

Moderating Effect of Employability on the Relationship Between Job Insecurity and Motivation

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Abstract: Work motivation is the process of stimulating people in action to accomplish the goals in their careers. Employees with good motivation can help the company to achieve the main goal, and vice versa. This study aims to investigate and analyse the influence of job insecurity on motivation with employability as a moderating variable. This study uses a quantitative approach by distributing questionnaires to collect data. Hypotheses are tested with a sample of 73 employees of a newly acquired company in Surabaya which experienced a decrease in productivity at the time of the acquisition process compared to the previous year. Multiple linear regression results suggest that job insecurity negatively affects employee motivation. Furthermore, employability moderates the influence of job insecurity on employee motivation. Employability gives individual control in a broader sense, such as control to be able to change the jobs when needed.

1 INTRODUCTION

A company or organization needs good quality human resources to achieve its goals. Well-managed human resources will determine the success of the organization. If it is not managed properly then the desired productivity cannot be achieved (Punarya, 2016). One of the most important factors to improve employee productivity in order to achieve company goals is work motivation (Hariandja, 2002).

Robbins (2001) stated that motivation is the process of calculating the intensity, direction, and persistence of a person in achieving goals. Employee work motivation can help the company reach its goals. Employees with good motivation are considered to have initiated the process of enhancing organizational behavior, encouraging ongoing activities within the organization and directing the activity towards a specific target (Madsen, 1968 in Yurtseven & Halici, 2012).

Mergers and acquisitions have a significant effect on employee motivation (Locke & Latham, 2004). M&As necessarily involve organizational change, integrating some or all parts of the original organizations' functions and activities (Gu Seo & Hill, 2005). The M&A affects work productivity

because of various factors such as anxiety, fear, and uneasiness (Whittle, 2002). According to Teerikangas (2010), the acquisition causes anxiety which is related to job security. The needs of security must be fulfilled by a person. If these needs are not fulfilled then employees will feel the insecurity for the continuity of their work. This situation is usually called job insecurity. It is defined as the perceived threat of job loss and the worries related to that threat (De Witte, 2005).

One of the important factors that is expected to improve the employees' ability to overcome the uncertainty in relation to company change is employability. Rothwell and Arnold (2007) argued that employability is the ability to retain, own or get their desired job. Sverke, Hellgren and Naswall (2002), had argued that employability is a factor which can be weakened by the negative impact of job insecurity on its outcomes, such as motivation. Individuals with high employability reported having better life satisfaction than individuals with low employability which resulted in high job insecurity (Kalyal et al., 2010).

Established in 2007, the company has a function as a distributor which is responsible for product sales, promotion and distribution. In early 2017, the

shares of the company were acquired 100% by a foreign company. The transactions for acquisitions were targeted to be finished on the fourth quarter of the financial year of 2017. In the same year, the company experienced a decrease in productivity compared to the previous year. This decline is considered very significant because almost every month in 2017, the sales could not match the sales in 2016. This decline occurred at the time of the acquisition process in early until the end of 2017. Most likely, employee motivation was disrupted due to the acquisition process which resulted in the decline in employee productivity.

This paper takes a step towards increasing knowledge about the influence of job insecurity on motivation and the moderating role of employability. The paper has two purposes: (1) to investigate and analyze the influence of job insecurity on motivation, (2) to determine whether employability can moderate the negative effects of job insecurity on motivation.

1.1 The Relationship Between Job Insecurity and Motivation

Job security is one of the most important factors in maintaining employee motivation when there is a change in the organization. Employees believing that they will not lose their jobs or they will be employed in the same organization as long as they want is a significant reason for motivation (Senol, 2011). Therefore, job security is one of the most significant employee satisfaction variables which express employee attitudes towards their job (Bakan & Buyukbese, 2004 in Senol, 2011).

Storseth (2007 in Adewale 2015) stated that the higher the job insecurity perceived by a person, the lower work motivation. Job insecurity also causes a decrease in job satisfaction resulting in the emergence of various forms of organizational rebellion behavior.

Job insecurity occurs due to major changes in organizations such as mergers and acquisitions, downsizing, reorganization, new technology, and physical changes (Greenhalgh & Rosenblatt, 1984). Job insecurity can cause some negative impacts such as decreased productivity, turnover, adaptability (Greenhalgh & Rosenblatt, 1984), employee focus, innovation, and work motivation (Brockner, Tyler, and Schneider, 1992; De Witte & Naswall, 2003; Adewale, 2015). Job insecurity can negatively affect motivation. If employees are suffering from low levels of motivation, the productivity is significantly impacted, therefore lowering the success of the

organization and preventing further growth (Herzberg et al., 2011 in Wetherall & Lippell, 2016). Based on this reason we made the following prediction:

Hypothesis 1: Job insecurity significantly influences motivation.

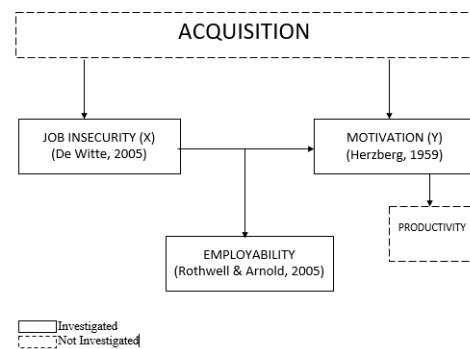
1.2 Employability as Moderator

Rothwell & Arnold (2007) argue that employability is the ability to retain, own or get the desired job. Employability is the capacity or ability to remain attractive in the labor market by anticipating and reacting to the changes in the work environment (Sanders & De Grip, 2004 in Berntson, 2008). This ability is expected to minimize the negative impacts of job insecurity toward employees. The research conducted by Silla et al. (2008) found that employability moderates the relationship between job insecurity and subjective well-being. This study revealed that employees who have lower employability will experience a higher job insecurity than their colleagues who have high employability.

Employability gives an individual control in a broader sense, such as the control to be able to change jobs if necessary (Baruch, 2001; Kanter, 1993 in Berntson, Naswall & Sverke, 2010). Self-control has been defined as an individual's beliefs or motivation that becomes the energy to encourage and lead the individual to reach the goal (Machransy, 1989; Stanton, 1991). Based on this reason we made the following prediction:

Hypothesis 2: Employability moderates the influence of job insecurity on motivation.

2 CONCEPTUAL FRAMEWORK



Job insecurity can be caused by merger and reduction, acquisition, downsizing, reorganization, and new physical technology (Greenhalgh & Rosenblatt, 1984). Job insecurity can negatively

affect motivation; if employees experience a low level of motivation, productivity is significantly affected which will have an impact on reducing organizational success and preventing organizational growth (Herzberg et al., 2011 in Wetherall & Lippell, 2016). Employability as a moderator variable is assumed to have a role in strengthening or weakening the influence of job insecurity on motivation.

3 METHOD

3.1 Data Collection and Respondents

For this study, data were collected from a newly acquired company in Surabaya. This company had decreased productivity by 20% in 2017 or only reached 80% of productivity in 2016. The acquisition of this company in 2017 could have disrupted employee motivation which resulted in the decline of employee productivity.

Data were collected by using a survey questionnaire. This study refers to Kerjcie and Morgan's formulation in order to determine the sample size. According to Krjcie and Morgan's formulation with ($P=0.5$), ($d=5\%$), confidence level of 95% and ($N=90$) then the sample size (n) for this study is 73.

3.2 Measures

All variables were measured on Likert response scales ranging from 1 (strongly disagree) to 5 (strongly agree). Job insecurity was assessed using De Witte's (2000) *Job Insecurity Questionnaire* (JIQ). It measures employee perceptions of job insecurity that summarizes the cognitive dimension (e.g. 'I think I'll be able to continue working here') and affective dimension (e.g. 'I'm afraid I'll lose my job'). This scale consists of 11 items with the reliability (Cronbach's $\alpha = .90$).

Motivation in this study was measured by using 11 indicators of motivation theory developed by Herzberg. This scale summarizes two dimensions of motivation, intrinsic and extrinsic motivation. The intrinsic motivation dimension consists of 5 indicators and the intrinsic consists of 6 indicators. The Cronbach's alpha of this scale is quite good ($\alpha = .77$).

The Rothwell and Arnold (2007) employability scale was used to measure individuals' employability. This scale consists of two dimensions of employability, internal (e.g. 'Even if there was

downsizing in this organization I am confident that I would be retained') and external (e.g. 'I could easily get a similar job to mine in almost any organization'). This scale consists of 16 items with Cronbach's alpha ($\alpha = .81$)

3.3 Technique of Data Analysis

This research uses a quantitative approach. The technique of data analysis is divided into three steps. The first is Testing of Assumptions including Normality test, Multicollinearity test, and Heteroscedasticity test. The second step is Hierarchical Regression Analysis which is a way to determine the effect of an independent variable on a dependent variable. The third step is Hypothesis Testing including F test, t -test, and Coefficient of Determination.

4 RESULTS

Hypotheses were tested by using multiple regression analysis for each outcome variable.

Table 1 : Summary of Multiple Regression Analyses

Model	R	R Square	R Square Change	Sig.
1	0.217	0.047	0.034	0.065
2	0.400	0.160	0.136	0.002
3	0.418	0.175	0.139	0.004

Model 1: *Job Insecurity*

Model 2: *Job Insecurity and Employability*

Model 3: *Job Insecurity, Employability and Interaction XZ*

Based on Table I, the first model has the correlation coefficient (R) value of 0.217 and the coefficient of determination (R Square) value of 0.047 with Sig. = 0.065. If the assumption is Sig. < 0.10 then it can be concluded that the first model, that is job insecurity, has a significant effect on motivation. So, Hypothesis 1 is supported by this finding.

The second model shows the strength of the relationship between job insecurity and employability as a moderating variable on employee motivation without interaction test or multiplication of independent variables. It resulted in R value of 0.400 and R Square value of 0.160 with Sig. of 0.002. It can be concluded

that job insecurity and employability significantly affect motivation variable with Sig. $0.002 < 0.05$. This model yields an R Square value of 0.160 which means that job insecurity and employability have 16% effect on motivation. Then, Hypothesis 2 is supported by this finding.

The result of hierarchical regression analysis in Model 3 shows that job insecurity and employability has a Sig. value of 0.004. This model uses an Interaction test between job insecurity and employability. Referring to the assumption if Sig. < 0.05 then it can be concluded that job insecurity and employability as a moderating variable have an effect on motivation. This model yields an R Square value of 0.175. It shows that job insecurity, employability, and its interaction simultaneously affect employee motivation.

5 DISCUSSION

Job insecurity arises when an individual perceives a greater threat than opportunity, lack of control and changes in job characteristics (Chowwen & Inesor, 2009). Based on the results of data analysis, it can be seen that job insecurity affects employee motivation. This findings supports earlier studies which suggest that job insecurity has a negative relationship between job insecurity and motivation (Bonita & Nurtjahjanti, 2016). This relationship shows that the higher the job insecurity perceived by employees, the lower their motivation and vice versa. The direction of this relationship is supported by De Witte's (2005) statement that employees who feel job insecurity have a lower level of satisfaction and work motivation than those employees who do not perceive job insecurity.

This study also found factors that caused the influence of job insecurity on employee motivation with the presence of two aspects of job insecurity. The first aspect is cognitive job insecurity which is defined as a threat perceived by employees to the continuity of their job features (e.g. deterioration of working conditions) (Shoss, 2017 in Jiang, 2018). It can be seen by the low level of productivity in 2017 compared to 2016. It means that there was something impairing the the working conditions at the time of the acquisition process. The second aspect is affective job insecurity which is defined as an emotional reaction to the perceived threat to an employee's job (e.g. anxiety, fear, worry) (Jiang, 2018). It can be seen in this research that 85% of

employees expressed their anxiety about losing their jobs in the future.

The other result of this study is that employability moderates the influence of job insecurity on motivation. Based on the data analysis, employability can simultaneously reduce the negative effects on job insecurity with Sig. value of 0.002 and R Square value of 0.160 whereas previously Sig. value was only 0.065 and R Square value 0.047. This finding supports earlier study conducted by Sverke, Hellgren, and Naswall (2002) who argued that employability is a factor that can be weakened by the relationship of job insecurity with its outcomes, e.g. motivation. Employability is also one of the important factors expected to improve employees' ability to overcome the uncertainty in association with the changes in a company or organization. Silla et al. (2008) argued that employability can be useful in the same way as job insecurity. Employability also can reduce the possible consequences of an unfavorable job for employee well-being.

Employability is influenced by situational factors such as the internal labour market. In an internal labour market, job security is an important factor (Jago & Deery, 2004 in Fisher & McPhail, 2011). Job security can be linked to HRM strategy that encourages an extended length of service from employees. This strategy is used to make employees become part of a family that appreciates them gradually for each year of service, letting them stay in the company, enhancing the familial ties and associated obligations (Fisher & McPhail, 2011).

In the organization, managers and leaders need to learn to understand and effectively motivate their employees. Amabile (1993) states that employees are the pillar of a successful organization. Motivation can be given either through rewards or opportunities in order to develop employees' potential. Unmotivated employees tend to work with no effort, avoid the workplace as much as possible, and leave the organization or company. On the other hand, motivated employees tend to be persistent, creative, productive, and produce high quality jobs as they wish (Ganta, 2014).

6 CONCLUSION

This study found that job insecurity has an effect on motivation with a negative relationship direction. This study also found the moderating effect of

employability which can reduce the negative effect of job insecurity on motivation. Furthermore, this study surveyed all levels of employees which was mostly low level employees. Managers need to create a better situation in the company in order to keep the employees feeling comfortable. Training and Development can be a good way to improve employability since it increases the skills of employees.

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