

The Influence of Job Insecurity on Psychological Well-Being of Outsourcing Employees

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Abstract—The era of the industrial revolution is growing from time to time. Changes made by the company can be successful if the people involved in the company support the change process. Outsourcing employees are also people involved in the company and need attention from the psychological well-being side. This study aims to analyze the effect of job insecurity on psychological well-being. Subjects in this study were 162 outsourcing employees at PT. INALUM (Persero). This study uses three scales, namely the psychological well-being scale and the job insecurity scale. The data obtained were analyzed using simple regression. The results showed that job insecurity had an effect on psychological well-being. The implication of this research can provide an overview to the company that to improve psychological well-being of outsourcing employees can be done by paying attention to job insecurity of the outsourcing employees.

Keywords—Psychological Well-Being, Job Insecurity, Outsourcing Employees

I. INTRODUCTION

The industrial revolution era is growing from time to time. This development started from the era of industrial revolution 1.0, 2.0, 3.0, 4.0 and will now enter the era of industrial revolution 5.0. Every country in the world should be able to follow the developments that occurred in this industrial revolution. For various companies, the industrial revolution is an absolute thing that is difficult to avoid and must always be followed. Companies follow this development so as not to lag behind.

PT. INALUM (Persero), here in after referred to as a company, is one of the companies in the aluminium smelting sector in Indonesia that continues to make changes. The changes that are being carried out by the company based on the above explanation can be successful if the people involved in the company support the change process. The people involved are top management, employees who are divided into permanent employees, contract employees and outsourcing employees. The involvement of the people concerned has their respective roles to bring about changes made by the company.

Beer, Spector, Lawrence, Mills & Walton (in Armstrong 2006) said that employees are an important asset that is valuable for the company in order to achieve company goals. Without employees, operational activities can not run properly. One way that a company is able to meet the needs of its employees is to start by paying attention to the conditions of its employees. The condition of employees can be seen from the psychological well-being of the workers (Keyes, Hysom & Lupo, 2000).

When viewed from various sides of the need of employees, there is one problem that often occurs related to the needs of employees, namely employees feel disadvantaged by the regulations that have been made. One of the regulations that is still considered

unsuitable for employees is one of which is in Law (UU) number 13 of 2003 concerning Manpower which is constantly being discussed by workers in Indonesia. Specifically, this example is a contra to the discourse on the revision of the Manpower Law relating to outsourcing labor (CNN Indonesia, 2019). In a demonstration carried out by a labor group in Jakarta on August 30, 2019, there were several articles which the workers who carried out the demonstration felt could endanger them and have an impact on the welfare of outsourcing employees.

Then in the company there are several problems that the researchers found based on interviews and observations made during the internship process at the company. Data was found through interview conducted with several outsourcing employees who worked in the company, namely that some outsourcing employees still felt that there was an injustice to get the right to overtime hours compared to the foreman who supervised their performance. Then there are still gaps between members of the outsourcing employee. Outsourcing employee members feel a bad relationship with other members of the outsourcing employee because of different placements. Then there is often a misunderstanding between employees who act as maids during the check-in and check-out process for guest messes at the company.

Another thing that researchers found based on interviews was that outsourcing employee members felt that it was difficult to make decisions by themselves during work. Based on the results of observations in the field, researchers also found that there are outsourcing employees who talk about other outsourced employees who often mention the performance of other outsourcing employees indirectly, either through status on social media or through information they hear from mouth to mouth. Then there is one outsourcing employee who does not know for sure the reason for his transfer from the previous place. The outsourcing employee stated that he wondered whether he could not do anything so he was always transferred by the company. The complaints that the researchers found from the results of interviews and observations showed that the psychological well-being of outsourcing employee members was still not fulfilled based on the aspects put forward by Ryff (1995), namely: self-acceptance, positive relationships with others, independence, self-development and purpose of life.

Psychological well-being is defined as the attainment of perfection which represents the realization of an individual's true potential (Ryff, 1995). According to Werdyaningrum's (2013) view, psychological well-being is the concept of individuals who are able to accept themselves as they are, do not show symptoms of depression, and always have a life goal that is influenced by positive psychological functions in the form of self-actualization, mastery of the social environment and control of the environment. There are several factors that affect the psychological well-being of employees including organizational climate (Ciptaningtyas & Setyorini, 2018), job satisfaction (Tanujaya, 2014) perceptions of career development (Estikomah & Sahrah, 2018), and job insecurity (Nopiando, 2012; Murni & Yurnalis, 2018).

Job insecurity is a person's psychological condition characterized by confusion or insecurity caused by a changing environment, this condition usually arises because of the type of work that is not permanent or has a contract status (Farida, 2003). Types of work that are not permanent or contractual are closely related to contract workers or outsourcing employees. Nopiando (2012) states that contract workers or outsourcing employees are vulnerable to job insecurity. Sverke, Hellgren, Naswal, Chirumbolo, De Witte & Goslinga (2004) said that job insecurity causes fear or concern related to subjective perceptions related to the possibility of not being able to continue working in the future. Nopiando (2012) states that job insecurity is not only related to the dimensions of happiness and satisfaction, but also to the dimensions of positive emotions and dimensions of environmental control of psychological well-being.

There are three aspects of job insecurity put forward by Ashford, Lee & Bobko (1989), namely: feelings of being threatened in a person's total work, feelings of being threatened with work performance and helplessness. When viewed from the results of interviews conducted with several employees in the company, it was found that outsourcing employees were worried that they would be moved again. The outsourcing employee always feels uncertain about how long he will be placed in his current workplace and also feels afraid of being moved again to a new workplace. When transferred to a job placement, the outsourcing employee admitted that he could not refuse. Then when asked further, the outsourcing employee also felt that there was still a feeling of fear when the company made efficiency at any time so that it had to cut the number of outsourcing employees in the company.

Based on the explanation above, it is known that job insecurity is one of the factors that affect psychological well-being. These factors will be examined in this study to see whether there is an influence on the psychological well-being of outsourcing employees at PT. INALUM (Persero). This is because these factors often appear based on observations and when conducting interviews with several outsourcing employees. When an outsourcing employee feels job insecurity, namely in the form of uncertainty about his

future related to work, then this will affect the psychological well-being of the outsourcing employee.

II. STATEMENT OF THE PROBLEM

Is there an effect of job insecurity on the psychological well-being of outsourcing employees?

III. LITERATURE REVIEW

3.1. Psychological Well-Being

Psychological well-being was popularized by Ryff in 1989. Psychological well-being is one of the concepts of positive psychology. Ryff (1989) defines psychological well-being as an individual's ability to accept himself as he is (self-acceptance), form positive relationships with others (positive relationships with others), have independence in the face of social pressure (autonomy), control the external environment (environmental mastery), has a purpose in life (purpose in life), and is able to realize its potential in a sustainable manner (personal growth). Ryff (1989) describes the aspects of psychological well-being as follows:

a. Self Acceptance

Self-acceptance is being able to accept one's attitude in terms of both good and bad.

b. Positive Relationship with Others

Having positive relationships with others is an ability to interact and make friends with compassion, care, trust and empathy.

c. Autonomy

Independent, namely being able to determine their own life choices, able to hold back and not depend on others in thinking and acting.

d. Environmental Mastery

Mastery of the environment is to adapt to the environment and make the environment comfortable for oneself.

e. Personal Growth

Self-Development is the individual's ability to be willing to continue to learn, advance, seek and gain new experiences and keep trying to develop.

f. Purpose of Life

Individual who have a purpose in life are those who are able to plan their future after going through various experiences in the past.

3.2. Job Insecurity

Ashford et al (1989) said that job insecurity was a level where workers feel their work is threatened and feel powerless to do anything about the situation. According to Ashford et al (1989) job insecurity has three aspects, namely :

a. Feelings of being threatened in one's total work

Is the fear of not working at the job you have anymore. Losing workers can take the form of permanent termination of employment due to dismissal, termination of contracts or being directed to early retirement.

b. Feelings of being threatened with job features

The inability of individuals to deal with organizational changes that hinders these individuals to adapt to the organization.

c. Powerlessness

It is a feeling of helplessness in individuals who are less able to control and control events in their work environment.

3.3. Job Insecurity to Psychological Well-Being

Based on several studies conducted by previous researchers, it shows that there is a relationship and influence between job

insecurity and psychological well-being. Job insecurity is defined as a possibility that is subjectively perceived and unwanted to lose a current job in the possibility of losing a job (Nella, Paangopoulou, Galanis, Montgomery & Benos (2015). Nopiando (2012) said that job insecurity has a negative effect on psychological well-being, which means that the higher an employee's job insecurity is, the lower his or her psychological well-being.

Then, the results of research conducted by Maulidina & Nurtjahjanti (2016) show that there is a negative relationship between job insecurity and psychological well-being, which means that higher employee job insecurity is followed by a low level of psychological well-being. On the other hand, low job insecurity will be followed by a high level of psychological well-being. The results of this study are supported by previous research researched by Selenko, Makikangas & Stride (2007) that there is an effect of job insecurity on employee welfare and from the results of the analysis there is a significant negative effect between job insecurity on psychological well-being.

Based on this description, it can be concluded that when an employee experiences job insecurity, the lower the psychological well-being of the employee.

3.4. Research Hypothesis

Based on the theoretical description stated above, the researcher proposes the research hypothesis as follows :

- Job insecurity has a significant effect on the psychological well-being of outsourcing employees.

IV. MATERIAL AND METHOD

Operational Definitions of Research Variables

4.1. Psychological Well-Being

Psychological well-being is an individual's assessment of the state of happiness he has. Data regarding psychological well-being can be obtained through a psychological well-being scale based on the theory put forward by Ryff (1989) which consists of 6 (six) aspects of psychological well-being : self-acceptance, positive relationships with others, autonomy, environmental mastery, personal growth and purpose in life.

4.2. Job Insecurity

Job insecurity is an assessment of workers on the continuation of their jobs where they feel threatened and are powerless to maintain their work. Data regarding job insecurity can be obtained through a job insecurity scale based on the theory put forward by Ashford et al (1989) which consists of 3 (three) aspects of job insecurity : feeling of being threatened with job features and helplessness.

V. RESULT

Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		162
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	16.67767154
Most Extreme Differences	Absolute	.069
	Positive	.051
	Negative	-.069
Test Statistic		.069
Asymp. Sig. (2-tailed)		.056 ^c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

The normality assumption test of the research data was carried out using the Kolmogorov-Smirnov Test statistical method. Testing is done to see whether the data distribution is normally distributed or not. Data distribution can be declared normal if $p \geq 0.05$, and vice versa, the data is declared abnormal if $p \leq 0.05$. The results of calculations using the Kolmogorov-Smirnov Test method were found to be $p = .56$ ($p \geq 0.05$). Therefore, the data distribution can be said to be normally distributed and the normality assumption test is fulfilled.

Linearity Test			
Variable	F	P	KETERANGAN
<i>Job Insecurity * Psychological Well-Being</i>	69.404	.000	Hubungan Linear

Based on the table above, it can be seen that the correlation between the job insecurity variable and psychological well-being obtained a value of $F = 69.404$ with a significance value of linearity .000 ($p < .05$). Therefore it can be concluded that there is a linear relationship between job insecurity variables and psychological well-being.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19609.295	2	9804.647	36.386	.000 ^c
	Residual	42844.483	159	269.462		
	Total	62453.778	161			

a. Dependent Variable: Psychological Well-Being

b. Predictors: (Constant), *Job Insecurity*

Based on the table above, it can be seen that the effect of job insecurity on psychological well-being is significant. It can be seen that $F_{count} = 36,386$ with a significance value of $p = .000$ ($p < .05$). While the F_{table} value for $df_1 = 2$ and $df_2 = 159$ and a significance value of $p = .05$, the F_{table} was 3.05. Thus the value of $F_{count} > F_{table}$ ($36,386 > 3.05$). So it can be concluded that there is an influence between job insecurity on the psychological well-being of outsourcing employees, or in other words the job insecurity variable has a significant effect on the psychological well-being variable. Thus, the hypothesis in this study is fulfilled, namely that job insecurity has a significant effect on psychological well-being.

Furthermore, to find out the magnitude of the influence exerted by job insecurity and organizational climate on psychological well-being, the R determination test was carried out with the results as shown in the following table:

Model Summary ^c					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.529 ^a	.279	.275	16.771	

a. Predictors: (Constant), *Job Insecurity*

b. Dependent Variable: Psychological Well-Being

Based on the table above, it is found that the value of the determinant coefficient (R Square) is .279 or 27.9%, which means that the contribution of job insecurity variabel on psychological well-being is 27.9 %, while the remaining 72.1% is caused by other factors outside the variables studied.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	149.552	7.845			19.063	.000
Job Insecurity	-1.773	.225	-.529		-7.877	.000

a. Dependent Variable: Psychological Well-Being

Based on the table above it can be seen the resulting regression line equation is $Y = 149.552 + 1.773 X$.

Additional Analysis Results

Variable	Hypothetical Data				Empirical Data			
	Mean	Max	Min	SD	Mean	Max	Min	SD
PWB	87	145	29	19,3	88,6	134	88,6	19,7
JI	33	55	11	7,3	34,3	48	34,4	5,9

Based on these data, it can be seen that psychological well-being has an empirical mean of 88.6 with a standard deviation of 19.7, while the hypothetical mean is 87 with a standard deviation of 19.3. Furthermore, the empirical mean of job insecurity was obtained 34.3 with a standard deviation of 5.9, while the hypothetical mean was 33 with a standard deviation of 7.3.

Psychological Well-Being Categorization

Value Range	Categorization	Amount	Percentage (%)
$X < 67,7$	Low	26	16,1 %
$67,7 \leq X \leq 106,3$	Medium	118	72,8 %
$X > 106,3$	High	18	11,1 %
Total			100 %

In the psychological well-being variable, it can be seen that most of the outsourcing employees of PT. INALUM has moderate psychological well-being, which is 118 people (72.8%). Then there are 26 people (16.1%) with low psychological well-being and 18 people (11.1%) with high psychological well-being.

Job Insecurity Categorization

Value Range	Categorization	Amount	Percentage (%)
$X < 25,7$	Low	7	4,3 %
$25,7 \leq X \leq 40,3$	Medium	126	77,7 %
$X > 40,3$	High	29	17,9 %
Total			100 %

In the job insecurity variable, it can be seen that most of the outsourcing employees of PT. INALUM has moderate job insecurity as many as 126 people (77.7%). Then there are 7 people (4.3%) with low job insecurity and 29 people (17.9) with high job insecurity.

VI. DISCUSSION

Based on the results of research data processing, it can be seen that there is an influence between job insecurity on psychological well-being. This is in accordance with the first hypothesis made in the study, namely job insecurity has a significant effect on the psychological well-being of outsourcing employees. The effect given is a negative influence which means that if job insecurity is high it will reduce the psychological well-being of the outsourcing employee and vice versa if job insecurity is low, the psychological well-being felt by the outsourcing employee will be even higher. This is confirmed by other research which states that job insecurity affects psychological well-being (Nopiando, 2012; Maulidina & Nurtjahjanti, 2016; Selenko, et al, 2007). Nopiando (2012) states that the results in his research show that the higher the job insecurity of an employee, the lower the employee's psychological well-being, and vice versa, the lower the job insecurity of an employee, the higher the employee's psychological well-being.

Sverke (2004) states that job insecurity is a psychological condition that occurs in employees in the form of feelings of being threatened or worried about the continuity of their work in the future. The stronger the feeling of being threatened or worried, the less psychological well-being of employees is. Rowntree (2005) also argues that job insecurity in a person occurs in a state of fear of losing his job and various other threats to working conditions that are associated with decreased psychological well-being and decreased job satisfaction.

Based on the categorization of scores obtained by outsourcing employees, it can be seen that the majority of outsourcing

employees have a moderate score, amounting to 126 people (77.7%). This means that as many as 126 outsourcing employees are in the medium category, where their assessment of the continuity of their work in the future is quite threatening and worrying for them. Then as many as 7 people (4.3%) had a low assessment of perceived job insecurity and as many as 29 people (17.9%) had a high assessment of job insecurity. Likewise, the psychological well-being score in this study shows that the majority of outsourcing employees also have a moderate score of 118 people (72.8%). Then as many as 26 people (16.1%) had a low assessment of perceived psychological well-being and 18 people (11.1%) had a high assessment of psychological well-being.

This is in line with the results of interviews conducted on several outsourcing employees at PT. INALUM which states that some outsourcing employees are worried that they will be moved to their workplace again, there is no certainty about how long they will be placed in their current workplaces and have a feeling of fear if at any time the company performs efficiency and must reduce or not extend the outsourcing employee's contract who works for the company. The fears that have been mentioned make it difficult for outsourcing employees to accept the current conditions, then it is difficult to plan for their future because they are faced with the uncertainty of the future of working in the company where they work today. The complaints submitted indicate that the lack of a person's psychological well-being is in accordance with the aspects raised by Ryff (1989).

VII. CONCLUSION

1. Job insecurity has a significant effect on psychological well-being. The resulting correlation value is negative, indicating that the higher the job insecurity, the lower the psychological welfare of the outsourcing employees.
2. The value of the effective contribution of job insecurity to psychological well-being was 27.9%.
3. Most of the outsourcing employees of PT. INALUM has moderate psychological well-being, which is 118 people (72.8%).
4. Based on the categorization of job insecurity scores obtained by outsourcing employees, it can be seen that the majority of outsourcing employees have a moderate score, amounting to 126 people (77.7%).

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