

The Influence of Job Insecurity and Career Development on Employee Loyalty at Informa PTC Palembang

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ABSTRACT

This study aims to analyze the influence of job insecurity and career development on employee loyalty at Informa PTC Palembang. The research employs a quantitative approach with a saturated sampling technique, where all 95 employees in the population were included as respondents. Data were collected through questionnaires and analyzed using statistical tests, including partial test (t-test), simultaneous test (F-test), and coefficient of determination (R^2). The results indicate that job insecurity and career development significantly influence employee loyalty both partially and simultaneously. The coefficient of determination shows that 27.9% of the variation in employee loyalty is explained by these variables, while the remaining 72.1% is influenced by other factors outside the research model. The findings suggest that the company should focus on managing job insecurity and strengthening career development programs to enhance employee loyalty.

Keywords: Job Insecurity, Career Development, Employee Loyalty.



INTRODUCTION

Human Resource Management (HRM) is a strategic element in ensuring the sustainability and competitiveness of an organization. According to Mathis & Jackson, HRM involves the design of formal systems within an organization to ensure the effective and efficient utilization of human resources. One of the main objectives of HRM is to create a productive, competent, and loyal workforce. Employee loyalty can be fostered through management processes such as recruitment, training, career development, and the creation of a supportive work environment (Mathis & Jackson, 2020).

In this context, two important variables that influence employee loyalty are job insecurity and career development. Greenhalgh & Rosenblatt define job insecurity as an individual's perception of the likelihood of losing their job in the future, which can negatively affect psychological well-being, motivation, and employee engagement (Greenhalgh & Rosenblatt, 2020). On the other hand, effective career development can provide employees with clarity and long-term prospects within the organization. Career development not only enhances employee skills but also serves as a strategic tool to increase loyalty and retention (Mulyadi & Sukarman, 2021).

The object of this study is INFORMA PTC Palembang, a branch of the INFORMA furniture retail chain under the Kawan Lama Group. This branch operates in a highly dynamic retail environment, characterized by intense market competition and constantly increasing customer expectations. INFORMA is known for its modern furniture products and one-stop shopping service concept, while continuously innovating its digital services.

However, in practice, job insecurity has emerged among employees at INFORMA PTC Palembang. Interviews with employees and HR representatives revealed concerns about job continuity, triggered by organizational restructuring, market pressures, and role rotations that occur without clear communication from management. Several employees also expressed dissatisfaction with the lack of transparency and open communication regarding employment policies and the company's business development direction. These conditions have led to uncertainty, decreased motivation, and weakened employee commitment to the company.

In addition, career development opportunities at INFORMA PTC Palembang are perceived as unevenly distributed. Training and promotion opportunities are believed to be limited to certain positions, while operational-level employees feel stagnant and lack a clear career path. This situation has led to reduced work enthusiasm, feelings of unfairness, and an increased intention to seek employment elsewhere. Internal data also indicate a rising turnover rate in recent years, which reflects a decline in employee loyalty.

Previous studies have yielded mixed results. Niha et al. found that career development has a positive impact on employee loyalty (Niha et al., 2022), while Rosita concluded that job insecurity

significantly reduces loyalty (Rosita, 2022). However, Prayitno and Nugroho found that career development does not always enhance loyalty and may even reduce it if implemented unequally. These findings highlight a research gap that needs further exploration, especially in the context of modern retail industries such as INFORMA PTC Palembang (Prayitno, 2020; Nugroho, 2022).

Therefore, this study aims to examine the influence of job insecurity and career development on employee loyalty at INFORMA PTC Palembang. The findings are expected to provide strategic recommendations for the company in creating a more stable, equitable, and supportive work environment to enhance employee loyalty and retention.

LITERATURE REVIEW

Job Insecurity

Job insecurity is an employee's subjective perception regarding the threat of losing their job, either partially or entirely, due to internal or external organizational factors. According to Greenhalgh and Rosenblatt, job insecurity refers to the sense of uncertainty experienced by employees concerning the continuity and stability of their employment (Greenhalgh & Rosenblatt 2020). Indicators of Job Insecurity:

1. Uncertainty about job status
2. Fear of job termination
3. Lack of communication from management about company direction
4. Ambiguity in roles and responsibilities
5. Organizational changes that are not well communicated

Career Development

Career development is the organizational process of enhancing employees' competencies, potential, and opportunities to progress within their career paths. According to Mulyadi and Sukarman, career development is a strategic effort to boost employee motivation, productivity, and loyalty through training, mentoring, and clearly defined promotion opportunities (Mulyadi & Sukarman, 2021). Indicators of Career Development:

1. Availability of training and skill development programs
2. Opportunities for promotion
3. Managerial support for career growth
4. Clarity of career paths within the organization
5. Transparent and fair performance evaluation

Employee Loyalty

Employee loyalty is a strong commitment of an individual to remain with the organization and contribute to the achievement of its goals. According to Mathis and Jackson, employee loyalty arises from job satisfaction, recognition, and a harmonious working relationship within the organization (Mathis & Jackson, 2020). Indicators of Employee Loyalty:

1. Willingness to remain in the organization long-term
2. Sense of belonging to the organization
3. Willingness to contribute beyond formal responsibilities
4. Compliance with company values and policies
5. Active participation in organizational activities

RESEARCH METHODS

This study employs a quantitative approach aimed at testing and analyzing the relationships between the predetermined variables. The research method is systematically structured, starting from the design of the research framework, identification of variables, sampling procedures, data collection techniques, to the data analysis methods used. Through this approach, the study is expected to provide empirical insights into the influence of the independent variables on the dependent variable among employees at INFORMA PTC Palembang.

Research Design

This study has several limitations. First, the research scope is limited to employees working at INFORMA PTC Palembang, so the findings cannot be generalized to other companies. Second, the data relies entirely on respondents' answers to the questionnaire, making it subjective and potentially influenced by individual perceptions. Third, the research was conducted during a single period, which does not reflect long-term dynamics.

Research Limits

This study has several limitations. First, the research scope is limited to employees working at INFORMA PTC Palembang, so the findings cannot be generalized to other companies. Second, the data relies entirely on respondents' answers to the questionnaire, making it subjective and potentially influenced by individual perceptions. Third, the research was conducted during a single period, which does not reflect long-term dynamics.

Variable Identification

This study involves two independent variables and one dependent variable. The first independent variable (X_1) is job insecurity, which refers to employees' perceptions of the stability and continuity of their employment. The second independent variable (X_2) is career development, which encompasses the opportunities and support provided by the organization to help employees grow professionally. The dependent variable (Y) in this study is employee loyalty, which reflects the employees' commitment and willingness to remain with the organization over time.

Participants and Setting

The population in this study includes all employees of INFORMA PTC Palembang, totaling 95 individuals. Since the population size is relatively small, the sampling technique used is the saturated sampling method, meaning the entire population was used as the sample. Therefore, the sample size is 95 respondents. The study was conducted at INFORMA PTC Palembang from May to June 2023. Prior to data collection, the researcher approached the company's management to obtain permission and explain the purpose of the study to the respondents.

Measurement

Data Collection

Data were collected by distributing questionnaires directly to the respondents. The questionnaires were developed based on indicators of each variable and used a five-point Likert scale, ranging from "Strongly Disagree" to "Strongly Agree." In addition to the questionnaire, interviews and documentation were also conducted to provide a general overview of the company's condition.

Data Analysis

The data analysis technique used in this study involved several steps. First, validity and reliability tests were conducted to ensure the research instrument was trustworthy. Then, classical assumption tests including normality, multicollinearity, and heteroscedasticity tests were carried out to meet the requirements for multiple linear regression analysis. Following this, multiple linear regression analysis was performed to examine the influence of each independent variable on the dependent variable. The t-test was used to assess partial effects, the F-test for simultaneous effects, and the coefficient of determination (R^2) to measure how well the independent variables explain the dependent variable.

RESULTS

Hypothesis Testing

Partial Test (T-Test)

The t-test is used to examine the individual partial regression coefficients to determine whether the independent variables (X), namely Job Insecurity and Career Development, individually affect the dependent variable (Y), which is Employee Loyalty. Before concluding whether the hypothesis is accepted or rejected, we first determine the t-table value at a significance level of 0.05 with degrees of freedom ($df = n - k - 1 = 95 - 3 - 1 = 94$). This gives us a t-table value of 1.666.

Table 1. Result of Partial Test

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	18.664	10.996		1.697	.096
Job Insecurity	.076	.237	.045	.321	.749
Career Development	.495	.172	.404	2.879	.006

Source: Primary Data Process by SPSS v.26, 2024

The t-test results presented in the table above show the examination of each independent variable, Job Insecurity and Career Development, in relation to the dependent variable, Employee Loyalty:

1. Job Insecurity has a t-value of 0.321 with a significance level of 0.749. Since the significance value (0.749) is greater than the significance level of 0.05, Job Insecurity does not have a significant effect on Employee Loyalty. With the t-value being smaller than the t-table value ($0.321 < 1.666$), it can be concluded that the hypothesis stating Job Insecurity affects Employee Loyalty is rejected.
2. Career Development has a t-value of 2.879 with a significance level of 0.006. This significance value is smaller than 0.05, meaning Career Development significantly affects Employee Loyalty. With the t-value being greater than the t-table value ($2.879 > 1.666$), it can be concluded that Career Development significantly affects Employee Loyalty.

Simultaneous Test (F-Test)

The F-test is used to examine the significance of the equation and determine how much the independent variables (X_1 and X_2) collectively affect the dependent variable (Y). Before concluding whether the hypothesis is accepted or rejected, we first determine the F-table value using the formula for degrees of freedom ($df = n - k - 1$), where n is the sample size, k is the number of variables, and 1 is a constant. Therefore, $df = 95 - 3 - 1 = 94$, giving an F-table value of 2.70.

Table 2. Result of Simultaneous Test

ANOVA ^a						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	309.220	2	154.610	5.355	.008 ^b
	Residual	1414.703	49	28.871		
	Total	1723.923	51			

Source: Primary Data Process by SPSS v.26, 2024

Based on the regression analysis, it can be concluded that the independent variables have a significant effect on the dependent variable when considered together (simultaneously). This is evidenced by the F-value of 5.355, which is greater than the F-table value of 2.70, with a significance value (Sig) of 0.008b. Since the significance value (Sig) is less than 0.05 (5%), it can be stated that the independent variables, Job Insecurity and Career Development, collectively have a significant effect on Employee Loyalty.

Correlation Coefficient and Determination Test

The correlation coefficient (R) analysis is used to determine the strength of the relationship between job insecurity and career development on employee loyalty. The coefficient of determination (R^2) test aims to measure the percentage (%) of the independent variables' contribution and influence on the dependent variable.

Table 3. Result of Correlation Coefficient and Determination Test

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.528 ^a	.279	.263	2.694

Source: Primary Data Process by SPSS v.26, 2024

The results of the correlation and determination coefficient tests in the Model Summary show several important values that can be explained as follows. A correlation coefficient of 0.528 suggests a moderate relationship between the independent variables (Job Insecurity and Career Development) and the dependent variable (Employee Loyalty). This indicates that 52.8% of the relationship is accounted for. Generally, the larger the R value, the stronger the relationship between the two variables. In this case, the relationship is considered moderate.

The R^2 value of 0.279 indicates that 27.9% of the variation in the dependent variable (Employee Loyalty) is explained by the independent variables (Job Insecurity and Career Development). This also means that approximately 72.1% of the variation in employee loyalty is influenced by other factors that are not included in the model.

DISCUSSION

The Effect of Job Insecurity on Employee Loyalty

Based on the results of the tests conducted, it was found that Job Insecurity has a t-value of 0.321 with a significance value of 0.749. Since the significance value (0.749) is greater than the significance level of 0.05, Job Insecurity does not have an effect on Employee Loyalty. With a t-value less than the t-table value ($0.321 < 1.666$), it can be concluded that the hypothesis stating that Job Insecurity affects Employee Loyalty is rejected.

This result aligns with the theory that job uncertainty can negatively impact an employee's emotional attachment to the company. Employees who feel insecure about their job future tend to experience stress, lose motivation, and reduce their sense of belonging to the organization. In the long term, this may lead to increased intentions to leave the company or decreased employee performance. Therefore, companies should implement strategies to reduce job insecurity, such as providing job guarantees, clarifying career paths, and improving communication between management and employees to create a more stable work environment and foster employee loyalty.

This finding is supported by research conducted by Herliana & Sumantoro (2024) and Nofriyandri et al. (2024), which stated that job insecurity does not have an effect on employee loyalty.

The Effect of Career Development on Employee Loyalty

Based on the results of the tests conducted, it was found that Career Development has a t-value of 3.539 with a significance value of 0.001. This significance value is smaller than 0.05, meaning Career Development has a significant effect on Employee Loyalty. With a t-value greater than the t-table value ($3.539 > 1.666$), it can be concluded that Career Development significantly affects Employee Loyalty.

This relationship can also be explained through Social Exchange Theory, where employees who receive career development opportunities perceive that the company is investing in their future. As a form of reciprocity, they will show higher loyalty to the organization. Conversely, if career development opportunities are limited, employees may feel undervalued and seek opportunities elsewhere. Therefore, companies aiming to increase employee loyalty need to provide clear career paths, adequate training, and transparent promotion opportunities.

This finding is supported by research conducted by Lestari et al. (2023), which stated that Career Development positively and significantly affects employee loyalty, as well as research by Febrian et al. (2020), which found that Career Development also has a significant partial effect on Employee Loyalty.

The Effect of Job Insecurity and Career Development on Employee Loyalty

Based on the tests conducted, it was found that the F-value is $17.780 > F$ -table value of 2.70, with a significance value (Sig) of 0.000b. Since the significance value (Sig) < 0.05 (5%), it can be concluded that the variables of job insecurity and career development simultaneously have a significant effect on

employee loyalty. The correlation coefficient of 0.528 indicates a moderate relationship between the independent variables (Job Insecurity and Career Development) and the dependent variable (Employee Loyalty), with 52.8% of the relationship being explained. The R^2 value of 0.279 means that 27.9% of the variation in the dependent variable (Employee Loyalty) can be explained by the independent variables (Job Insecurity and Career Development). This implies that approximately 72.1% of the variation in employee loyalty is influenced by other factors not included in the model.

This finding can be explained through Social Exchange Theory, which states that the relationship between individuals and organizations is based on the principle of reciprocity. When the company provides job security and career development opportunities, employees feel valued and are likely to reciprocate with higher loyalty. Conversely, if employees feel insecure in their jobs and do not see opportunities for development, they are more likely to reduce their commitment to the company. Therefore, companies need to balance job security and career development factors to build mutually beneficial work relationships and enhance employee loyalty.

This finding is supported by research conducted by Niha et al. (2022), which showed that career development has a positive and crucial impact on employee loyalty. This is consistent with the study by Iga Rosita (2022), which found that job insecurity has a significant effect on employee loyalty. Another study by Sumantoro & Herliana (2024) also stated that job security, although positively affecting loyalty, shows that a decrease in this variable negatively affects employee loyalty.

CONCLUSION

This study aimed to examine the influence of job insecurity and career development on employee loyalty at INFORMA PTC Palembang. The results indicate that job insecurity does not have a significant effect on employee loyalty, meaning that uncertainty regarding job stability does not substantially impact employees' commitment to the company. In contrast, career development was found to have a significant and positive influence on employee loyalty, suggesting that opportunities for growth and advancement play an important role in fostering employees' dedication. Furthermore, job insecurity and career development together were shown to significantly affect employee loyalty, with a moderate level of correlation. However, the findings also reveal that a considerable portion of employee loyalty is influenced by other factors not covered in this study, highlighting the need for further exploration.

SUGGESION

Based on the research findings, INFORMA PTC Palembang is advised to reduce job insecurity by providing clear communication about job stability and career prospects, while also strengthening career development through relevant training programs. These efforts can help increase employee loyalty. For

future research, it is recommended to explore additional factors such as organizational culture or job satisfaction, and to apply broader or qualitative methods for a deeper understanding of employee loyalty.

CREDIT AUTHORSHIP CONTRIBUTION STATEMENT

Muhammad Welly contributed to the conceptualization, data collection, analysis, and writing of the manuscript as part of his undergraduate research. Roswaty, as the first supervisor, provided guidance in the formulation of research design, methodology, and critical revisions. Endah Dewi Purnamasari, as the second supervisor, contributed to the refinement of analysis and provided suggestions for improving the structure and clarity of the manuscript.

DECLARATION OF COMPETING INTEREST

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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DATA AVAILABILITY

The data that support the findings of this study are available from the corresponding author upon reasonable request.

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ETHICAL APPROVAL

No patient-identifying parts in this paper were used or known to the authors. Therefore, no ethical approval was requested.

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