The Effect of Job Insecurity on the Welfare and Performance of Contract Employees at the Administration Center Office, Syiah Kuala University, Banda Aceh

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Abstract-- Job insecurity prefers to affect the welfare and performance of contract employees. The purpose of this study was to determine the effect of job insecurity of contract employees on welfare and the performance at the Administrative Center Office, Syiah Kuala University, Banda Aceh, Indonesia. This is a quantitative research using SPSS version 2:00 in analyzing the data. The population in this study were all contract employees, at the Administration Center Office Syiah Kuala University, Banda Aceh. Among the total number of 314 employees, 176 of them were taken by random sampling technique using the Slovin formula as respondents. The results of testing the hypothesis indicate that job insecurity has a negative and significant effect on welfare, and job insecurity has a negative and significant effect on performance.

Keywords: Job insecurity, welfare, performance, contract employees

I. INTRODUCTION

Contract employees are employees taken by an organization or company, to complete routine jobs, and there is no guarantee of the continuity of their work. Contract workers of course are experiencing job insecurity, a feeling of helplessness or feeling powerless to maintain continuity of work, and it has negative consequences on the work attitude, the attitude of the organization, workers health, and damage relations with the company's workers (Sverke, Hellgre & Naswal in WHO, 2003). The possibility of job loss will result in loyalty, trust, productivity, creativity and accident rate is higher (Armstrong & Stassen in WHO, 2003).

The job insecurity prefers to influence the employee's welfare that will motivate them to work, and will affect the performance of the employee as well. Job Insecurity is defined as "the powerlessness of employees to sustain the continuity of their work" (Sverke, 2006). Job insecurity is a situation for someone who feels threatened and uncomfortable with the job now and in the future (Nopiano, 2012). Job insecurity is a powerlessness to ensure the continuity of the work or its components during the work situation. Ashford, Lee and Bobko: 1989 claimed five indicators for job insecurity: work status that affects the opportunities for promotion and the freedom of organizing the work, the importance of the work considered by the company, the treatments of being resigned, the possibility of changing the job, and the powerlessness. The effect of job insecurity to employees include: increasing dissatisfaction in work, physical and psychological disorders, withdrawing from the work environment, reducing organizational commitment, and increasing the number of employee's turnover.

Welfare describes a situation where employees feel positive, capable of reaching or approaching the optimum level in terms of physical, mental, emotional or social, so it has positive implications. The types of welfare are: psychological welfare, physical welfare, and social well-being (Grant et al., 2007; Fairhurst and O'Connor, 2010). According to Malay SP Hasibuan (2006: 188) there are three indicators of the welfare of employees: Economy, Facility, and Services, while the factors that affect the welfare of employees include: Good salaries and wages, good / compact colleagues, attractive comfortable and safe working conditions. Whereas for performance, AA Anwar King Mangkunagara (2005: 9), defined it as an achievement of an employee both in quality and quantity in running the work assigned as his responsibility.

Syiah Kuala University in Banda Aceh has 1263 contracted employees in Administration Central Office (Bureau), UPT., Library, and other units. They have a background in different scientific fields. It becomes a serious matter to investigate how big the influence of job insecurity to the welfare and performance of contract employees at the Central Administration Office of Syiah
Kuala University, and hopefully this institution and government will consider the finding of this research in making policy about employees in the future.

II. METHOD

A. Sample

This study conducted a survey with 176 as respondents selected randomly from 314 contract employees at the Administrative Center Office, Syiah Kuala University in Banda Aceh, using Slovin formula. The survey used questionnaire measuring the respondents’ characteristics, the job insecurity, the welfare, and performance of a contract employees.

B. Measurement

To provide the respondents background, they were given the questions about gender, age, and education. Furthermore, series of questionnaires about job insecurity, welfare, and performance, were asked to measure the variables in this study.

The job insecurity was indicated by 5 indicators: the work status, the importance of the work felt, the threat of being resigned, the possibility of changing the job, and the powerlessness (by Ashford, Lee, and Bobko: 1989), each contains 5 items. The items were measured with a 5-point Likert scale (1=strongly disagree, 5= strongly agree). The higher score showed the higher job insecurity.

The level of welfare measured by the level of a return obtained both material and nonmaterial (Malayu SP Hasibuan, 2007). The indicators as economy, facilities, and services included in five items in questionnaire to get the data. The items had p-values less than 0.05 using Confirmatory Factor Analysis (CFA) which means all items are valid.

The level of performance indicated by quality, quantity, effectiveness, punctuality, and independence / autonomic (Robbins, 2006: 260) were made in items to be chosen index a 5- Likert Scale rated from 1= strongly disagree, and 5 = strongly agree. All items are valid as the p-values of the items were less than 0.05.

C. Analysis

This is a quantitative research using SPSS version 2:00 in analyzing the data. The descriptive analysis used following the table made based on the data found. Analysis of Effect between Variables is also presented. This study uses three variables: job insecurity (X) as the independent variable, welfare (Y1) and Performance (Y2) as the dependent variable. Results of SPSS output coefficient independent variable job insecurity (X) affects the welfare of the dependent variable (Y1) can be seen at the following tables:

III. FINDING AND DISCUSSION

A. Characteristic of Respondents

| No. | Respondent’s Gender | Frequency | Percentage |
|-----|---------------------|-----------|------------|
| 1   | Man                 | 87        | 49.4%      |
| 2   | Woman               | 89        | 50.6%      |
|     | Total               | 176       | 100%       |

Respondents dominated by females; 89 (49.4%) and the male respondents are 87 people (50.6%).

| No. | Age   | Total | Percentage |
|-----|-------|-------|------------|
| 1   | 21-30 | 82    | 46.6%      |
| 2   | 31-40 | 82    | 46.6%      |
| 3   | 41-50 | 12    | 6.8%       |
|     | Total | 176   | 100%       |

Ages of 21-30 are 82 (46.6%), then ages 31-40 are 82 (46.6%) and respondents whose ages 41-50 are 12 employees (6, 8%).
TABLE III. RESPONDENTS’ EDUCATION

| Level of Education | Total | Percentage |
|--------------------|-------|------------|
| High School        | 25    | 14.2%      |
| Diploma            | 68    | 38.7%      |
| Bachelor           | 83    | 47.1%      |
| Total              | 176   | 100%       |

The table shows that 83 respondents (47.1%) are bachelors, 68 respondents (38.7%) are diploma graduates, and 25 (14.2%) respondents are high school graduates.

TABLE IV. LEVEL OF PERFORMANCE (n = 176)

| The questions                                                                 | Loading Factor |
|-------------------------------------------------------------------------------|----------------|
| Y21 I always complete the tasks on time                                       | .971           |
| Y22 I am skilled enough in carrying out the work                               | .976           |
| Y23 I always do the work According to the quality desired by the company      | .747           |
| Y24 I finish the work with high accuracy                                      | .673           |
| Y25 I always follow the company procedures                                    | .971           |
| Eigen values                                                                 | 2.780          |
| Variances can be explained                                                     | 75.625%        |
| Value Kaiser-Meyer-Olkin Measure of Sampling Adequacy                          | .616           |
| Bartlett’s Test of Sphericity                                                  | 0.00           |

Source: SPSS output (2018)

All items had good correlations, where all of them have a loading factor of more than 0.40, by Hair et al, (2006). The biggest value is in the item of "I always complete tasks on time ", 0971, and for the statement "I always follow company procedures "also gets a score of 0971. This means that employees can complete their work and tasks on time following the company's procedures. The results showed that all the items involved in this study showed a good correlation, seen from Eigen value of 2,780.

TABLE V. LEVEL OF WELFARE (n = 176)

| No.  | Questions | Loading Factors |
|------|-----------|-----------------|
| Y11  | I think the company has provided holiday allowance to the employees according to their positions. | .834 |
| Y12  | I think bonuses or commissions paid by the company to employees is sufficient, fair and reasonable. | .0525 |
| Y13  | I think education/ training and seminars that are held by the company have been able to develop employees’ abilities. | .923 |
| Y14  | I think the facilities provided by the company has the complete equipment, convenient and can meet the needs of employees. | .0705 |
| Y15  | According to me, the procedures of taking a leave can be easily obtained by employees. | .0885 |
| Eigen values | 2.333 |
| Variances can be explained | 68.658% |
| Value Kaiser-Meyer-Olkin Measure of Sampling Adequacy | .653 |
| Bartlett’s Test of Sphericity | 0.00 |

The highest value is for the statement "I think education and seminars that are held by the company have been able to develop the ability of employees ": 0923, which means that the education and seminars organized by the company is able to create welfare of the contracts employees. The results showed that all the items involved in this study indicated a good correlation, seen from Eigen value of 2,333.

The highest loading factor is 0.807 for statement " I am anxious and powerless against the possibilities of my work will be resigned or I will be transferred to another unit " which means a contract employee feel anxious and powerless if at any time they are resigned or transferred to other work units. The results showed that all the items involved in this study explain a good correlation, seen from Eigen value of 2,452. The value of variance explained is at a factor of 49.040%. Value of Kaiser-Meyer-Olkin Measure of Sampling Adequacy on the dependent and independent variable, of 0.656, and the test results Bartlett’s Test of Sphericity shows the significant value of 0.000 (p <0.01).
TABLE VI. LEVEL OF JOB INSECURITY (n = 176)

| No. | Questions items                                                                 | Loading Factor |
|-----|---------------------------------------------------------------------------------|----------------|
| X1  | I am anxious and powerless on aspects such as the possibility of getting a job   | 0.691          |
|     | promotion, maintaining current salary levels, or earning a raise                 |                |
| X2  | I feel this job is important to me, but I was anxious and insecure as well because of status contract of my work. | 0.509          |
| X3  | I am anxious and powerless against the possibilities of my work will be resigned or I will be transferred to another unit | 0.807          |
| X4  | I am pessimistic about my future if I keep working here                        | 0.740          |
| X5  | I feel insecure about my work in the next 1 or 2 years                         | 0.720          |

Eigen values 2.452
Variances can be explained 49.040%
Value Kaiser-Meyer-Olkin Measure of Sampling Adequacy 0.656
Bartlett's Test of Sphericity 0.00

TABLE VII. EFFECT OF JOB INSECURITY ON WELFARE

| Model | Standardized Coefficients | t     | Sig. |
|-------|---------------------------|-------|------|
|       | beta                      |       |      |
| (Constant) |                                 | 11.218 | .000 |
| Job Insecurity |                           | -.508 | -7.784 | .016 |

From the results of the SPSS output, line of linear equations is \( Y = -0.508X \). The regression coefficient of job insecurity (independent) has value of -0.508, which means if job insecurity of employees increased by 1 unit, then welfare will decrease by -0.508 on a Likert scale. The increasing of job insecurity of employees, then decreasing of the employees’ welfare. Thus the first hypothesis is supported.

TABLE VIII. THE EFFECT OF JOB INSECURITY ON PERFORMANCE

| Model | Standardized Coefficients | t     | Sig. |
|-------|---------------------------|-------|------|
|       | beta                      |       |      |
| (Constant) |                                 | 15.569 | .000 |
| Job Insecurity |                           | -.548 | -8.636 | .002 |

The line of linear equations is as \( Y = -0.548X \). Thus the equation can be explained that the regression coefficient job insecurity (independent) worth -0.548, which means if insecurity of an employee increased by one unit, the performance will be decreased by -0.548 on a Likert scale. The increases of job insecurity of an employee, it means the decreases of the employee's performance. This result supports the research by Adhian Nugraha (2010) that there is the effect of job insecurity on employee’s performance.

TABLE IX. THE EFFECT OF JOB INSECURITY ON PERFORMANCE

| Model | R      | R Square | Adjusted R Square |
|-------|--------|----------|-------------------|
|       | -.508a | .258     | .254              |

The rated R square on performance variables that are affected by job insecurity is 0.296. This means that job insecurity is able to explain the variance of performance by 29.6%, so it can be explained that the variable performance can be affected by variables job insecurity by 29.6% and the remaining 70.4% is influenced by other variables outside of this research.
IV. CONCLUSION

After analyzing the processed data, the conclusions are:

1. Job insecurity has a significant negative effect on welfare as the R value is 0.254. This means welfare variables can be affected by job insecurity variables as 25.4%. Job insecurity has a direct effect to welfare with a beta coefficient of -0.0508. This means if job insecurity increased by 1 unit then welfare will decrease by -0.0508.

2. Job insecurity has a significant negative effect on the performance with the R value is 0.296 that means that job insecurity is able to explain the variance of performance by 29.6%. Next, the effect of job insecurity on the performance variable has a beta coefficient of -0.0548, which means when job insecurity of an employee increased by 1 unit, his/her performance would decrease by -0.0548. Increasing job insecurity brings the decreasing of the employee's performance.

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