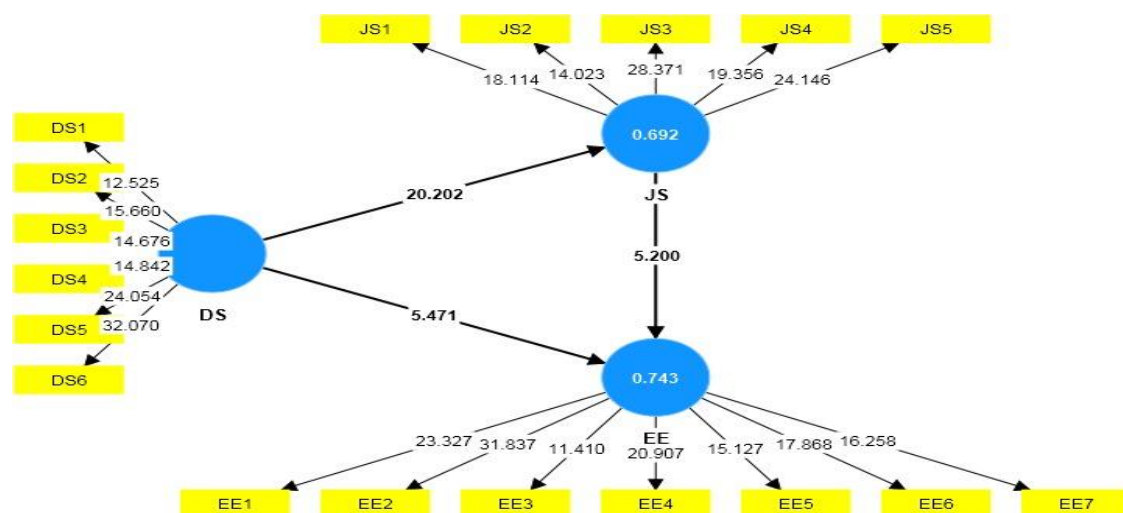


Figure 3 Bootstrapping Through SmartPLS

From the figure above, it can be seen that all indicators have t-statistics values on variables > 1.96 with the significance value of the coefficient of each variable on the dependent variable > 1.96.

Table 4 Hypothesis Test Results of Direct Influence

	Path Coefficient	STDEV	t- Statistics	p-Values
Downsizing -> Emotional Exhaustion	0.451	0.082	5.471	0.000
Downsizing -> Job Satisfaction	-0.832	0.041	20.202	0.000
Job Satisfaction -> Emotional Exhaustion	0.450	0.087	5.200	0.000

Source: Data Processing Results Using SmartPLS

Based on the results of the hypothesis above, the following is an explanation of the results of the hypothesis above: that downsizing has a significant effect on emotional exhaustion, downsizing has a significant effect on job satisfaction, job satisfaction has a significant effect on emotional exhaustion,

Table 5 Hypothesis Test Results of Indirect Influence

	Path Coefficient	STDEV	t- statistics	p-values
Downsizing -> Job Satisfaction -> Emotional exhaustion	0.374	0.075	5.003	0.000

Source: Data Processing Results Using SmartPLS

Based on the results of the hypothesis above, the following is an explanation of the results of the hypothesis above that emotional exhaustion increases along with the increase in downsizing through job satisfaction.

From the results of hypothesis testing, the conclusion that can be drawn is that downsizing has a significant effect on emotional exhaustion. Downsizing is a deliberate organizational decision by reducing to improve organizational performance. It is a business strategy that refers to the idea that 'lean means better' according to Ngirande & Nel (2012). Downsizing can certainly cause fear in the remaining employees in the company. The fear shown by employees can be in the form of decreased loyalty, losses caused by job insecurity, anxiety, depression and lack of motivation according to Applebaum et al. (2000). Han et al. (2022) wrote that when employees feel uncomfortable at work because they feel threatened, they will work emotionally which results in emotional exhaustion.

From the results of hypothesis testing, it is also obtained that downsizing has a significant effect on job satisfaction. Downsizing is one of the ways of savings made by companies by reducing the number of employees. This is believed to improve organizational efficiency and effectiveness according to Budros (1999). But according to Guiniven (2001), downsizing can cause problems for employees who remain in the company after dismissal. Employees who

are retained after downsizing are called layoff survivors according to Virick et al. (2007). The problem that downsizing can cause to layoff survivors can be a decrease in affective commitment, performance and job satisfaction. This is because the remaining people in the company feel job insecurity. According to Angellina and Masman (2022), satisfied employees have a good assessment of their work, based on their experiences and observations. This is directly related to the level of organizational commitment and productivity, and low trust in managers. Employees feel hopeless, fearful and have low morale according to Ugboro (2003). These are some of the indicators that cause job satisfaction to decrease.

From the results of the hypothesis test also emotional exhaustion. Emotional exhaustion is the feeling and emotional overload of their own work while job satisfaction is the satisfaction that employees get when doing their work. Coelho et al. (2023) state that employee exhaustion has an inversely proportional relationship with job satisfaction. Employee exhaustion is also the largest and most significant factor that can affect job satisfaction. Employees who have low employee exhaustion and high job satisfaction will have high commitment and performance according to Mitchell et al. (2001) while according to Halbeslen & Bowler (2007), employees who have high employee exhaustion and low job satisfaction will cause job ineffectiveness.

Job satisfaction can mediate the effect of downsizing on emotional exhaustion. Job satisfaction is the satisfaction that employees get when doing their jobs, downsizing is one of the ways of savings made by companies by reducing the number of employees and emotional exhaustion is the feeling and emotional overload of their own work.

4. CONCLUSIONS AND RECOMMENDATIONS

The following are the conclusions of this study: Downsizing has a significant effect on emotional exhaustion, Downsizing has a significant effect on job satisfaction, Job Satisfaction has a significant effect on emotional exhaustion, Job Satisfaction can mediate the effect of downsizing on emotional exhaustion. It is recommended that e-commerce companies in Jakarta evaluate the recruitment system and dismiss employees so that downsizing can be minimized.

Job satisfaction can mediate the effect of downsizing on emotional exhaustion. Job satisfaction is the satisfaction that employees get when doing their jobs, downsizing is one of the ways of savings made by companies by reducing the number of employees and emotional exhaustion is the feeling and emotional overload of their own work.

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