



From Stress to Performance: Examining the Impact of Job Insecurity, Job Stress, Work Engagement, and Motivation on Employees of XYZ Bank

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Abstract

Background: The banking industry faces technological and economic pressures that affect employee performance. Job insecurity and job stress tend to reduce performance, while work engagement and motivation enhance it, making these factors important for effective HR strategies.

Objectives: This study aims to examine the effects of job insecurity, job stress, work engagement, and motivation on the employee performance of XYZ Bank employees.

Methods: The study was conducted using a quantitative approach with 127 XYZ Bank employees comprising the entire target population. Hypothesis testing was carried out using PLS-SEM analysis with SmartPLS software.

Results: The results showed that job insecurity and job stress had a negative effect on employee performance, while work engagement and motivation had a positive effect on employee performance.

Conclusion: The managerial implications of this study indicate that companies need to be transparent with employees about organizational conditions so that employees can understand and anticipate when the company will implement efficiency measures, thereby preventing feelings of job insecurity in the workplace.

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INTRODUCTION

The banking industry plays a vital role in the Indonesian economy because it serves as a link between savers and borrowers and plays a major role in disbursing credit that drives economic growth. Through financial intermediation mechanisms, banks not only facilitate the flow of funds, but also provide essential means of payment and investment for economic actors, ranging from small businesses to large corporations. In addition, digitalization in the banking sector has opened up wider access for the public to financial services, expanded financial inclusion, and boosted operational efficiency in managing transactions and providing innovative banking products.

The current banking condition in Indonesia shows a significant improvement trend. By mid-2025, the banking sector had successfully overcome several challenges, especially those related to liquidity and the high cost of funds, as reflected in projected credit growth expected to

reach 11–13% in 2025, compared to the period in 2024. Digital transformation is also a key driver in strengthening banks' interaction and operational efficiency, while macroprudential policies and open banking initiatives support the stability and sustainability of the national financial system. The improvement in this condition is also supported by the government's strategic measures that have succeeded in stabilizing the flow of funds in the banking system.

Indonesia's banking sector is navigating an era of simultaneous disruption and competitive pressure. The rapid shift toward digital financial services expressed through mobile banking penetration, open banking frameworks, and fintech competition is changing what marketing division employees do in traditional banks. This creates a paradoxical situation for marketing staff, who are strategic in their roles of credit disbursement and client acquisition, as transactional services migrate to digital platforms. Credit growth is expected to be 11–13% in 2025 nationally, but the restructuring of bank operations through digitalization continues to generate persistent fears about job continuity among individual marketing employees a point that places such insecurity more centrally in the psyche of the sector.

Since Bank XYZ's marketing group is responsible for direct credit offering and new client acquisition across its 34 branch locations, the pressure on performance in this digital shift multiplies. Bank XYZ lagged the national banking average of +6.49% in credit growth, with its disproportionate and negative -5.08% average over the period from 2020 to 2023. Contextualizing this chronic deficit of performance, only 14.9% (19 out of 127) marketing employees met their credit targets, a once-defensible disparity that becomes indefensible without a price advantage when considering XYZ's loan interest rate levels (6.75% corporate; 8.75% retail; consumer at over 8%), all of which are market-competitive. Instead, the evidence points to psychological and motivational constraints within the marketing workforce as the factor that limits individual performance.

The Job Demands–Resources (JD-R) Theory Bakker & Demerouti (2007) holds that outcomes generated in the workplace are determined by the relationship between job demands (stressors that draw on psychological resources) and job resources (enablers that build motivation and engagement). While the demand side of banking marketing roles comprises target pressure, digitalization uncertainty, and restructuring threats, the resource side consists of engagement, motivation, and organizational support. In support of this, the Conservation of Resources (COR) Theory Hobfoll (1989) predicts that employees threatened by potential resource loss such as job security and work status, or concern about their psychological well-being tend to conserve their remaining resources by withdrawing effort. In the Bank XYZ context, employees facing job insecurity may be conserving mental and motivational resources, unwilling to invest extra-role effort in credit acquisition activities whose payoff is uncertain. Together, JD-R and COR provide the theoretical foundation for the integrated model tested in this study.

One of the banks currently active in Indonesia, namely Bank XYZ (Hongkong and Shanghai Banking Corporation), is one that has been operating for quite a long time since 1865 with Bank XYZ having operated in Indonesia since 1884. Data obtained from PT Bank XYZ Indonesia's annual report shows that in the 2020–2023 period, Bank XYZ's credit growth rate has always been below the credit growth of the national banking industry, where on average Bank XYZ was only able to obtain credit growth of -5.08% while nationally, credit growth managed to reach 6.49%.

XYZ's inability to achieve the set target shows that the company's performance is experiencing a downward trend that, if not overcome, can cause a decline in company revenue. As it is well known, banking credit is the main source of banking revenue. This is greatly influenced by the performance of Bank XYZ's marketing division, where the marketing division of banking oversees directly offering credit to customers.

Bank XYZ currently operates in 18 cities in Indonesia through 34 branches, of which 13 branches operate in Jakarta and Tangerang. From interviews conducted with XYZ, it was found that out of a total of 127 employees in the marketing division, only about 19 employees are able to achieve the credit target set by the company, which means that only 14.9% of the total employees in the marketing division can contribute bank credit to XYZ. In fact, when viewed from the base lending rate, XYZ provides interest rates of 6.75% for corporate loans, 8.75% for retail loans, and 8% for consumer loans. When compared to one of the largest banks in Indonesia, namely Bank Rakyat Indonesia (BRI), the interest rate on corporate loans is 8%, retail loans are

8.25%, and consumer loans are 7.25% (KPR) and 8.75% (Non-KPR). This shows that based on the interest rate, the rate given by XYZ can be said to be quite competitive. Jakarta and Tangerang branches were selected as the research focus for three methodologically grounded reasons. First, these 13 branches have the highest credit disbursement targets in Bank XYZ's national network, leading to performance pressure and its psychological effects being sharpest in this cohort. Second, because Jakarta and Tangerang are the hotbed market for perceived fintech and digital banking competition, marketing staff can feel the direct threat of role displacement by automation. Third, a geographically contiguous cluster minimizes confounding variations in regional market conditions to the extent that individual psychological factors emerge as cleaner determinants of performance.

When viewed from the products offered, the credit interest rate provided by XYZ is quite competitive, so that employees in the marketing division should be more active in offering credit to consumers both corporate, retail, and consumer clients. Therefore, this study will focus on examining what factors can affect employee performance at Bank XYZ in Jakarta. Employee performance is a measure of an individual's effectiveness and efficiency in carrying out tasks that are aligned with the organization's goals. This definition includes quantitative aspects such as productivity and target achievement, as well as qualitative aspects such as creativity, initiative, and work behavior that support collaboration (Hediningrum, 2023; Rifki et al., 2024). The focus on employee performance rather than brand awareness, administrative requirements, or pricing strategy is deliberately chosen because these latter factors have been relatively controlled or equalized across Bank XYZ's branch network. With competitive loan pricing and standardized administrative processes, cross-branch performance variation is most plausibly attributable to individual-level psychological characteristics. In this context, employee performance is operationalized as the habitual attainment of quantitative credit targets and the quality of client acquisition behaviors, with these outcomes being directly measurable, strategically material, and empirically connectable to the psychological variables studied here.

Many elements can influence the performance of employees. Earlier work conducted by Shin & Hur (2021) indicated that job insecurity had a negative impact on employee performance at work. Gerungan (2022) further defines job insecurity as uncertainty and lack of control over the future of work from an employee's perspective. In today's banking industry, job insecurity is prevalent because digitalization has made various transactions no longer carried out at bank teller windows but able to be done on smartphones, causing banks to often lay off employees and resulting in increased job insecurity among employees. However, existing findings present several inconsistencies that justify a new integrated study. First, while most research confirms job insecurity's negative effect on performance (De Angelis et al., 2021; Shin & Hur, 2021), its indirect pathways through stress, engagement, and motivation have rarely been modeled simultaneously in a single structural framework. Second, the effect of motivation on performance in high-stress banking environments shows mixed results: some studies find positive effects (Kayar & Yeşilada, 2024), while others suggest that insecurity-induced anxiety neutralizes motivation's performance benefits (Fersi Tase & Unggul Kustiawan, 2023). Third, no prior study has examined all four variables—job insecurity, job stress, work engagement, and motivation simultaneously in a full-population census design within Indonesia's private banking marketing context. This study addresses these gaps by providing an integrated, census-based SEM-PLS analysis that captures the complete psychological burden profile of Bank XYZ marketing employees.

In addition to job insecurity, job stress can also cause low employee performance. Work stress arises when there is a gap between an individual's ability to meet the demands of work and their environment (Moi & Mujanah, 2024). Research conducted by Paramita & Suwandana (2022) and Byun et al. (2023) shows that job stress has a negative effect on employee performance. In addition to job stress, motivation can also affect employee performance. Motivation is a condition or situation that moves, stimulates, or drives a person to carry out a job task entrusted to them so that they can achieve organizational goals (Ratnaningrum et al., 2023). Research conducted by Shin & Hur (2021) and Kayar & Yeşilada (2024) shows that motivation has a positive effect on employee performance.

Shin & Hur (2021) in their research showed that employee engagement has a positive effect on employee performance. With increased work engagement, employees' emotional,

cognitive, and behavioral dimensions will improve, which will also lead to improved employee performance (Yao et al., 2022). Research conducted by Lee & Jo (2023) and Moreira et al. (2022) shows that work engagement has a positive effect on employee performance. Thus, this study aims to examine the influence of job insecurity, job stress, work engagement, and motivation on employee performance among employees working at Bank XYZ Jakarta and Tangerang branches.

Employee Performance

Work performance is a stage of realization that occurs as a result of individual work. Three key elements influence work performance in an organization: organizational support; managerial capacity or productivity; and the work of each individual working in the organization (Qalati et al., 2022). This definition includes quantitative aspects such as productivity and target achievement, as well as qualitative aspects such as creativity, initiative, and work behavior that support collaboration (Hediningrum, 2023; Rifki et al., 2024). Employee performance is one of the crucial aspects of human resource management that reflects the effectiveness and efficiency of individuals in carrying out tasks and achieving organizational targets (Vuong et al., 2023). Theoretically, employee performance is not only measured from quantitative outputs but also includes the quality of work processes, such as behavior, creativity, and innovation. Optimal performance is the main indicator of organizational success because productive and highly motivated employees are able to support the company's growth and continuity (Khasawneh & Elrehail, 2022).

Job Insecurity

Job insecurity is a situation where workers feel unsafe while performing their duties and can cause tension in the workplace (Moi & Mujanah, 2024). Previous research has shown that job insecurity has a negative effect on employee performance (De Angelis et al., 2021; Shin & Hur, 2021). Job uncertainty can have a serious impact on employee performance by causing anxiety that damages emotional well-being and work motivation. The fear of termination often causes high stress, making it difficult for employees to maintain concentration and productivity in carrying out tasks (Kayar & Yeşilada, 2024). Therefore, job insecurity can affect employee performance.

The fear of the possibility of sudden termination of employment keeps the mind constantly filled with worries, thus lowering concentration and productivity (Shin & Hur, 2021). Previous research has shown that job insecurity has a positive effect on job stress (An et al., 2023). The fear of losing their jobs also discourages employees from innovating and actively participating in the team, thus reducing the initiative and morale that are part of work engagement (Alshaabani et al., 2022). Research conducted by Shin & Hur (2021) shows that job insecurity has a negative effect on work engagement. Jung et al. (2021) and Sun et al. (2022) in their research stated that job insecurity has a negative effect on work engagement.

Job uncertainty directly and negatively impacts employee motivation by generating feelings of anxiety and uncertainty that paralyze morale (Shin & Hur, 2021). Research conducted by Ma et al. (2023) also shows that job insecurity has a negative effect on motivation. The fear of losing their job makes individuals reluctant to take risks or develop the necessary initiatives to achieve innovation and improvement in daily tasks, thus reducing enthusiasm in doing their work (Fersi Tase & Unggul Kustiawan, 2023).

H1: Job insecurity has a negative effect on employee performance

H2: Job insecurity has a positive effect on job stress

H3: Job insecurity has a negative effect on work engagement

H4: Job insecurity has a negative effect on motivation

Job Stress

Work stress is a serious condition in which employees experience emotional and physical stress due to excessive work demands (Junaidi et al., 2020). This pressure interferes with concentration, decision-making ability, and creativity, which directly impacts a decrease in work quality and productivity. Research conducted by Kim & Yeo (2024) shows that job stress has a negative effect on employee performance. Research by Paramita & Suwandana (2022) and Byun

et al. (2023) also shows that job stress adversely impacts employee performance. Employees under stress suffer from fatigue, sleep disruption, and a lack of motivation that makes it difficult to perform tasks effectively.

H5: Job stress has a negative effect on employee performance

Work Engagement

Mazzetti & Schaufeli (2022) define work engagement as a positive, fulfilling, and work-related psychological state derived from three interrelated dimensions: vigor, dedication, and absorption. Highly engaged employees are those who display commitment, passion, and a strong intention to accomplish corporate objectives (Kurniawati & Raharja, 2023). A high level of work engagement significantly improves employee work performance, as work engagement reflects how enthusiastic and dedicated employees are in completing tasks, making them more focused, creative, and innovative (Gede & Huluka, 2024). Research conducted by Khusanova et al. (2021) shows that work engagement has a positive effect on employee performance. Research conducted by Lee & Jo (2023) and Moreira et al. (2022) shows that work engagement has a positive effect on employee performance. Employees who are emotionally, cognitively, and physically engaged tend to have a strong intrinsic motivation to achieve the best results, which increases productivity and boosts organizational success.

H6: Work engagement has a positive effect on employee performance

Motivation

Motivation is a condition or situation that moves, stimulates, or drives a person to carry out a job task entrusted to them so that they can achieve organizational goals (Ratnaningrum et al., 2023). Motivation can be preserved and improved with better environmental conditions and management policies (Hendro Rumpoko et al., 2022). Motivation is the basis of successful work performance, generating high spirit, initiative, and focus in efforts to achieve organizational goals (Siregar et al., 2022). Motivated employees are generally more proactive, creative, and hardworking in performing their day-to-day work tasks. A well-motivated employee tends to break through barriers and take measurable risks going beyond the usual way of doing things, even during a crisis. Research conducted by Shin & Hur (2021) and Kayar & Yeşilada (2024) shows that motivation has a positive effect on employee performance.

H7: Motivation has a positive effect on employee performance

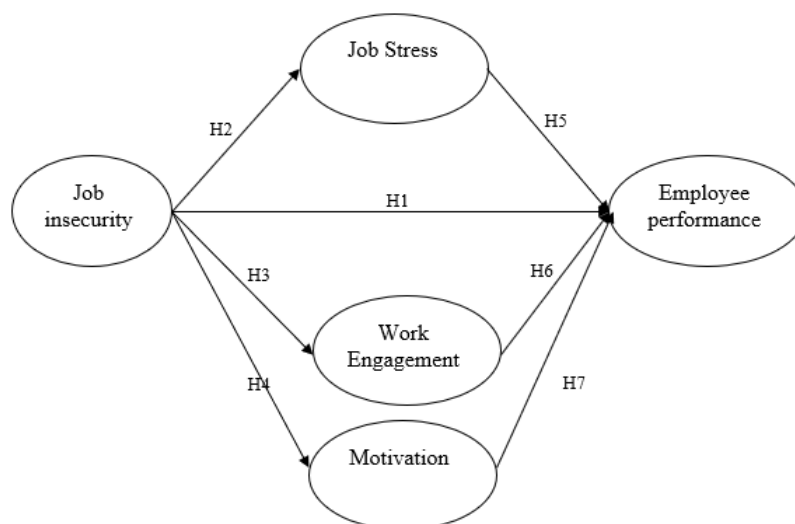


Figure 1. Research Model

METHOD

The quantitative causal research design is used in this study to analyze the relationships between job insecurity, job stress, work engagement, motivation, and employee performance of marketing division employees of Bank XYZ in Jakarta and Tangerang. The study population (n = 127) consists of all marketing employees from each of the 13 branches surveyed using the Census (Saturation) Sampling method, which uses the entire population as the sample and is appropriate

when the population is small enough to be fully and accurately surveyed. A 100% response rate was attained by distributing questionnaires directly to all 127 employees in [Month–Month, Year]. For each questionnaire, informed consent was obtained indicating voluntary participation with no identifying data recorded. All variables were measured using a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Job insecurity was measured by 8 indicators adapted from Jung et al. (2021); work engagement by 6 indicators from Jung et al. (2021); job stress by 5 indicators; employee performance by 5 indicators from Khassawneh & Elrehail (2022); and motivation by 6 indicators from Manzoor et al. (2019). Instruments were adapted from their original English versions following a forward-backward translation procedure; content validity was verified by two human resource management experts prior to full deployment. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS 4.0 the recommended software for samples under 200 and for predictive, exploratory structural models (Hair et al., 2021). Analysis stages included: (1) outer model evaluation (convergent validity: outer loadings > 0.5, AVE ≥ 0.50; reliability: Composite Reliability ≥ 0.70); (2) inner model evaluation (R^2 , f^2 , Q^2); and (3) hypothesis testing via bootstrapping with 5,000 resamples, reporting t-statistics and p-values for all path coefficients. Although a census design was used, inferential statistics (t-values, p-values) remain necessary in PLS-SEM to assess the statistical significance of path coefficients this is a standard requirement of the method regardless of sampling approach (Hair et al., 2021).

RESULTS AND DISCUSSION

Results

The analysis of respondent profiles in the study has several important benefits, especially in understanding the characteristics of the sample used and ensuring the validity of the research results.

Table 1. Profile Respondents

Criterion	Frequency	Percentage
Gender		
Man	54	42.52%
Woman	73	57.48%
Age Range		
17-25 years old	55	43.31%
26-35 years old	45	35.43%
36-45 years old	22	17.32%
More than 45 years	5	3.94%
Final Education		
Diploma D3/D4	5	3.94%
Bachelor S1	112	88.19%
Magister S2	10	7.87%
Long Time Working		
Less than 1 year	5	3.94%
1-3 years	30	23.62%
3-6 years	62	48.82%
More than 6 years	30	23.62%

Most respondents in this study, namely 57.48%, are women who are included in the Generation Z category, as they fall within the age range of 17–25 years. Most respondents are also S1 graduates. In terms of length of service, respondents have been employed for 3–6 years. To ensure the validity of the measurement model, a convergent validity test was conducted, confirming that all variables met the required threshold.

Table 2. Validity and Reliability Test

Indicators	Outer Loading
Job Insecurity (AVE : 0.706, CA : 0.940, CR : 0.950)	
Jl.01 : I am not confident that I will be able to maintain my current job position	0.806
Jl.02 : I am uncertain about my work environment	0.904
Jl.03 : I think I will not be able to continue working here	0.809
Jl.04 : There is a possibility that I will make things worse	0.863
Jl.05 : I am afraid that I might be dismissed from my job	0.826
Jl.06 : I am worried about the continuity of my career	0.791
Jl.07 : I am afraid that I might lose my job	0.886
Jl.08 : I feel uncertain about the future of my job	0.830
Work Engagement (AVE : 0.772, CA : 0.841, CR : 0.853)	
WE.01 : I feel that the work I do is full of meaning	0.841
WE.02 : I feel that the work I do is full of purpose	0.894
WE.03 : I am enthusiastic about my work	0.916
WE.04 : My work inspires me	0.858
WE.05 : At work, I feel full of energy.	0.856
WE.06 : I get carried away in my work	0.905
Job Stress (AVE : 0.714, CA : 0.920, CR : 0.937)	
JS.01 : I often experience headaches while working	0.885
JS.02 : I feel unmotivated because I am constantly thinking about work	0.756
JS.03 : I often feel my neck muscles tense while working	0.810
JS.04 : I am susceptible to illness due to fatigue at work	0.849
JS.05 : I become indifferent to those around me when my work is unfinished	0.888
JS.06 : My appetite changes when I experience stress at work.	0.873
Employee Performance (AVE : 0.662, CA : 0.869, CR : 0.906)	
EP.01 : I consistently complete the tasks that have been assigned to me	0.740
EP.02 : I consistently meet the established performance target requirements	0.900
EP.03 : I fulfill all responsibilities required by my job	0.842
EP.04 : I consistently fulfill my obligations to perform my job	0.672
EP.05 : I rarely fail to carry out important tasks	0.888
Motivation (AVE : 0.725, CA : 0.924, CR : 0.940)	
MT.01 : I build mutually supportive relationships with colleagues	0.839
MT.02 : I feel comfortable with the working environment conditions	0.813
MT.03 : I enjoy working with others more than working alone	0.839
MT.04 : The company provides awards or rewards to employees who have good performance.	0.798
MT.05 : I greatly enjoy this job	0.901
MT.06 : I am happy doing my work	0.912

The test results showed that all indicators had outer loadings of more than 0.700 and an AVE of more than 0.5, which can be considered valid and reliable (Hair et al., 2021). Thus, all variables in this study, namely job insecurity, work engagement, job stress, employee performance, and motivation, have met the criteria of validity and reliability.

Table 3. Discriminant Validity Test

	EP	Jl	JS	MT	WE
Employee performance					
Job insecurity	0.783				
Job stress	0.678	0.645			
Motivation	0.783	0.730	0.591		
Work engagement	0.697	0.621	0.525	0.531	

In the HTMT test, the cutoff value is 0.900, and it can be seen in Table 4.9 that all test values show a value of less than 0.900, so it can be concluded that all variables have met the HTMT criterion. A variable can be used in a model if there is no high multicollinearity, with a VIF value of < 5. If the VIF value is > 5, then the variable must be excluded from the research model (Hair et al., 2021). Based on the test results in Table 3, it is known that all variables have a VIF value of less than 5.00, so it can be concluded that there is no multicollinearity in this research model.

Table 4. Multicollinearity Test

Path	VIF	Des.
Job insecurity -> Employee performance	2.491	Multicollinearity does not occur
Job insecurity -> Job stress	1.000	Multicollinearity does not occur
Job insecurity -> Motivation	1.000	Multicollinearity does not occur
Job insecurity -> Work engagement	1.000	Multicollinearity does not occur
Job stress -> Employee performance	1.782	Multicollinearity does not occur
Motivation -> Employee performance	2.104	Multicollinearity does not occur
Work engagement -> Employee performance	1.636	Multicollinearity does not occur

There are several stages in evaluating the relationship between constructs. This can be seen from the path coefficient, which describes the strength of the relationship between constructs. The sign of the path coefficient must be in accordance with the hypothesized theory; to assess the significance of the path coefficient, it can be seen from the t-test (critical ratio) obtained from the bootstrapping process (resampling method).

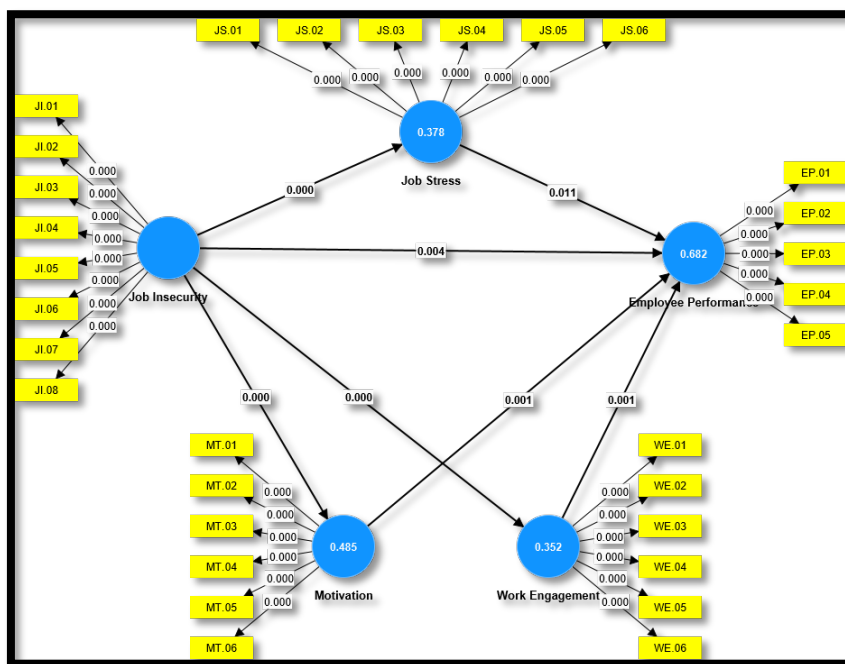


Figure 2. Research Model Result

The R-squared value in the employee performance variable is 0.682, which means that 68.2% of the variables of job insecurity, job stress, motivation, and work engagement affect job performance, while the remaining 31.8% are influenced by other variables outside this study. Hypothesis testing is generally done by looking at the p-value based on the test results on SmartPLS. However, in this study, the entire population is used as a research sample so that statistical t- and p-value testing is not carried out; therefore, this study will directly see the value of the path coefficient.

Table 5. Hypothesis Test

	Hypothesis	Path Coefficient	Information
H1	Job insecurity -> Employee performance	-0.267	Supported
H2	Job insecurity -> Job stress	0.614	Supported
H3	Job insecurity -> Work engagement	-0.593	Supported
H4	Job insecurity -> Motivation	-0.696	Supported
H5	Job stress -> Employee performance	-0.193	Supported
H6	Work engagement -> Employee performance	0.237	Supported
H7	Motivation -> Employee performance	0.296	Supported

The results showed that ethical leadership and learning climate had a positive and significant effect on work engagement, while trust and time pressure had no significant effect. In addition, work engagement has been proven to have a positive effect on innovative work behavior. The effects of ethical leadership and learning climate on innovative work behavior are supported indirectly through the mediation of work engagement, while the effects of trust and time pressure on innovative work behavior are not mediated by work engagement.

Discussion

The first hypothesis (H1) states that job insecurity affects employee performance, with a path coefficient value of -0.267 . These results show that the higher the sense of job insecurity felt by employees, the lower the performance displayed. This negative influence shows that job insecurity has a direct and significant impact on reducing employee performance. Thus, the H1 hypothesis is declared supported. One of the relevant studies conducted by Shin & Hur (2021) shows that job insecurity has a significant negative influence on employee performance. They explained that job insecurity causes anxiety, psychological imbalance, and low work morale, which reduces productivity. This instability generates psychological tension because employees are anxious about their future; hence, they remain unfocused, unmotivated, and disengaged. Psychological effects such as these heavily influence work performance both individually and collectively. This direct and negative effect is in harmony with the resource conservation mechanism of Conservation of Resources (COR) Theory Hobfoll (1989); specifically, employees who perceive their job security as threatened adopt a defensive mode of conserving resources. Instead of expending psychological energy on discretionary credit-seeking activities those which involve performance risk in a competitive market they allocate cognitive and motivational resources to self-protection. In the context of Bank XYZ, this would manifest in the form of the 85.1% target non-achievement rate: employees not underperforming in terms of ability, but undercommitting in terms of extra-role effort exerted below capability level when job permanence is uncertain.

Hypothesis 2 (H2) examines the effect of job insecurity on job stress, with a coefficient value of 0.614. This indicates a strong positive influence, showing that the more insecure employees feel at work, the greater the level of work stress they experience. Support for the H2 hypothesis is provided by this evidence; these results support the construct that uncertainty at work is a core aspect of work stress. Indeed, this uncertainty in the world of work is one of the primary drivers that triggers psychological distress. The fear of being laid off or demoted when workers know their future at the job is in danger fuels a chaotic dynamic. This condition produces debilitating anxiety and keeps employees on guard. According to Shin & Hur (2021), job insecurity creates a mental burden that eventually reduces focus and work efficiency. Losing a job pushes

the mind into a constant state of concern, affecting sleep quality, motivation, and decision-making. According to An et al. (2023), job insecurity is significantly related to an increase in the level of job stress. They highlight that chronic insecurity can alter how people perceive the sources of daily work distress from something manageable to experiences that are emotionally exhausting and depleting. This stress is driven not only by the quantity of their work but also by a lack of control over what their future work might look like.

The third hypothesis (H3) examined the effect of job insecurity on work engagement and yielded a coefficient value of -0.593 . This strongly negative coefficient indicates that increased job insecurity will diminish employees' enthusiasm toward their work. Employees lose their motivation and zest for work when they believe they are at risk of losing their jobs. The H3 hypothesis is thus supported. Psychological disturbances such as anxiety, stress, and emotional pressure tend to occur among employees who are uncertain about how long their employment will last, and this affects their involvement in work, which is a cognitive, affective, and behavioral component. It should be noted that this large negative coefficient (-0.593) supports Job Demands-Resources (JD-R) Theory predictions regarding the direct depletion of psychological resources vigor, dedication, and absorption, which comprise work engagement by high job demands or existential threats such as job insecurity. Notably, the magnitude of this effect (-0.593) exceeds the direct effect on performance (-0.267), suggesting that job insecurity's most damaging channel operates through engagement withdrawal rather than direct performance impairment. This finding aligns with Alshaabani et al. (2022), who found that insecurity-driven disengagement particularly suppresses extra-role behaviors precisely the proactive client outreach activities critical for credit target achievement in marketing roles.

Alshaabani et al. (2022) explained that job insecurity can hinder individual efforts to make maximum contributions because employees feel that their efforts no longer provide a guarantee of job continuity. As a result, the enthusiasm to innovate, take initiative, and build collaboration decreases drastically. Furthermore, Jung et al. (2021) and Sun et al. (2022) stated that job insecurity is closely related to decreased emotional engagement a component of work engagement which reflects employees' emotional attachment to their work. When employees no longer feel safe, they lose faith in the value of their work and thus become reluctant to devote energy and dedication to completing their responsibilities. These results are in line with COR Theory Hobfoll (1989), which states that individuals tend to reduce their energy expenditure including work engagement when psychological resources such as security and stability begin to be threatened.

The fourth hypothesis (H4) tested the effect of job insecurity on motivation, with a coefficient value of -0.696 , which is one of the strongest negative influences in this model. These results indicate that feelings of insecurity at work significantly lower employee work motivation. When employees feel that their future is uncertain, the internal drive to perform well diminishes. Thus, H4 is supported. These results are consistent with Shin & Hur (2021), who state that job insecurity can have a significant impact on work motivation. In terms of COR Theory, this coefficient (-0.696) is one of the strongest in the model, and its interpretation offers meaningful insights. According to Hobfoll (1989) theory of resource loss spirals, the process occurs more rapidly in the presence of threat: if employees feel that their jobs are at risk, a downward spiral takes place first they lose psychological safety, and soon afterward, motivational drive. This is the case for the marketing employees of Bank XYZ, who work in an environment where digitalization apparently reduces the demand for human credit officers. The threat of technological obsolescence does not merely dampen motivation; it destroys it because in a context where structural job loss feels imminent, there is simply no perceived return on the investment employees make in upgrading their skills or performance.

It is well established that once employees start feeling their future at the company is not secure, anxiety and pessimism are introduced, which seriously affect motivation toward both personal and organizational ends. A primary source of both motivation and demotivation is the belief that hard work may not yield job security or recognition. The direct effect of job insecurity on motivation is accompanied by the social perception of organizational justice and a sense of belonging to the company (Lee & Jo, 2023). This sets in motion a vicious cycle: low motivation contributes to poor performance, which in turn feeds into the perception of low job security.

The fifth hypothesis (H5) indicates the relationship between job stress and employee performance, with a coefficient value of -0.193 . They have a negative relationship, such that the more work stress an employee experiences, the lower their performance will be. This is consistent with numerous earlier investigations showing that unmanaged stress negatively impacts productivity and work-related performance. The H5 hypothesis is thus corroborated. The imbalance between work demands and employees' ability to cope with them leads to stress, which is a psychological and physiological response to demanding situations (Junaidi et al., 2020).

This comes with a significant emotional and physical toll on employees, as they may lose focus, experience chronic fatigue, and become unable to make rational decisions. This results in lower output and quality of work in the short term, while it can result in burnout in the long run. Furthermore, Paramita & Suwandana (2022) and Byun et al. (2023) found that unmanaged work stress leads to a decline in intrinsic motivation and impaired mental health, which collectively decrease individual and team performance. Among the obvious consequences of prolonged stress are sleep disturbances, fatigue, and a decreased ability to complete work on time and to the required quality. In some cases, high stress also causes increased absenteeism and decreased loyalty to the organization.

The sixth hypothesis (H6) shows that work engagement has a positive effect on employee performance, with a coefficient of 0.237 . These results show that the higher employees' work engagement, the higher the performance displayed. Employees who feel emotionally and cognitively connected to their work tend to deliver more optimal results. As such, H6 is supported. According to Khusanova et al. (2021), work engagement is one of the important constructs for improving employee performance, described as an expression of intrinsic work motivation. Employees with high engagement will be more committed, innovative, and hardworking without external pressure for they are genuinely invested in their work. Engagement increases ownership of the work and reinforces goal orientation. Gede & Huluka (2024) also revealed the same, stating that work engagement is directly related to increased productivity because engaged employees have more stable mental and emotional energy reserves. They are not only physically present at work but also deeply passionate and committed while performing their tasks. People with high work engagement are also notably resilient to the pressures and challenges they face at work, and thus do not perform erratically when demands are high.

Hypothesis 7 (H7) investigates the impact of motivation on employee performance with a path coefficient of 0.296 . This positive and sizeable effect suggests that motivation continues to serve as a meaningful driver of performance within the constrained psychological environment of Bank XYZ's marketing division. However, the markedly negative pressure exerted by job insecurity on motivation ($\beta = -0.696$) is counterbalanced by employees' persistence and other individual characteristics underlying motivation whether through intrinsic interest in their work, personal support, or specific goal orientation which results in positive performance outcomes. The practical relevance of organizational interventions that maintain or restore employee motivation is underscored by this finding: recovery of motivational resources, even if only partially achieved, creates benefits to performance proportional to the extent of recovery.

Motivation not only reflects a serious dedication to work but also helps sustain the quality of work in the long term. Shin & Hur (2021) claim that motivation is one of the key drivers of successful performance because it has a direct relationship with employee enthusiasm, perseverance, and willingness to go beyond their job boundaries. Kayar & Yeşilada (2024) also found that motivation is important in sustaining high performance in the changing organizational environment. Highly motivated employees are often keen to learn, innovate, and find new ways to accomplish their tasks. They are more accepting of change and have better self-regulation to cope with work stress. This creates a snowball effect that extends not only to individual productivity but also influences how the team collaborates and meets its goals as an organization.

CONCLUSION

This study demonstrates that job insecurity exerts pervasive negative effects across the psychological ecosystem of XYZ Bank's marketing employees: it directly reduces employee performance ($\beta = -0.267$), while simultaneously generating job stress ($\beta = 0.614$), eroding work engagement ($\beta = -0.593$), and most severely suppressing motivation ($\beta = -0.696$). These

cascading effects are theoretically coherent within the Conservation of Resources framework: employees facing existential job threats defensively conserve remaining psychological resources, withdrawing the discretionary effort that credit acquisition performance demands. Job stress further compounds performance decline ($\beta = -0.193$), while work engagement ($\beta = 0.237$) and motivation ($\beta = 0.296$) serve as positive performance levers confirming that employees who maintain engagement and motivation despite adverse conditions outperform those who do not.

For XYZ Bank's management, the findings translate into three priority interventions grounded in the study's structural results. First, the strongest single negative coefficient (job insecurity \rightarrow motivation: $\beta = -0.696$) indicates that communication transparency about organizational direction and employee role security must be treated as a performance management priority not merely an HR function. Regular briefings on the bank's digital transformation roadmap and clear articulation of how human marketing roles evolve rather than disappear would directly address the anxiety driving motivational collapse. Second, given that job stress remains a significant performance suppressor ($\beta = -0.193$), structured stress management programs, realistic target setting adjusted for market conditions, and workload rationalization are operationally necessary. Third, since work engagement ($\beta = 0.237$) and motivation ($\beta = 0.296$) both positively predict performance, investing in meaningful recognition, career development pathways, and autonomy in client strategy can partially offset insecurity-driven disengagement. This study is limited by its single-company, single-city scope and cross-sectional design; future research should extend the model to multi-bank samples and employ longitudinal designs to trace the dynamic evolution of psychological resource conservation under sustained job insecurity.

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AUTHOR CONTRIBUTION STATEMENT

Theo Rizaldy Siahaan contributed to the conceptualization of the research, development of the theoretical framework, data collection, and manuscript drafting. Ardi Ardi contributed to research design, statistical analysis using PLS-SEM, and interpretation of data. Sylvia Samuel contributed to literature review, instrument development, and data validation. Richard Andre Sunarjo contributed to supervision, methodology refinement, and critical revision of the manuscript. Margaretha Pink Berlianto contributed to overall research supervision, conceptual validation, and final approval of the manuscript. All authors have read and agreed to the published version of the manuscript and are responsible for the integrity of the research.

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