

## EMPLOYEE REACTIONS TO JOB INSECURITY DURING PANDEMIC: THE ROLE OF PERCEIVED ORGANIZATIONAL SUPPORT AS A MODERATOR

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### ABSTRACT

*This research aims to examine whether there is an effect of job insecurity on organization-based self-esteem (OBSE), and the effect of perceived organizational support as a moderator variable. The theory used in this study is organization-based self-esteem (OBSE), which its definition is an organization member's evaluation of their abilities in their role in the organization, job insecurity which its definition is an employee's concern about the future of their job which is being endangered, and perceived organizational support which is the organization member's belief about the company's treatment in providing support to its employees. A sample of 116 employees of PT X was taken by non-probability sampling techniques. The instruments used included the OBSE scale adopted from the organization-based self-esteem scale, an adaptation of the job insecurity scale, and perceived organizational support adapted from a shortened version of SPOS. The analysis method used is structural equation modeling (SEM) by using LISREL 8.70. The outcomes of the hypothesis test showed the consequence of qualitative job insecurity on OBSE, however, there is no moderation effect of perceived organizational support toward the relation between job insecurity and OBSE. So, whatever the company does to support its employees, it seems that it will be in vain if there is still job insecurity felt by employees. Therefore, the company must first carry out a strategy that focuses on restoring the sense of job security of its employees.*

**Keywords:** Job insecurity, obse, perceived organizational support.

### 1. PREFACE

The condition of VUCA (volatility, uncertainty, complexity, ambiguity) due to the Covid-19 pandemic faced by the industrial world has caused not a few companies to terminate their employees. It was recorded that 29,1 million or 14.3% of the productive-age population were affected by Covid-19, consisting of 5,1 million people unemployed and 24 million people experiencing reduced working hours (Sugianto, 2020). The Minister of Manpower Ida Fauziyah stated that there was an additional 2,67 million unemployed people or 1.84% compared to August 2019 data (Sandi, 2020).

Lin, Chen, Ashford, and Qian (2018) explain that acquisitions, mergers, employee reductions, and other structural changes in the organizations due to economic conditions result in employees job insecurity. When employees feel job insecurity, they may doubt whether they are valued, trusted, or competent in the organizations, and thus feel degraded. These feelings are characteristics of low self-esteem employees (Pierce, Gardner, Cummings, & Dunham, 1989). In other words, the pandemic has a clear impact about to with concerning one's psychological needs such as self-esteem, which is only relevant after basic physiological needs and safety needs have been met (Casale & Flett, 2020). This is reinforced by research conducted during the pandemic by Lawal et al. (2020) which found that individuals who were unemployed during the pandemic had low self-esteem and high-stress levels.

Employee self-esteem is formed and develops over time influenced by the organizational experience of employees in the company (Lin et al., 2018). Companies that do layoffs will give a signal to employees who are still working that they are not valued, unimportant, or incompetent, which will then undermine self-esteem, that is organization-based self-esteem (OBSE) for employees.

The term organization-based self-esteem was coined by Pierce et al. (1989) which refers to the specific context of the self-esteem construct which was specifically formulated for research purposes in the field of organizations. OBSE was seen as one of the strongest individual differences that correlate with work performance (Judge & Bono, 2001)

The role factors that can affect a person's OBSE include job insecurity (Lin et al. 2018; Lee, 2010; Kinnunen et al., 2003) and perceived organizational support (Wang et al, 2020). Job insecurity makes employees feel helpless to defend crucial aspects of their jobs, such as position, opportunities for promotion, and salaries (Greenhalgh & Rosenblatt, 1984). Finally, employees who feel job insecurity over time will feel a lack of support for success at work and ultimately judge themselves to be worthless for their ability to work.

Based on previous research, OBSE was appeared to have a significant and negative correlation with employee job insecurity ( $\beta = -0.44, p < .01$ ) (Lin et al., 2018). If employees feel job insecurity, it will be hard for them to keep the feeling that "I feel valued in this company".

In addition to job insecurity, perceived organizational support is another factor to consider concerning employee OBSE levels. Perceived organizational support points to employees' beliefs that the company values their contributions and concerns about their well-being (Rhoades et al., 2001). Employees who feel supported by the organization will have emotional and psychological abilities to deal with stress (Thakur & Kumar, 2015). Even so, several studies that tried to reveal the moderation effect of perceived organizational support found conflicting results. The outcomes of previous research indicate that high perceived organizational support can strengthen the negative consequences of job insecurity on employee morale disengagement (Probst et al., 2018) and feedback-seeking behavior (Li, Long, & Er-Yue, 2017). In this case, employees who perceive higher levels of organizational and supervisory support will be more focused on reciprocal employee-organizational relationships and be more sensitive to perceived breaches in those relationships due to job insecurity. These counterintuitive findings made researchers interested in using perceived organizational support as a moderator variable.

The results of this study are expected to be used as input and knowledge for companies in designing strategies that can decrease the negative effects of job insecurity, as well as make companies aware of the importance of maintaining employee OBSE because self-esteem is one of the employees' capitals in dealing with difficult situations and tasks. The efforts made by the company in this case will eventually return to generate profits for the company.

### **Organization-Based Self-Esteem**

Organization-based self-esteem (OBSE) is a specific context of self-esteem construct that is specifically formulated for research purposes in the field of organizations (Gardner & Pierce, 1998). The definition most often used to define OBSE comes from Pierce et al. (1998), who define OBSE as the extent to which employees believe they can fill their needs by contributing in their parts within the organizational setting. OBSE also reflects an employee's evaluation or

assessment of his abilities and eligibility as a member of the organization (Gardner & Pierce, 1998).

### **Job Insecurity**

Ashford et al. (1989) explained that job insecurity refers to an individual's perception that their job is being threatened and they are helpless to keep the continuity of the desired job. Job insecurity only occurs in cases of forced job loss. The potential for perceived loss can range from losing the job permanently, to losing some of the valuable job attributes, such as opportunities for promotion, organizational position, company resources, and freedom to schedule work.

The dimensions of job insecurity according to Hellgren, Sverke, and Isaksson (1999) are: (a) quantitative job insecurity, namely employees' worries about the continuity or existence of their current and future jobs; and (b) qualitative job insecurity, namely employees' worries about the continuity the job and the features of the job that are considered important, such as deteriorating working conditions, lack of career opportunities, and lack of salary progression.

Quantitative job insecurity and qualitative job insecurity are two dimensions that cannot be combined because the two dimensions measure two different aspects and can have different relationships or influences with other variables.

### **Perceived Organizational Support**

Perceived organizational support is an employee's belief that the organization values its contribution and cares about its welfare. In the more recent research by Rhoades and Eisenberger (2002), they define perceived organizational support as employees' perceptions of their evaluation of the organization in providing support, assessing contributions, hearing complaints, and paying attention to the lives and welfare of its employees.

### **The Moderating Role of Perceived Organizational Support**

Employee evaluation of himself as a member of the organization is the definition of organization-based self-esteem, abbreviated as OBSE. OBSE can be affected by the job insecurity that employees feel (Lin et al. 2018; Lee, 2010; Kinnunen et al., 2003).

Researchers claim that when employees feel that their jobs are insecure, employees may doubt whether they are competent, valued, and trusted members of the organization, and also feel that they are being belittled. Therefore, job insecurity can reduce employee OBSE. In addition, the researcher considers other factors that need to be examined in this study, which is perceived organizational support. Researchers consider that perceived organizational support is an important concept for employees in the context of downsizing.

Job insecurity is a work stressor and perceived organizational support is a crucial variable that influences the coping process because it can nullify the negative effects of job insecurity to a certain extent (Li et al, 2017). On the other hand, employees with high perceived organizational support may be more sensitive to perceived violations due to job insecurity (Probst et al, 2018) thus exacerbating their negative influence on work attitudes and behavior. This can be explained from the betrayal perspective (Elangovan & Shapiro, 1998) where the failure of the organization to maintain job security is perceived by employees as an act of betrayal. Employees who have high perceived organizational support have high expectations for the organization (Li et al, 2017) because they feel they have been supported by the organization, are treated fairly, care about their well-being, value their contributions, and so on. The appearance of job insecurity will break

these expectations and make them feel more disappointed than employees who have low perceptions of organizational support.

## **2. RESEARCH METHOD**

The population in this study were 162 workers at a television station located in North Jakarta. Based on the permit granted by the company, research was conducted on all departments with position characteristics ranging from Operator to Manager and not limited by age, gender, and years of service. The participants have also been given informed consent to ensure that the participants will not experience risks or things that are unpleasant as a result of their participation in this study.

The number of participants were 116 people. This number refers to the sampling table from Krejcie and has exceeded the minimum sample standard of 113 people. Participants were aged from 22 to 50 years and had a working period of three months to fifteen years. Participants were dominated by men with a percentage of 60%, compared to women who were only 40%. Of the 116 participants, 78% were permanent employees and 22% were contract employees.

The scale used to measure OBSE is a scale adapted from the OBSE scale (Pierce et al., 1989) which consists of ten statements. An example of statement items are "I can make a difference around here" and "I am taken seriously around here". Response categories ranged from (1) "strongly disagree" to (4) "strongly agree". From the results of the reliability test using Cronbach's alpha formula, a reliability coefficient of 0.915 was obtained, which means that the OBSE scale in this study is included in the very reliable criteria.

The scale used to measure job insecurity is a scale adapted from the job insecurity scale (Hellgren et al., 1999) which consists of seven statements. The scale consists of two dimensions, namely quantitative job insecurity (for example, "There is a risk that I have to leave my present job in the year to come" and "I am worried about having to leave my job before I would like to") and qualitative job insecurity (for example, "I feel that the organization can provide me with a stimulating job content in the near future" and "I believe that the organization will need my competence also in the near future"). Response categories ranged from (1) "strongly disagree" to (4) "strongly agree". From the results of the reliability test using Cronbach's alpha formula, the reliability coefficient on the quantitative job insecurity dimension is 0.638, which means it is quite reliable. Meanwhile, in the qualitative work insecurity dimension, the reliability coefficient is 0.817, which means reliable.

The scale used to measure perceived organizational support is a scale adapted from the short version of the Survey of Perceived Organizational Support (SPOS) (Hayton, Carnabuci, & Eisenberger, 2012) which consists of four statements. An example of statement items are "The organization is willing to help me when I need a special favor" and "The organization values my contribution to its well-being". Response categories ranged from (1) "strongly disagree" to (4) "strongly agree". From the results of the reliability test using Cronbach's alpha formula, a reliability coefficient of 0.72 was obtained, which means that the perceived organizational support scale in this study is included in the reliable criteria.

This study used a quantitative approach with structural equation modeling (SEM) techniques and used the LISREL 8.70 computerized system.

### 3. RESULT AND DISCUSSION

Figure 1 shows that Chi-Square=35.06, df=64, P-value=0.99879, RMSEA=0.000. The Chi-Square value produces a P-value>0.05, which means that the model is fit. Then the researcher looked at the T-values to analyze the effect of the independent variables. It can be seen that the T-values are 1.14 (T-values<1.96). Therefore, there is no significant effect between quantitative job insecurity and OBSE.

**Figure 1**

*Path diagram of quantitative job insecurity towards OBSE*

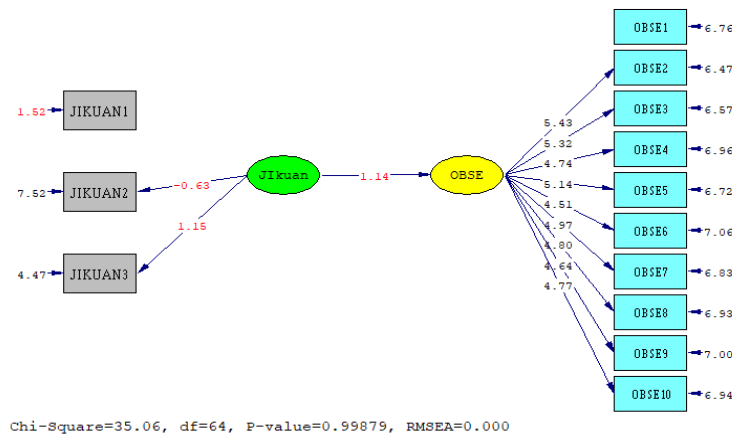


Figure 2 shows that Chi-Square=57.99, df=76, P-value=0.93826, RMSEA=0.000. The Chi-Square value produces a P-value>0.05, which means that the model is fit. Then the researcher looked at the T-values to analyze the effect of the independent variables. It can be seen that the T-values are -3.99 (T-values>1.96). Therefore, there is a significant influence between qualitative job insecurity and OBSE. Qualitative job insecurity has been able to contribute to or predict OBSE by 57%, while 43% is another variable that was not analyzed in this study.

**Figure 2**

*Path diagram of qualitative job insecurity towards OBSE*

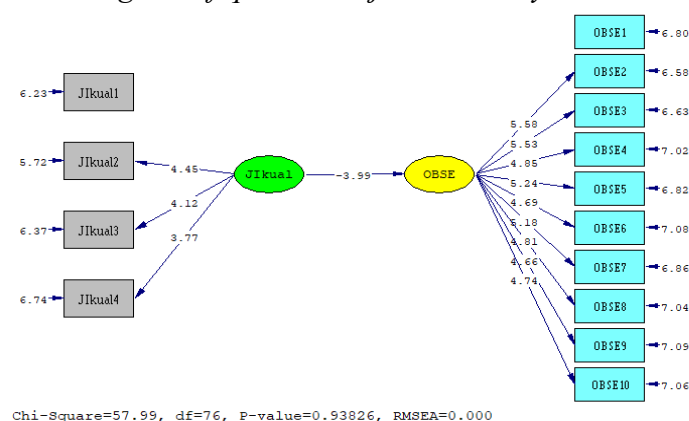
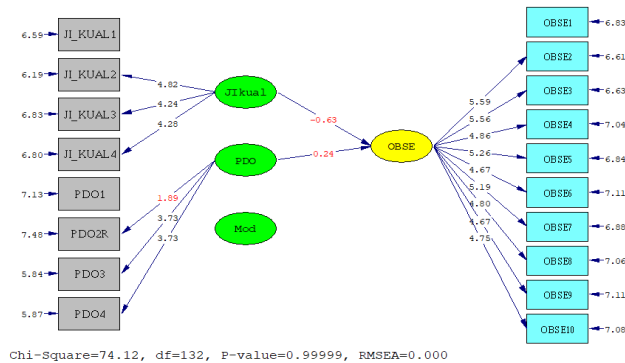


Figure 3 shows that Chi-Square=74.12, df=132, P-value=0.99999, RMSEA=0.000. The Chi-Square value produces a P-Value>0.05, which means that the model is fit. The moderator effect value of perceived organizational support is 0.01. Then the researcher saw that the

T-values were 0.24 or T-values<1.96. Therefore, the perceived organizational support does not moderate the relationship between qualitative job insecurity and OBSE.

**Figure 3**

*Path diagram of moderating perceived organizational support on qualitative job insecurity and OBSE.*



#### 4. CONCLUSIONS AND RECOMMENDATIONS

Based on the results of this study, it can be concluded that of the two dimensions of job insecurity, only qualitative job insecurity has a significant effect on OBSE by 57% in a negative direction (coefficient  $\beta = -0.75$ ;  $T\text{-value} = 3.99$  at 95% confidence level). The higher the level of qualitative job insecurity of employees, the lower their OBSE. This means that employees feel that there is a threat that can lead to a decrease in the quality of work relationships, and this condition affects employees' evaluation of his or her personal adequacy and worthiness as an organizational member.

Perceived organizational support did not moderate (coefficient of moderator effect  $\beta = 0.01$ ;  $T\text{-value} < 1.96$  at the 95% confidence level, not significant) when there is an effect of qualitative job insecurity on OBSE. In other words, whatever an organization does to support its employees, it seems that it will be in vain if employees still feel job insecurity. This result could be caused by employees' perceptions of the organizational support that PT X has provided so far as considered a normal thing given by any company to its employees and has not been sufficient to alleviate the job insecurity that employees have felt.

Another dimension of job insecurity, which is quantitative job insecurity has no significant effect on OBSE (coefficient  $\beta = 0.29$ ;  $T\text{-value} < 1.96$  at 95% confidence level, not significant). This result could be due to the condition of employees at PT X who are currently not too worried about losing their jobs in the future. Instead of feeling worried about the possibility that he would be fired, based on data from the personnel department, four employees volunteered to be terminated because they wanted substantial compensation from the company. From this phenomenon, it can be proven that the job insecurity that exists in employees is more focused on their worries about the threat of worsening conditions, for example, there is no increase in salary and reduced career opportunities.

The strength of the effect from quantitative and qualitative job insecurity depends on the dependent variable studied (De Witte, De Cuyper, Handaja, Sverke, Naswall, & Hellgren, 2015). Qualitative job insecurity has a special correlation with work-related attitude variables (Hellgren et al, 1999), one of which is OBSE which is a self-esteem construct formulated specifically for one's role in one's work. Meanwhile, quantitative job insecurity, according to Hellgren et al

(1999), is more strongly correlated with tension, psychological stress, and poor health. This happens because losing a job has significant consequences for the quality of life outside of work, such as social life, economic life, and household conflicts.

Decreased OBSE if left unchecked will hinder employee success at work. Based on this, the researchers suggest employees who have low OBSE always think positively of themselves, accept themselves as they are, and never feel inferior. In addition, companies can implement policies aimed at reducing qualitative job insecurity to increase employee OBSE. For example, restoring employee rights ensures employees feel their achievements are more valued.

The limitation of this study is related to factors that are not controlled but may influence OBSE, for example, years of service, position, and level of education. This is due to the limited population in PT X. Therefore, it is hoped that further research will control these factors.

In addition, considering the results of this study which found that the effect of job insecurity on OBSE was not moderated by perceived organizational support, then other researchers who are interested in examining the same dependent variable should involve other variables that affect the level of OBSE such as job complexity, perceptions of respect from superiors, and organizational design.

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