



## THE INFLUENCE OF JOB INSECURITY AND JOB STRESS ON ORGANIZATIONAL COMMITMENT THROUGH JOB SATISFACTION IN EMPLOYEES IN STARTUP COMPANIES IN MEDAN CITY

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### Abstract

*Organizational commitment is an important aspect that determines the long-term performance and success of a company. Business developments continue to change so it is necessary to look at employee security in maintaining their jobs. Job insecurity and job stress are important issues in the dynamic and unstable startup work environment, which can have a negative impact on employees' well-being, job satisfaction and organizational commitment. Job satisfaction felt by employees can also reduce job satisfaction which has an impact on increasing performance. Employees who are satisfied with the work they have obtained will be motivated to improve their performance so that it will have an impact on increasing overall organizational performance thereby increasing loyalty and productivity in their company. The aim of this research is to analyze the influence of job insecurity and work stress on organizational commitment through job satisfaction in employees of startup companies in the city of Medan. The population in this study was 420 employees from 47 Startup companies in Medan City from various businesses so that the population was used as a sample of 100 respondents. Data were analyzed using descriptive analysis and SEM (Structural Equation Model) analysis. with the sampling method used Simple Random Sampling or Proportional Stratified Random Sampling. The research results show that job insecurity directly has a negative and significant effect on job satisfaction and is significant on organizational commitment, work stress has a negative and significant effect on job satisfaction and is significant on organizational commitment, and job satisfaction has a positive and significant effect on organizational commitment. Indirectly, job insecurity has a negative and significant effect on organizational commitment through job satisfaction and job stress has a negative and insignificant effect on organizational commitment through job satisfaction.*

**Keywords:** Job Insecurity, Job Stress, Organizational Commitment, Job Satisfaction

### 1. INTRODUCTION

The World Health Organization (WHO) officially declared the Coronavirus Disease 19 (Covid-19) outbreak a pandemic on March 9 2020. This has had a huge impact on the world of work throughout the world, because this virus outbreak spreads through contact between humans. In the world of work, activities involve physical contact in every interaction, such as making an agreement by shaking hands, or giving a greeting as an interaction to say hello. This became impossible due to the virus outbreak that hit. All activities are stopped in order to reduce the rate of spread of the virus. This stop automatically reduces outside activities and even stops some activities, resulting in new problems for the world of work. Restrictions on activities will affect many industries that still use human labor as a resource.

The trend of mass layoffs at startups and large companies around the world will continue. In Indonesia, PT Indosat Ooredoo Hutchison Tbk announced the layoff of hundreds of employees on Friday, September 23 2022. Ruangguru also confirmed the layoffs. Even though the growth of Indonesia's digital economy, including fintech, will reach US\$ 352.4 or IDR 5,514 trillion in 2022, transactions will almost reach IDR 6,000 trillion, several startups in Indonesia have laid off

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employees, closed services, or even gone bankrupt. Tight funding from venture capital investors is one of the causes. Google, Temasek, and Bain report that venture capital in Southeast Asia in 2022 will have available capital or dry powder worth US\$ 15 billion, or around IDR 233.5 trillion. Its value fell by around US\$ 16 billion from the previous year. One of the criteria for venture capital is only investing in startups that have a portfolio that has been funded rather than exploring startup companies that have not yet been proven (their performance).

The trend of the wave of layoffs (PHK) phenomenon must be faced by startup companies in Indonesia which have very potential human resources if seen from the data that the long-term growth in the value of digital economic transactions in Indonesia has reached IDR. 6,000 trillion indicates that human resources in Indonesia are very large and startup company organizations in Indonesia should be very profitable and can have a positive impact for the next 5-10 years. The projected growth of the digital economy in Indonesia will grow rapidly if human resources and companies have the same goals. Likewise, organizations should be able to increase profits and business development so that the company can survive and retain its employees. This means that the current digital era is very helpful or a factor that can support startups to develop.

In the business world, the workforce plays a dual role: helping business owners and encouraging nation building. Organizational commitment: Mowday (1984) and Luz (2018) state that a high level of employee commitment to the organization can be one way to reduce the impact of employee disengagement. Therefore, the subject of this research will investigate employee commitment to the organization. Understanding organizational commitment is a psychological relationship between workers and the organization. Porter (1974) and Serhan (2022) say that a person's ability to participate in a particular organization is called organizational commitment. Employee recognition and trust are three dimensions of the concept of organizational commitment.

Job satisfaction is a positive feeling towards work resulting from a fairly broad evaluation of its attributes. There are individuals who feel satisfied when their efforts are rewarded according to their expectations. Other people feel satisfied with their work when they get the job they want. to measure job satisfaction. Examining the concept of job satisfaction tries to discover what makes one person more satisfied with their job than another. As stated by Schermerhorn, 2012 defines job satisfaction as an attitude that reflects a person's feelings towards their work or work environment at a certain time. Job satisfaction can vary greatly depending on the person assessing it. The fear caused by the COVID-19 pandemic has had a major impact on people's lives and well-being.

This is happening even after the pandemic is over, and many people are worried about losing their jobs for fear of a global economic recession. The latest study by Karatepe (2022) by the International Labor Organization (ILO) shows that the pandemic will have a significant impact on labor markets around the world. Global unemployment is expected to remain above pre-COVID-19 levels at least until 2023. The predicted number in 2022 is 207 million, up from 186 million in 2019 (International Labor Organization, 2022). Job insecurity is one of the many sources of stress that can be interpreted by employees in various divisions. Therefore, job insecurity remains an important problem that requires further literature study. To handle employees and retain talent, stress is an important topic for organizations. Work stress is synonymous with a condition of dependency that has an impact on a person's emotions and way of thinking. Stress is a state that is always changing due to opportunities, obstacles, or demands (Schuler, 2022). One of the big problems that every worker faces at their workplace is work stress. Stress is the result of tension or pressure that originates from a misalignment between a person and their environment. So, management must increase employee morale because environmental stress affects job satisfaction (Yasa, 2019). Everyone, including company employees, often experiences work stress, which is part of human life.

## **2. RESEARCH METHODS**

This research uses quantitative research. This research was conducted on employees from 47 startup companies located in Medan City. The startup companies in question operate in the



fields of information technology, e-commerce, fintech, health services and other creative sectors. The criteria for the company in question are having a relatively small number of employees ranging from 10 to 50 people with the majority of employees being the millennial generation (25-45 years).

### 3.RESULTS AND DISCUSSION

#### 1) Tabel R Square

	<b>R-square</b>
Job Satisfaction (Z)	0.246
Organizational Commitment (Y)	0.256

#### 2) Tabel Direct Effect

<b>Hypothesis</b>	<b>Original sample (O)</b>	<b>T statistics ((O/STDEV))</b>	<b>T-Tabel</b>	<b>Information</b>
Job Satisfaction (Z) -> Organizational Commitment (Y)	0.196	2.073	1,98	Accepted
Job insecurity (X1) -> Job Satisfaction (Z)	-0.048	0.452	1,98	Accepted
Job insecurity (X1) -> Organizational Commitment (Y)	0.254	1.517	1,98	Accepted
Job Stress (X2) -> Job Satisfaction (Z)	0.518	1.124	1,98	Accepted
Job Stress (X2) -> Organizational Commitment (Y)	0.203	1.566	1,98	Accepted

### 4.CONCLUSION

Based on the results of the explanation above, it can be concluded that:

1. Job satisfaction has a positive and significant effect on organizational commitment among employees of Startup Companies in Medan City.
2. Job insecurity has a negative and significant effect on job satisfaction among employees of Startup Companies in Medan City.
3. Job insecurity has a negative and significant effect on organizational commitment among employees of Startup Companies in Medan City.
4. Work stress has a negative and significant effect on job satisfaction for employees of Startup Companies in Medan City.
5. Work stress has a negative and significant effect on organizational commitment among employees of Startup Companies in Medan City.
6. Job insecurity has a negative and insignificant effect on organizational commitment through job satisfaction among employees of Startup Companies in Medan City.
7. Job stress has a negative and insignificant effect on organizational commitment through employee satisfaction at Startup Companies in Medan City.

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