

# Turnover Intention: Influence of Job Insecurity and Job Satisfaction Among Contract Employees in the Technology Division

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## Abstract

**Purpose** - This study aims to analyze the effect of job insecurity and job satisfaction on turnover intention among contract employees in the technology division of PT. XYZ. The research seeks to understand how perceived job uncertainty and levels of job satisfaction influence employees' intention to leave the organization.

**Design/methodology/approach** - This study used a quantitative survey of all 48 contract employees in the technology division of PT. XYZ. The data were analyzed using Partial Least Squares (PLS) to examine the relationships between job insecurity, job satisfaction, and turnover intention.

**Originality** - This research offers new insights into turnover behavior among contract-based technology employees in Indonesia, a group often overlooked. Focusing on a project-driven tech division, it highlights the unique psychological and organizational challenges faced by contract workers.

**Findings and Discussion** - The results show that job insecurity significantly increases turnover intention, especially threats to job aspects, while job satisfaction reduces it, with salary as the key factor. Short-term contracts and limited career growth raise employees' desire to leave, whereas fair pay and recognition help lessen it.

**Conclusion** - The study concludes that clearer contract renewal, better career development, and fair compensation can reduce turnover intention among contract employees. Open communication between management and staff is also essential to strengthen trust, job satisfaction, and loyalty.

**Keywords** - Turnover Intention, Job Insecurity, Job Satisfaction, Contract Employees, Technology Division

## Introduction

Human resources (HR) play a critical role in ensuring that organizations achieve their goals effectively and efficiently. According to (Safarah & Iryanti, 2024), Employees contribute directly to organizational performance, and therefore organizations must maintain employee stability and retention to sustain long-term productivity. Turnover intention is one of the main challenges in human resource management, defined as an employee's conscious desire to leave the organization. High turnover intention can cause various losses, including increased recruitment and training costs, decreased productivity, and disruption to workflow.

In the technology division of PT. XYZ, turnover intention among contract employees has risen in recent years. The company's reliance on one-year renewable contracts has created perceptions of job insecurity, especially regarding contract continuity and career development. Job insecurity is defined as an employee's feeling of powerlessness in maintaining job stability and future employment continuity. Individuals experiencing this insecurity typically feel uncertain about their job continuity, career prospects, and organizational recognition, which ultimately leads to lower job satisfaction and a higher turnover intention. According to Rezeki & Rahman (2024) turnover intention is closely related to employees' perception of satisfaction and security in their jobs.

Conversely, job satisfaction can be defined as the positive feeling generated when employees conduct an evaluation of their job or their entire work experience (Abrar et al., 2021). Satisfaction is influenced by motivator factors (achievement, recognition) and hygiene factors (salary, company policies, working conditions) (Fitriya & Kustini, 2023). When employees feel valued and fairly compensated, their attachment to the organization strengthens and turnover intention decreases (Mardiana & Novalia, 2021).

The conditions experienced by contract employees in the technology division of PT. XYZ reflect these psychological dynamics. Short contract durations, limited career development pathways, and inconsistent recognition contribute to perceptions of insecurity and lower satisfaction. These conditions create a work environment in which employees are more likely to consider leaving the organization.

Previous empirical studies consistently highlighted the important role of job insecurity and job satisfaction in shaping turnover intention. Researchers have shown that job insecurity increases employees' desire to leave the organization, while job satisfaction, conversely, decreases it. Based on this Considerations, this study aims to analyse the influence of job insecurity and job satisfaction on turnover intention among contract employees in the technology division of PT. XYZ. The findings are expected to provide theoretical insights into turnover behavior in the context of contract-based employment, as well as practical recommendations for improving employee retention.

## **Literature Review**

### **Job Insecurity**

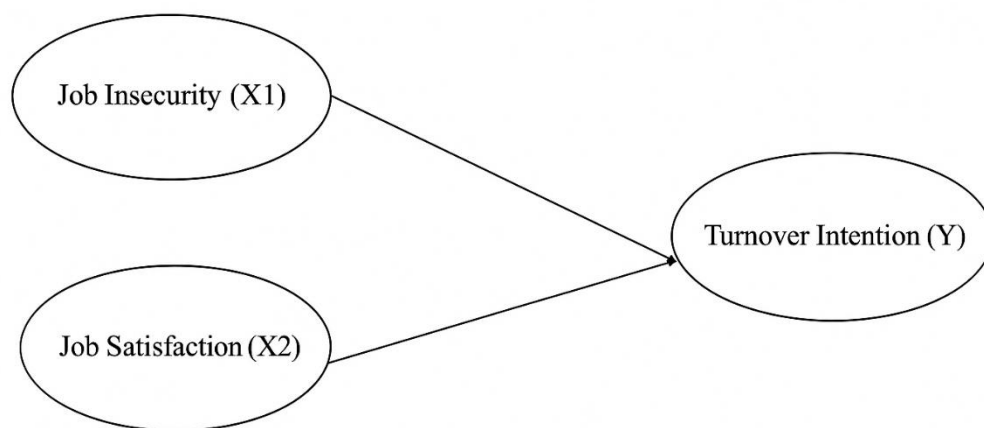
Job insecurity is a psychological condition in which employees feel uncertainty or confusion due to unpredictable environmental dynamics (Saputri et al., 2020). Besides, it can be described as a feeling of helplessness and lack of control over one's job, often caused by organizational changes such as restructuring, budget adjustments, or leadership transitions (Lee et al., 2024). Job insecurity as a sense of powerlessness and uncertainty about job continuity, which can lead to psychological effects such as stress, anxiety, and confusion (Triyono et al., 2020).

**Job Satisfaction**

Job satisfaction is an individual's subjective evaluation of their job, considering both their expectations and the rewards obtained (Indrastuti, 2020). Job satisfaction as an employee's feeling of pleasure or displeasure toward their job, reflected through their attitudes and behaviors in carrying out tasks and responding to the work environment (Sudarsono & Arif, 2024). Job satisfaction can describe as a positive perception resulting from an employee's evaluation of their job (Wijonarko & Wirapraja, 2023).

**Turnover Intention**

Turnover is defined as the process in which an employee voluntarily decides to leave their job without external compulsion (Ramlawatia et al., 2021). Turnover as the permanent separation of an employee from the organization for specific reasons (Tarigan et al., 2021). Turnover intention refers to an employee's internal desire to resign, which is influenced by various factors, including the work environment and the compensation they receive (Deswarta et al., 2021). Turnover intention as an employee's voluntary action to leave the company due to various underlying factors (Astiti & Surya, 2021).



**Figure 1.** Conceptual Framework

H1: Job Insecurity (X1) is hypothesized to have a positive effect on Turnover Intention (Y).

H2: Job Satisfaction (X2) is hypothesized to have a negative effect on Turnover Intention (Y).

**Methods, Data, and Analysis**

This study employed a quantitative research approach using a survey method to analyze the influence of job insecurity and job satisfaction on turnover intention among contract employees in the technology division of PT. XYZ. The entire population of 48 contract employees in the technology division was used as the research sample through a total sampling technique. Data were collected using structured questionnaires containing Likert-scale statements related to job insecurity, job satisfaction, and turnover intention. Each variable was measured using validated instruments adapted from

previous studies and adjusted to the research context. The data analysis was performed using the Partial Least Squares (PLS) method with the assistance of SmartPLS software to test the structural relationships between variables. The analysis included the evaluation of validity and reliability, the measurement model, and hypothesis testing to determine the direct effects of job insecurity and job satisfaction on turnover intention.

## Results

### Outer Loading

**Table 1. Outer Loading**

Indicator	Job Insecurity (X1)	Job Satisfaction (X2)	Turnover Intention (Y)
X1.1	0,950		
X1.2	0,910		
X1.3	0,916		
X2.1		0,898	
X2.2		0,936	
X2.3		0,921	
X2.4		0,926	
Y1			0,926
Y2			0,947
Y3			0,940

### Construct Reliability and Validity

**Table 2. Average Variance Extracted**

Variabel	Average Variance Extracted (AVE)
Job Insecurity (X1)	0,856
Job Satisfaction (X2)	0,847
Turnover Intention (Y)	0,879

### Inner Model

**Table 3. R-Square**

	R-Square	R-Square Adjusted
<i>Job Insecurity</i> (X1)		
Job Satisfaction (X2)		
<i>Turnover Intention</i> (Y)	0,828	0,820

The outer loading analysis indicates that all indicators used in this study meet the validity criteria, with loading values above 0.70 for every construct. This confirms that each item appropriately reflects the variable it measures. The AVE values for Job Insecurity (0.856), Job Satisfaction (0.847), and Turnover Intention (0.879) also exceed the minimum requirement of 0.50, demonstrating good convergent validity.

The inner model evaluation shows that Job Insecurity and Job Satisfaction together explain 82.8% of the variance in Turnover Intention,

indicating a strong model fit. Hypothesis testing using the bootstrapping method reveals that Job Insecurity has a positive and significant effect on Turnover Intention ( $p = 0.018$ ), supporting H1. This suggests that higher job insecurity increases employees' intention to leave. Meanwhile, Job Satisfaction has a negative and significant effect on Turnover Intention ( $p = 0.028$ ), supporting H2. Employees who report higher satisfaction tend to have lower intention to quit.

Overall, the results confirm that both predictors significantly influence turnover intention, with job insecurity increasing the likelihood of turnover and job satisfaction reducing it.

**Hypothesis Testing**

**Table 4.** Path Coefficients (Mean, STDEV, T-Values)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Job Insecurity (X1) -> Turnover Intention (Y)	0,498	0,454	0,204	2,441	0,018
Job Satisfaction (X2) -> Turnover Intention (Y)	-0,471	-0,516	0,208	2,264	0,028

Based on the table above, the data interpretation is as follows:

1. The Effect of Job Insecurity (X1) on Turnover Intention (Y): A positive and significant effect was found (Coefficient = 0.498; P-Value = 0.018), indicating that Hypothesis H1 is accepted. This means that the higher the level of job insecurity experienced by employees, the stronger their intention to leave the company (turnover intention). This finding is logical, as feelings of threat and helplessness regarding job continuity drive employees to seek more stable alternatives as a form of self-protection.
2. The Effect of Job Satisfaction (X2) on Turnover Intention (Y): A negative and significant effect was found (Coefficient = -0.471; P-Value = 0.028), indicating that Hypothesis H2 is accepted. This result suggests that the higher the level of job satisfaction among employees, the lower their likelihood of having an intention to leave the company. Satisfied employees tend to feel emotionally and rationally attached to their work, and thus perceive leaving the organization as a loss.

**Discussion**

**The Effect of Job Insecurity on Turnover Intention**

The results of this study indicate that the first hypothesis (H1) is accepted, showing a positive relationship between job insecurity and turnover intention among contract employees in the technology division of PT. XYZ. This finding means that the higher the level of job insecurity perceived by employees, the greater their tendency to leave the company. Job insecurity in this context arises from uncertainty about employment status, career

advancement, and contract renewal, which significantly affect employees' intention to quit.

Employees in the technology division are primarily responsible for software development, system maintenance, and the implementation of HIS and EMR applications. Their work is project-based and deadline-driven, requiring constant adaptation to rapid technological changes. Since most employees are under annual contracts, job continuity largely depends on management evaluations and project needs, making this division particularly vulnerable to job insecurity.

Demographic data show that most respondents are young employees aged 23–25 years, with one to three years of tenure and predominantly male (73%). Being in the early stages of their careers, they tend to feel uncertain about their job stability. The highest factor loading was found in the “threats to job aspects” (X1.1) indicator, meaning employees are most worried about losing responsibilities, recognition, and promotion opportunities, rather than the job itself.

These findings highlight that insecurity is not only about the fear of job loss but also about instability in professional roles and acknowledgment. Employees who feel their contributions are undervalued are more likely to seek more stable and rewarding opportunities. Consequently, high job insecurity can negatively impact productivity, loyalty, and project continuity, increasing recruitment and training costs for the company.

Therefore, PT. XYZ should foster transparent communication about contract renewal, implement fair performance evaluations, and establish a recognition system to strengthen employees' sense of security and belonging. These findings are consistent with the studies of Syazwani & Irbayuni (2024) and Syamsul et al. (2022), both of which confirmed that higher job insecurity leads to an increase in turnover intention among employees in the technology sector.

### **The Effect of Job Satisfaction on Turnover Intention**

The results indicate that the second hypothesis (H2) is accepted, showing that job satisfaction has a negative effect on turnover intention among contract employees in the technology division of PT. XYZ. This means that higher job satisfaction reduces employees' tendency to leave the company. Employees who are satisfied with their work demonstrate greater commitment, responsibility, and focus on completing projects, as well as less interest in seeking new job opportunities.

Younger employees, mostly aged 23–25 years with 1–3 years of service, tend to have high expectations for fair compensation and career development. When these expectations are unmet, satisfaction decreases and turnover intention rises. Salary emerged as the most influential indicator of job satisfaction, with most respondents expressing dissatisfaction with the fairness and adequacy of pay.

Overall, the company's contractual system has not fully provided job security or fair rewards, prompting employees to seek more stable and rewarding employment. These findings align with previous studies by Pranata & Irbayuni (2022), Radinka & Kustini (2023), and Juleiqa & Indarto (2024),

which also confirmed that lower job satisfaction significantly increases turnover intention.

## Conclusion

The results of the study show that job insecurity has a significant positive effect, while job satisfaction has a significant negative effect on the turnover intention of contract employees in the technology division of PT. XYZ. In other words, an increase in the level of job insecurity will increase employees' intention to quit, triggered by feelings of threat such as fear of being easily replaced, limited career development opportunities, and dependence on short-term contracts. Conversely, higher job satisfaction levels have been shown to reduce turnover intentions, as employees who feel fairly compensated, supported by their superiors, and valued for their contributions tend to remain committed to the organization.

## Limitation

This study has several important limitations that need to be considered when interpreting the results. First, this study only involved 48 contract employees from one division of PT. XYZ. This sample limitation may reduce the ability to generalize the findings to other departments, companies, or industries. Second, the cross-sectional survey design only captures employees' views at a single point in time, making it difficult to observe changes in job insecurity, job satisfaction, or turnover intentions over time. Third, the use of self-reported questionnaires risks response bias, as respondents may be inclined to give socially desirable answers. In addition, this study only focused on job insecurity and job satisfaction as predictors, even though turnover intention is also influenced by other factors such as leadership style, workload, organizational culture, career development systems, or external job opportunities, which were not tested in this study. It is recommended that future research use a larger and more diverse sample, adopt a longitudinal method, and include additional variables for a more comprehensive understanding of turnover intention among contract employees.

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