

THE INFLUENCE OF PSYCHOLOGICAL CONTRACT AND JOB INSECURITY ON EMPLOYEE TURNOVER INTENTION

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Abstract

At PT. Selamat Lestari Mandiri (Selamat Motor Honda) in Sukabumi City, a phenomenon of increasing turnover occurred annually between 2020 and 2023. This study aimed to investigate the influence of psychological contract and job insecurity on employee turnover intention at PT. Selamat Lestari Mandiri (Selamat Motor Honda) in Sukabumi City. The independent variables examined were psychological contract and job insecurity, while turnover intention served as the dependent variable. An explanatory research design was employed, utilizing quantitative methods with descriptive and verificative statistical approaches. Data collection was conducted through structured questionnaires. The population consisted of 103 employees across four departments, and sample determination employed probability sampling with 82 respondents selected via proportionate stratified random sampling based on the Slovin formula. Data were analyzed using standardized multiple linear regression in SPSS 26. Descriptive results revealed high psychological contract fulfillment (mean = 4.08), low job insecurity (mean = 3.79), and low turnover intention (mean = 3.87). Multiple linear regression yielded the equation $Y = 13.875 - 0.073X_1 + 0.283X_2$. Hypothesis testing confirmed that psychological contract and job insecurity simultaneously and significantly affected turnover intention ($F = 12.950, p < 0.001; t = 5.121, p < 0.001$), with a coefficient of determination (R^2) of 24.7%. The study concludes that fostering a positive psychological contract and minimizing job insecurity are critical to mitigating turnover intention.

Keywords: job insecurity; psychological contract; turnover intention



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1. Introduction

The motorcycle industry in Indonesia has experienced rapid growth in recent years, driven by the public's demand for efficient, reliable, and accessible transportation. PT Astra Honda Motor (AHM), established on June 11, 1971 as PT Federal Motor, stands as a pioneer in manufacturing, assembling, and distributing Honda motorcycles across Indonesia, supported by a workforce exceeding 20,000 employees and an extensive sales and after-sales network comprising 29 main dealers and over 1,707 dealerships. Within this distribution network, PT Selamat Lestari Mandiri (Selamat Motor Honda) operates as the largest Honda autodealer showroom in Sukabumi City, facilitating crucial distribution functions including trading, transportation, storage, and risk management between producers and automotive consumers.

To sustain operational excellence and competitive advantage, organizations must manage human resources effectively (Bangun, 2021). Human resource management serves as a vital strategic process that aligns employee capability and motivation with organizational vision and

long-term performance objectives (Tannady, 2017; Yusuf & Maliki, 2020). Employees represent core strategic assets whose participation, commitment, and work motivation directly dictate organizational success (Ganyang, 2018). Ineffective human resource practices can exacerbate workplace dissatisfaction, ultimately triggering high employee turnover rates.

Turnover represents the phenomenon in which employees depart an organization and are subsequently replaced by new personnel. While natural compositional shifts occur over time, managers must closely monitor turnover rates to evaluate organizational stability and human resource management strategy efficacy. Table 1 outlines the four-year employee turnover trend at PT Selamat Lestari Mandiri (Selamat Motor Honda) Sukabumi City.

Table 1. Employee Turnover Data at PT Selamat Lestari Mandiri (2020–2023)

Years	Start-of-Year Employee	Employee Enter	Employee Leave	End-of-Year Employee	Turnover Rate (%)
2020	120	10	11	119	9.2%
2021	119	19	15	123	12.6%
2022	123	13	18	118	14.6%
2023	118	16	19	115	16.1%

Source: HR department report (2020–2023).

According to Gillies (as cited in Sandhy & Mashadi, 2019), a normal turnover rate ranges between 5% and 10%. The empirical data in Table 1 demonstrates a continuous escalation in turnover rate at PT Selamat Lestari Mandiri, rising from 9.2% in 2020 to 16.1% in 2023, thereby surpassing the healthy organizational threshold. Uncontrolled turnover incurs substantial recruitment, selection, and training costs, disrupting operational continuity (Putranti, 2022). Consequently, analyzing turnover intention—the cognitive antecedent to actual departure—is essential.

Turnover intention refers to the conscious intensity or psychological inclination of an employee to voluntary leave an organization (Chandra, 2022; Harnoto, 2022). Staffebach (2008) categorized key precursors to turnover intention into job satisfaction, organizational commitment, psychological contract, and job insecurity. Psychological contract represents the implicit, unwritten mutual expectations and obligations held between an employee and the employing organization (Kotter, as cited in Saefudin et al., 2019). Rousseau (as cited in Umar & Ringim, 2015) structured psychological contracts into relational, transactional, and balanced dimensions. Job insecurity, on the other hand, reflects a perceived threat to job continuity and powerlessness in counteracting environmental changes in the workplace (Hellgren & Sverke, as cited in Husna, 2019). Natura and Fitri (2023) conceptualized job insecurity through work meaning, threat of job loss, and powerlessness.

Preliminary pre-survey findings at PT Selamat Lestari Mandiri revealed an empirical anomaly: despite low job satisfaction and commitment, psychological contract fulfillment was perceived as high and job insecurity as low, contrasting standard theoretical predictions. Therefore, this study aimed to investigate the precise impact of psychological contract and job insecurity on turnover intention among employees of PT Selamat Lestari Mandiri (Selamat Motor Honda) in Sukabumi City.

2. Method

2.1. Research Design

This study utilized an explanatory research design with a quantitative approach. Explanatory research aims to test causal hypotheses and explain the relational dynamics among specific variables (Zulganef, 2018). Both descriptive statistical methods (to summarize facts and distributions) and verificative statistical methods (to evaluate hypothesis testing) were applied (Hikmawati, 2017; Indriantoro & Supomo, 2018; Sujarweni, 2024).

2.2. Participants / Data Source

The research population comprised all active employees of PT Selamat Lestari Mandiri (Selamat Motor Honda), Sukabumi City, totaling 103 individuals distributed across four functional departments: Administration (24), Workshop (20), Human Resources (8), and Sales (51). Probability sampling via proportionate stratified random sampling was conducted. Using Slovin's formula with a 5% margin of error ($e = 0.05$), a target sample size of $n = 82$ respondents was established. Stratified sampling yields resulted in 19 respondents from Administration, 16 from Workshop, 6 from HR, and 41 from Sales.

2.3. Instrument and Data Collection

A structured questionnaire served as the primary non-test measurement instrument (Djaali, 2020). Items were scored using a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree for positive statements, reversed for negative items; Fauzi et al., 2019). Instrument testing was performed on 82 respondents ($df = 80$, $r_{table} = 0.2172$). All statement items for psychological contract (X_1), job insecurity (X_2), and turnover intention (Y) yielded r_{count} values exceeding 0.2172, confirming construct validity. Reliability testing yielded Cronbach's alpha coefficients of 0.866 (X_1), 0.893 (X_2), and 0.881 (Y), all exceeding the 0.60 threshold, confirming internal consistency reliability.

2.4. Data Analysis

Data collected on an ordinal scale were converted into interval scale data using the Method of Successive Interval (MSI). Statistical computations were performed using SPSS 26. The classical assumption tests included Kolmogorov-Smirnov normality test, tolerance and VIF multicollinearity test, and scatterplot heteroscedasticity evaluation. Multiple linear regression analysis, overall model F-test, individual t-test, and coefficient of determination (R^2) were conducted to test hypothesized relationships.

3. Results and Discussion

3.1 Descriptive Statistics

Descriptive statistical scores were categorized according to five interval ranges (1.00–1.79; 1.80–2.59; 2.60–3.39; 3.40–4.19; 4.20–5.00), as detailed in Table 2.

Table 2. Descriptive Statistics of Research Variables

Variable	Average Score	Category / Interpretation
Psychological Contract (X_1)	4.08	Good (3.40 – 4.19)
Job Insecurity (X_2)	3.79	Low (3.40 – 4.19)
Turnover Intention (Y)	3.87	Low (3.40 – 4.19)

Source: Primary data processed by the authors (2024).

As presented in Table 2, psychological contract scored an average of 4.08 ("Good"), indicating that employees felt the organization fulfilled relational and transactional expectations. Job insecurity averaged 3.79 ("Low"), reflecting a secure and stable work environment. Turnover intention averaged 3.87 ("Low"), indicating that most employees did not actively consider or intend to quit their jobs.

3.2 Classical Assumption Tests

The Kolmogorov-Smirnov normality test yielded an Asymp. Sig. (2-tailed) value of 0.158 ($p > 0.05$), confirming normal residual distribution. Multicollinearity testing produced tolerance values of 0.938 (≥ 0.100) and VIF values of 1.066 (≤ 10.0), establishing the absence of multicollinearity. Scatterplot analysis showed randomly distributed points without distinct geometric patterns, confirming freedom from heteroscedasticity.

3.3 Multiple Linear Regression Analysis

Multiple linear regression analysis yielded the parameters presented in Table 3.

Table 3. Multiple Linear Regression Test Results

Model	Unstandardized Coefficients (B)	Std. Error	t	Sig.
(Constant)	13.875	3.051	4.548	0.000
Psychological Contract (X_1)	-0.073	0.075	-0.974	0.333
Job Insecurity (X_2)	0.283	0.062	4.596	0.000

Source: SPSS data processing results (2024).

The resulting multiple linear regression equation is expressed as:

$$Y = 13.875 - 0.073 X_1 + 0.283 X_2 + e$$

The constant value of 13.875 implies that if Psychological Contract and Job Insecurity are zero, baseline Turnover Intention is 13.875 units. The Psychological Contract coefficient of -0.073 indicates an inverse relationship, where a 1-unit increase in psychological contract fulfillment reduces turnover intention by 0.073. Conversely, the Job Insecurity coefficient of 0.283 indicates a positive relationship, where a 1-unit increase in job insecurity elevates turnover intention by 0.283 units.

3.4 Hypothesis Testing and Model Evaluation

Model feasibility was verified via ANOVA F-test (Table 4).

Table 4. ANOVA F-Test Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	198.385	2	99.193	12.950	0.000
Residual	605.090	79	7.659		
Total	803.476	81			

Source: SPSS data processing results (2024).

The calculated F-statistic (12.950) exceeded the F-table value (3.11 with $df = 79$, $\alpha = 0.05$) with a significance value of $p = 0.000 (< 0.05)$, confirming that the regression model is statistically feasible. Combined t-test analysis yielded $t_{count} = 5.121 > t_{table} = 1.990$, demonstrating that psychological contract and job insecurity significantly influence employee turnover intention.

The coefficient of determination (R^2) analysis yielded $R = 0.497$, $R^2 = 0.247$, and Adjusted $R^2 = 0.228$. This demonstrates that psychological contract and job insecurity explain 24.7% of the variance in employee turnover intention at PT Selamat Lestari Mandiri, while the remaining 75.3% is governed by unexamined external factors.

3.5 Discussion

The empirical findings indicate that maintaining a strong, positive psychological contract and minimizing job insecurity play crucial roles in stabilizing turnover intention among automotive retail dealership employees. When employees perceive that their organizational expectations regarding fairness, mutual respect, and transactional compliance are honored (Rousseau, as cited in Umar & Ringim, 2015), their propensity to seek alternative employment diminishes. Conversely, elevated job insecurity triggers acute cognitive anxiety regarding potential job loss or loss of workplace status, driving intent to search for alternative stability elsewhere (Staffelbach, 2008). These findings align with prior organizational research emphasizing psychological stability and contract fulfillment as vital determinants of employee retention (Anggriani & Hambari, 2018; Husna, 2019).

4. Conclusion

Based on empirical data analysis conducted at PT Selamat Lestari Mandiri (Selamat Motor Honda) Sukabumi City, this study concludes that employee psychological contract is rated in the good category, job insecurity is low, and turnover intention is low. Psychological contract and job insecurity exert a statistically significant combined influence on employee turnover intention, accounting for 24.7% of its variance. Practically, management should foster transparent conflict management channels, provide consistent formal appreciation and financial incentives for high performers, and cultivate a positive work atmosphere to preserve low turnover rates. Future research should expand the structural framework by incorporating additional organizational variables such as leadership style, organizational climate, and compensation satisfaction across larger, multi-branch samples.

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