

Downsizing Policy: Job Insecurity Makes Non-medical Employee's Work Engagement to Decrease

W Ramadhani¹ and E S H Hutahaean²

^{1,2}Universitas Bhayangkara Jakarta Raya, Indonesia

¹ramadhanniwahyu@gmail.com

Abstract. This paper arranged based on the downsizing issues, due to the implementation of new regulation at public health services. There are at least two problems i.e. the employee felt insecure in carrying out their job and the decreased performance. The research had been conducted in non-medical employees at a private hospital in Jakarta. The research was done toward 175 employees in total as the respondents. The data had been collected using job insecurity scale and work engagement scale. The data analysis was tested to see the causal relationship that occurred between job insecurity and work engagement. The results of the test showed that job insecurity had a role in reducing the level of work engagement. It indicated that an increased insecurity made the employee's work engagement to decline. Another result of the test showed that job insecurity and work engagement had a negative interaction. Nevertheless, a conditions of high job insecurity gave an effect to decrease work engagement. Based on this condition, it is considered that employees significantly do not give benefits to the company. Despite being in uncertain regulation, downsizing is not expected to be the only solution. Therefore, the need for advanced empirical studies to explore the role of organizational climate and innovation culture may help the management to take the proactive steps.

1. Introduction

Organizational downsizing becomes the most frequent solution used by people [1]. It aims to make the organization to keep running the business and to maintain the sustainability of the organization's operations. Downsizing is implemented to help the organization in obtaining an effective organizational structure, and costs efficiency [2]. The downsizing has been conducted widely by decreasing the number of employees, and eliminating the position from the organizational structure. In fact, however, the implementation of downsizing causes a condition of job insecurity. The employees consider that there is an insecurity condition for themselves in job matters [3].

The research on job insecurity that was done toward the employees of an insurance company in China showed a relationship between the insecure condition and the decline in the employees' performances [4]. The relationship could be seen when the insecurity is high and the employees are at low performance, and it could not be seen at high-performance employees. Another finding from a research done toward the employees of IT company in China showed that job insecurity has a role as a mediator in a relationship between emotional intelligence and job satisfaction [5].

The downsizing implementation becomes effective if it is applied using a correct strategy for sorting the downsizing area. If this strategy is ignored, there will be some problems related to the employee's mental wellbeing. The result of a survey had ever been reported by Jakarta Islamic Hospital, one of the organizations that implement downsizing, that 64% of the employees felt satisfied with their performance. There were more than 2% of the voluntary turnover rate. This fact illustrates the symptom of low engagement in some employees. A research done toward the employees in Tokyo, Japan, explained the importance of work engagement i.e. it could increase the quality of life [6]. In Norway, a research done toward 260 adults on dissatisfaction and turnover had ever been conducted. The finding showed that there was an indirect influence of job insecurity toward the willingness to find another job mediated by the psychological wellbeing [7]. The problem of mental health condition and job insecurity could increase the employee's intention to leave from the company. There was an additional strength from mental condition i.e. job insecurity that had a strong relation to confusion and

role conflict. The previous researches has not mentioned yet about the research subjects' professions and the area of work. When the employment opportunity rate is high, the most frequent impact occurred is turnover. Meanwhile, low employment opportunity rate often cause confusion and role conflict [8] such as non-medical employees who choose to keep working at the hospital that implements downsizing policy. As a result, the motivation for being successful in career will be low and the employees with disengaged category will react by opposing the management policy consistently [9].

This research aimed to analyze the impacts of implementing downsizing to all categories of non-medical employees at the hospital. In addition, this research was aimed to obtain the profile of the employees who were susceptible to job insecurity, to be disengaged, and checking the subjective perceptions toward the job. It was also aimed to conduct an analysis of the unidirectional influence of job insecurity to work engagement, including a reciprocal interaction between job insecurity and work engagement. The research finding could be used by the company that implemented downsizing policy especially for anticipating the decline in non-medical employee's performance.

2. Research Method

This research involved 175 non-medical employees at *RS Islam Jakarta* by applying the instruments in form of job insecurity scale and work engagement scale, five interval data choices that were constructed to obtain the rate for both scales with the interval score of 1 to 5. The research instruments were tested on the accuracy using the Aiken's model, and internal consistency. The data of measurement results were then analyzed using two techniques i.e. simple linear regression and bivariate correlation analysis. Job insecurity, as an independent variable, could increase or decrease the level of work engagement. Bivariate correlation analysis was used in this research for testing the interaction between job insecurity and work engagement.

3. Result and Discussion

3.1 Instrument Validation

The research instruments were arranged through two stages; first, following the principle of content validity; and second, using internal consistency. The content of the statement was validated using rating analysis by Aiken's model involving five raters. The four raters are from industrial and organizational psychology, and another rater is the management expertise of the company. The result of the rating obtained the coefficient that fulfilled the minimum limit ($p > 0.75$). Therefore, the question items were considered appropriate to the indicators. The second validation was done by conducting the trial test toward question items. After the results by giving recommendations toward the question items that had been considered to represent the construct by the raters, the question items were given to 69 respondents who worked at a private hospital in Jakarta. The result of the experiment showed an ideal correlation coefficient (≥ 0.300) under a condition that it keeps maintaining the value of coefficient consistency.

3.2 Descriptive Analysis of Identity Profile

This research was successful to obtain the descriptive data in form of the employee's identity classification and the frequency of data quantification. There were two groups of research subject (group I and group II) and four points of identity that were described. The four points are employment status, marital status, age, and gender. The analysis of this research focused on married male employees at more than 40 years of age and they were contract employees. The analysis of this research has found an interesting issue for describing job insecurity and work engagement resulted from organizational downsizing implementation.

Table. 1. Comparison of Cumulative Mean Scores

Important Characteristics	Characteristics of Group I	JI	WE	Characteristics of Group II	JI	WE
---------------------------	----------------------------	----	----	-----------------------------	----	----

Gender	Man	84.98	118,42	Woman	83.72	121.43
Employment Status	Contract Employee	91.03	118.20	Permanent Employee	83.00	122.23
Marital Status	Married	88.16	118.42	Single	83.36	121.24
Age	≥40 y.o.	83.62	116.45	<40 y.o.	85.27	120.67
	Mean Score	86.79	117.87	Mean Score	83.84	121.39

The data collected from the research subjects with a certain employment status characteristic showed that the contract employee had a higher anxiety than the permanent employee had. The more interesting thing was when this characteristic was combined with the other four identities. The level of job insecurity and work engagement in the research subjects based on the characteristics was divided into two groups. Group I was a group of people that were the contract employees, at the age of more than 40 years, married, had a family and had a role as a head of household (male employees). The mean cumulative score for job insecurity was higher than group II (see table 2). This condition positioned all respondents in the groups to perceive them in job insecurity. On the other hand, the mean cumulative score for work engagement in the analysis of the research for the subject categorized as married male employees at more than 40 years of age and had a status as a contract employee was lower (group I) than the mean cumulative score for the subjects in group II.

3.3 The employees' perceptions toward downsizing implementation

When the management implemented the downsizing policy, it became a warning that threatened the employees (those with a profile relevant to the group I) in an institution. Generally, the subjects felt insecurity (emotional aspect) due to the management's policy such as implementing downsizing. It made the employees think about losing their job, losing their salaries and opportunities in developing their career, and think about the workload. The policy of implementing downsizing was a policy followed by the increase of the amount of workload as the impact of job-enrichment implementation.

Table 2. Subjective Perception Resulted from Downsizing Policy

Employees' Perception	The Intensity of Perception	Impacts	Work Behaviours
Threatened to be fired	Strong	Anxious	No enthusiasm
Losing job positions	Strong	Worried	No enthusiasm
Limited career opportunity	Fairly strong	Hesitant	Dissatisfied
Difficult to get pay rise	Fairly strong	Confused	Dissatisfied
Increased workload	Strong	Under pressure	Job exhaustion

From the data represented in Table 2, it can be seen that there are three types of behavior that indicate the decline in work engagement. Dissatisfaction is a symptom illustrating the employee's motivation being in weak condition [9]. The employees had no willingness to empower their potency fully, and it represented the employee's condition that was disengaged. To be exhausted easily was strongly related to job insecurity, and the male employees' exhaustion was higher than the female employees [10].

Daily duties were increased. It caused the focus and concentration in working to decline. The concentration was difficult to be directed correctly since job insecurity made the employee's thoughts become disorganized. Consequently, the process of working would be slow, there was no spirit at work, and the motivation was not aimed to achieve the best performance [4]. The employees were results-oriented and they did not consider the process as an important thing. Moreover, the

commitment started to decline. Some features of the job were lost. The employees accept a demotion; some of the financial features of their job were lost resulted from lower income than it should be. Reducing the number of non-medical employees is difficult to be done. It is very difficult because it happens along with the increased number of patients. Therefore, non-medical employees are affected by downsizing policy. Some job positions and some employees are eliminated for maintaining the efficient operating costs. The portion of employment is based on the pragmatism of costs efficiency. As a result, the number of non-medical employees is reduced and there are more responsibilities in working. The non-medical employees who are still working consider that their existences are in job insecurity [11].

3.4 *The negative role of job insecurity in influencing the work engagement*

The factor of insecurity in employees becomes more obvious. It comes from the employees' subjective perceptions resulted from structural downsizing implemented by the management. The more vivid impact was that job insecurity could decline work engagement. It was reinforced by the calculation result of the regression coefficient obtained from this research. The first result of the test showed that job insecurity affected work engagement significantly (the significance level was 0.004). Meanwhile, the second result of the test showed that job insecurity actively involved in declining the level of the employee's work engagement ($a = -0.29$). Both results gave an illustration on an antagonist role of job insecurity that the impact could weaken work engagement.

The antagonist role of job insecurity could be seen from the interaction between the two variables in this research. The result of the statistical test showed an interrelated interaction between job insecurity and work engagement with negative correlation coefficient value (-0.214). Job insecurity took a part as a variable that had a role in decreasing the level of the employee's work engagement [12]. Job insecurity became the main factor of job dissatisfaction, weakened motivation to be successful, and the employee's behavior in having the unwillingness to empower their potency fully when working, and weakened spirit at work [13]. The fact about the negative correlation was reinforced by the collected cumulative mean score by comparing group I and group II based on the four characteristics.

The cumulative score was calculated based on the classification of the subject's characteristics (Table.2). It showed the bidirectional relationship between job insecurity and work engagement. The insecurity felt by the subjects of group I was greater than the subjects of group II ($86.79 > 83.84$). Meanwhile, work engagement had a contrast result. The subjects of group I had a lower mean score than group II had ($117.87 < 121.39$). Thus, it is clear why the decision for implementing downsizing could decrease the employee's spirit at work. In this case, job insecurity becomes the determinant variable that causes the decline in work engagement.

4. Conclusion

Non-medical employees that have certain characteristics i.e. married male employees, more than 40 years of age, and work as contract employees are the employees who will be at risk in having insecurity resulted from downsizing policy implementation. Feeling anxious and worried about losing job and position are the real impacts felt by the employees. The employees with similar profile characteristics also carry out their job with less motivation and feel dissatisfied toward their job.

The empirical fact can be seen clearly. When downsizing policy is implemented in an organization, job insecurity in non-medical employees occurs. The employees consider downsizing policy can make their status as an employee to threaten. The employees become anxious, worry, hesitate, confused, and under-pressured. As consequence, the employee's feeling of engaged toward the organization declines. The motivation to work, job satisfaction, and the motivation in career success were declining. Job insecurity felt by the non-medical employees gave a negative impact. The employee's work engagement toward the organization was declining. In addition, job insecurity can weaken the employee's seriousness. Regular tasks and responsibilities are not based on the motivation

for achieving career success. As the employees feel insecure, their work engagement will be weakened until in a condition when the employees are disengaged with their job.

Work engagement has been proven as a variable that obtains a negative impact from job insecurity. Subjective perception from the employees who consider themselves losing their job every time can cause the performance to worsen if it is ignored in a long period. Nonetheless, it may not happen to other employees if the employee's adaptability is in good condition. The research needs to be directed at exploring the employee's adversity quotient when facing the work environment that threatens them to lose their job.

References

- [1] H. Sitlington and V. Marshall, "Do downsizing decisions affect organisational knowledge and performance?," *Manag. Decis.*, vol. 49, no. 1, pp. 116–129, 2011.
- [2] I. Ashman, "The face-to-face delivery of downsizing decisions in UK public sector organizations: The envoy role.," *Public Manag. Rev.*, vol. 17, no. 1, pp. 108–128, 2015.
- [3] R. J. Burke, E. S. W. Ng, and J. Wolpin, "Economic austerity and healthcare restructuring: correlates and consequences of nursing job insecurity," *Int. J. Hum. Resour. Manag.*, vol. 26, no. 5, pp. 640–656, 2015.
- [4] H. Wang, C. Lu, O. Siu, H. Wang, and C. Lu, "Job Insecurity and Job Performance: The Moderating Role of Organizational Justice and the Mediating Role of Work Engagement.," *J. Appl. Psychol.*, vol. 100, no. 4, pp. 1249–1258, 2014.
- [5] Z. Ouyang, J. Sang, P. Li, and J. Peng, "Organizational justice and job insecurity as mediators of the effect of emotional intelligence on job satisfaction: A study from China," *Pers. Individ. Dif.*, vol. 76, pp. 147–152, 2015.
- [6] A. Shimazu, W. B. Schaufeli, K. Kamiyama, and N. Kawakami, "Workaholism vs. Work Engagement: the Two Different Predictors of Future Well-being and Performance," *Int. J. Behav. Med.*, vol. 22, no. 1, pp. 18–23, 2015.
- [7] T. Emberland, J. S., & Rundmo, "Implications of job insecurity perceptions and job insecurity responses for psychological well-being, turnover intentions and reported risk behavior.," *Saf. Sci.*, vol. 48, no. 4, pp. 452–459, 2010.
- [8] S. Einarsen, A. Skogstad, E. Rørvik, Å. B. Lande, and M. B. Nielsen, "Climate for conflict management, exposure to workplace bullying and work engagement: a moderated mediation analysis," *Int. J. Hum. Resour. Manag.*, vol. 5192, no. September, pp. 1–22, 2016.
- [9] A. Raziq and R. Maulabakhsh, "Impact of Working Environment on Job Satisfaction," *Procedia Econ. Financ.*, vol. 23, no. October 2014, pp. 717–725, 2015.
- [10] M. Giunchi, F. Emanuel, M. J. Chambel, and C. Ghislieri, "Job insecurity, workload and job exhaustion in temporary agency workers (TAWs): Gender differences," *Career Dev. Int.*, vol. 21, no. 1, pp. 3–18, 2016.
- [11] I. O. Ugboro, "Influence of Managerial Trust on Survivors' Perceptions of Job Insecurity and Organizational Commitment in a Post Restructuring and Downsizing Environment," *J. Behav. Appl. Manag.*, vol. 4, no. 3, pp. 230–253, 2003.
- [12] S. De Spiegelaere, G. Van Gyes, H. De Witte, W. Niesen, and G. Van Hootegeem, "On the Relation of Job Insecurity, Job Autonomy, Innovative Work Behaviour and the Mediating Effect of Work Engagement," *Ssrn*, vol. 23, no. 3, pp. 318–330, 2014.
- [13] G. F. Bauer and O. Hämmig, "Bridging occupational, organizational and public health: A transdisciplinary approach," *Bridg. Occup. Organ. Public Heal. A Transdiscipl. Approach*, vol. 9789400756403, pp. 1–249, 2014.