"Leadership styles and job insecurity in Indonesian start-ups: The role of challenges and engagement"

AUTHORS	Abiqail Yolanda (iD) Ady Purnama (iD) Jefta Harlianto (iD) Anita Maharani (iD)

NUMBER OF REFERENCES

53

NUMBER OF FIGURES

2

NUMBER OF TABLES

6

BUSINESS PERSPECTIVES

businessperspectives.org

Abiqail Yolanda, MM, Department of Management, BINUS Business School, Bina Nusantara University, Indonesia.

Ady Purnama, MBA, Department of Management, BINUS Business School, Bina Nusantara University, Indonesia. (Corresponding author)

Jefta Harlianto, Ph.D. Candidate, Department of Management, BINUS Business School Doctor of Research in Management, Bina Nusantara University, Indonesia.

Anita Maharani, Dr., Department of Management, BINUS Business School, Bina Nusantara University, Indonesia.

Abiqail Yolanda (Indonesia), Ady Purnama (Indonesia), Jefta Harlianto (Indonesia), Anita Maharani (Indonesia)

LEADERSHIP STYLES AND JOB INSECURITY IN INDONESIAN START-UPS: THE ROLE OF CHALLENGES AND ENGAGEMENT

Abstract

Even though Indonesia's start-up scene is experiencing rapid growth, the industry is grappling with considerable hurdles, such as a high rate of business closures, strong dependence on employee efficiency, and heavy reliance on technology. This paper examines the correlation between leadership styles, job challenges, job engagement, and job insecurity in Indonesian start-ups, which face unique challenges affecting employee job security. Unlike most research on how job insecurity impacts job engagement, this study explores whether higher job engagement impacts job insecurity, providing practical insights for leaders. The study was structured using a quantitative approach known as structural equation modeling-partial least squares (SEM-PLS), which analyzed 198 responses from Indonesian start-up employees. This study found that leadership styles significantly affect job insecurity ($\beta = 1.337$, p-value < 0.05), however, leadership styles do not substantially affect job engagement ($\beta = 0,435$, p-value > 0.05). Another finding states that job challenges do not significantly affect job engagement ($\beta = 0.491$, p-value > 0.05) and job insecurity ($\beta = -0.037$, p-value > 0.05). Job engagement significantly influences job insecurity ($\beta = -0.428$, p-value < 0.05). This study specifically targets employees in Indonesian start-ups to uncover mechanisms and offer practical recommendations for enhancing job security and motivation. The findings underscore the significant impact of leadership style on job insecurity, emphasizing the importance of engaging and motivating employees through personalized leadership style approaches to enhance job stability and overall workforce effectiveness in Indonesian start-ups.

Keywords	leadership, engagement, insecurity, challenge, start-up, Indonesia, SmartPLS
JEL Classification	J24, M54, J28, J63

INTRODUCTION

Start-ups, particularly in Indonesia, face unique challenges, such as resource constraints, high levels of uncertainty, and rapid changes. These challenges can impact employee job security and engagement differently than in established companies. The Indonesian start-up environment has experienced rapid growth in recent years, despite the significant challenges presented by COVID-19. The pandemic has substantially impacted Indonesia's economy (Ayu & Ghazali, 2023). According to Hardiansyah and Tricahyono (2019) and based on data from the Center of Human Genetic Research (CHGR), the number of digital start-ups in Indonesia reached 13,000 in 2020. Indonesia is home to 1,939 digital start-up companies, ranking sixth globally in terms of the number of start-ups (Pratomo, 2016).

Start-up companies, characterized by their innovative approaches and dynamic business models, have introduced new opportunities and challenges within the Indonesian job market (Hendratmi et al., 2020). However, the number of failed start-ups can reach up to 75% (Gage, 2012). On the other side, Hardiansyah and Tricahyono (2019)

concluded that the failure rate of digital start-up incubators is 62.2% in Bandung. This means more than half of Indonesian start-ups go to failure and close the business. In 2023, Indonesian start-up companies faced downsizing challenges, showcasing the industry's unpredictable nature. Looking ahead to 2024, Indonesia's start-up sector may encounter the threat of stagnant innovation and a possible decrease in market size. Many start-ups are also worried about managing their finances effectively, which limits their capacity to secure the funding needed for day-to-day activities and growth strategies (Bortolini et al., 2018). As these businesses aim for scalability and market supremacy, it becomes increasingly essential to comprehend the complex dynamics of start-up work environments.

Over the past 20 years, most organizational studies have focused on leadership. Most empirical and meta-analytic research conducted over the years has shown that employee performance is positively impacted by leadership (Abu Nasra & Arar, 2020). In the context of start-ups, where agility and adaptability are paramount, leaders play a crucial role in steering their teams through uncertainty and rapid changes (Abu Nasra & Arar, 2020). Challenges related to working conditions drove the development of creative, solution-focused strategies that can make decisions quickly, more flexible, and draw in and nurture exceptional talent (Harlin & Berglund, 2021). Industry data indicate that start-up businesses have a greater turnover percentage compared to other sectors (Rangrez et al., 2022).

Work engagement has a favorable correlation with entrepreneurial success, and entrepreneurial job resources have a substantial impact on work engagement (Wang et al., 2023). However, job insecurity, which is frequently common in the unstable start-up environment, can seriously impair job engagement.

For start-ups to develop resilient and driven teams, it is essential to comprehend the relationship between leadership styles, job challenges, job engagement, and job insecurity to find a strategy that can assist Indonesian start-ups in providing their workers with a more secure and stimulating work environment.

1. LITERATURE REVIEW

The definition of the start-up in this study is based on Steve Blank's most accepted definition, which is frequently used in both industry trade journals and scholarly works. "A start-up is a temporary organization formed to search for a repeatable and scalable business model" (Blank & Dorf, 2012). According to Blank and Dorf (2012), a start-up cannot simply be viewed as a smaller version of a large company, and the following characteristics can be named:

- Ambitious goals that aspire to establish a sizable company that will significantly influence existing markets or innovate entirely new markets.

- The pursuit of a business model, as defined earlier, entails continuously testing business hypotheses, confirming them, and potentially adjusting subsequent versions of the business model.

- The financing arrangement at the later phase of progress involves capital sourced from outside investors, which reduces the original founders' ownership stake in the company.

To summarize Blank's idea, the essential components of a start-up are, first and foremost, the pursuit of a business model (i.e., the lack of clarity regarding the nature of the market and the nature of the solution being supplied) and, lastly, the enterprise's potential to grow due to the utilization of information and communication technology (Skala, 2019).

These days, businesses with a tech concentration are more frequently referred to as start-ups. A start-up is defined as a firm that consists of three primary components: the product or service, the investor or funder, and the creator (Katadata.co.id, 2020). With their creative methods and dynamic business plans, start-up businesses have brought fresh possibilities and difficulties to the Indonesian labor market data

(Hendratmi et al., 2020). However, up to 75% of start-up attempts fail (Gage, 2012).

Leadership style reflects a person's formal power to persuade others to accomplish a common objective; this style builds their personality traits and patterns (Northouse, 2016). Work and leadership are closely related because the ability of a leader to establish a style of leadership that works for each employee and subordinate so that they can concentrate on working to achieve excellent work is a key factor in the leader's success in motivating others to accomplish company goals (Sasikirana et al., 2023). This study will concentrate on the leadership style as defined by Gonos and Gallo (2013), who defined leadership as a dynamic process of influencing people that, under organizational settings, might affect other members.

Job engagement is described as "a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption" by Schaufeli et al. (2009). While working, vigor involves possessing abundant energy and mental strength; dedication means being fully committed to one's work and experiencing a feeling of purpose, excitement, and challenge; and absorption means being fully engaged and engrossed in one's tasks (Schaufeli et al., 2009). According to Caplan and Whittemore (2013), employees who exhibit high job engagement tend to have a positive mental state at work. These individuals can have a big impact on performance as they improve how well the organization works, create better and more efficient workspaces, and lower employee turnover. It positively affects an individual's work performance and has a detrimental effect on their desire to quit their job (Breevaart et al., 2016; Kumar et al., 2018). One of the indicators for evaluating the effectiveness of human resource management is the level of employee job engagement.

Harlin and Berglund (2021) found that the development of innovative, solution-focused strategies that can make choices more rapidly, be more flexible, and attract and develop extraordinary talent may have been prompted by issues linked to job challenges. However, because start-up cultures are generally fast-paced and constantly changing, job challenges can be a source of stress or motivation for staff members. Even though challeng-

es like heavy workloads can have positive effects, such as boosting work engagement by providing a sense of achievement and pride, they can still be exhausting for the employee and contribute to a certain degree of burnout (Vinod Nair et al., 2020). A challenging work environment advances a person's managerial development (McCauley, 2019).

Greenhalgh and Rosenblatt (1984) define job insecurity as "powerlessness to maintain desired continuity in a threatened job situation." According to Huang et al. (2012), job insecurity is "the extent to which workers believe their jobs, or significant aspects of their jobs, are in danger and that they are helpless to stop it." Wang et al. (2019) measure job insecurity as job loss, job execution, salary and promotion, severe competition, and interpersonal relationships. Drawing from the explanation, it can be inferred that job insecurity is a reaction of employees to the possibility of losing their existing work, considering their expectations about the likelihood of retaining their position and their concerns about its stability.

Leadership style impacts job insecurity. Job insecurity among employees is impacted across multiple levels by authentic leadership (Wang et al., 2021). Amid the COVID-19 pandemic, the entrepreneurial leadership style did not significantly decrease job insecurity among employees (Guberina et al., 2023). Ethical leadership reduces the negative impact of job insecurity by effectively altering the connection, boosting the significance of work, and encouraging secure conduct in employees (Hong et al., 2023). From this, the purpose is to understand how different leadership styles within Indonesian start-ups affect employees' sense of job security.

Leadership style impacts job engagement. Several longitudinal studies have shown that different positive leadership styles have a positive association with work engagement, for example, positive leadership styles have been demonstrated to improve employees' engagement both directly and indirectly (Decuypere & Schaufeli, 2020). A positive connection exists between work engagement and both transformational and servant leadership styles (Rabiul & Yean, 2021). This result is also supported by Ozturk et al. (2021), who stated that servant leadership has a greater positive impact on work engagement.
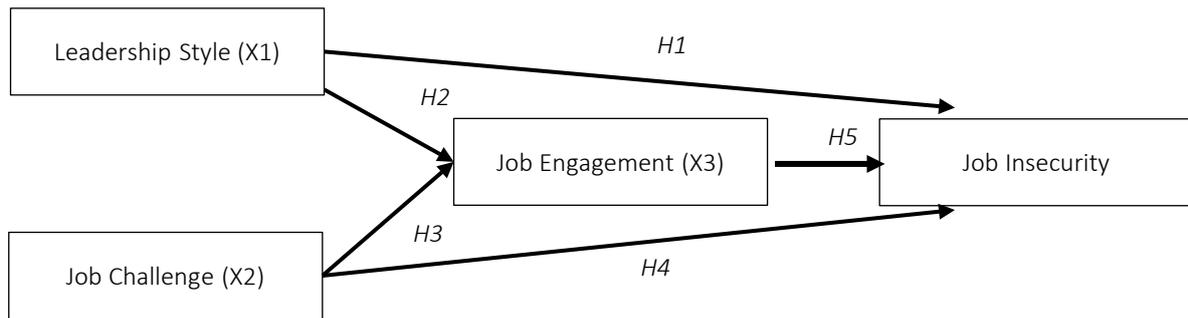
Figure 1. Conceptual model

The connection between job challenges and job engagement has been the focus of numerous articles. Despite challenge demands appearing to operate similarly to a job resource by encouraging and driving employees, they are still highly demanding on the worker, draining their energy and ultimately leading to burnout (Vinod Nair et al., 2020). Work expectations negatively affect employee engagement (Radic et al., 2020). However, a challenging work environment fosters an individual's managerial development (McCauley, 2019).

Job challenges impact job insecurity. According to Tomas et al. (2019), job challenges significantly negatively contributed to predicting variance in job insecurity. This finding is consistent with the theory that workers with more resources for meaningful, challenging, and autonomous tasks that work well together experience less exposure to job insecurity (Hobfoll, 2001). Moreover, a negative relationship exists between various lower-level job characteristics and job uncertainty (Schreurs et al., 2010).

Several studies have focused on the relationship between job engagement and job insecurity. Getahun Asfaw and Chang (2019) contended a direct correlation between reduced job engagement and perceived job insecurity. Shin and Hur (2021) discovered that job insecurity depletes employees' physical, psychological, and mental energy, which has a negative impact on their health and well-being and ultimately results in decreased engagement. Meanwhile, according to Babakus et al. (2017), job insecurity actively hinders employees' engagement. Based on Jung et al. (2021), perceptions of job insecurity have negative effects on job engagement.

Despite the burgeoning popularity of the start-up movement in Indonesia, a notable research gap exists in exploring the impact of job insecurity on job engagement rather than the reverse. Research in the past has mainly centered on non-Asian nations, so it is crucial to incorporate Asia, particularly Indonesia, as a key area for examination. The paper seeks to examine the connection between results and factors, particularly in Indonesia, a region that has received less scrutiny in past research.

Therefore, this study aims to investigate the impact of leadership style and job challenge on work engagement and job insecurity from leaders' perspectives of Indonesian start-ups through a complete understanding of the interrelations among the variables (Figure 1). The hypotheses proposed are as follows:

H1: *Leadership style significantly impacts job insecurity.*

H2: *Leadership style significantly impacts job engagement.*

H3: *Job challenges significantly impact job engagement.*

H4: *Job challenges significantly impact job insecurity.*

H5: *Job engagement significantly impacts job insecurity.*

2. METHODS

This paper conducts a meta-analysis of the existing empirical research on the relationship between the variables. The study conducted a literature search using online databases. The databases included EBSCO, Sage, Taylor and Fransis, Science Direct, Elsevier, Emerald, and Web of Science.

This investigation encompassed all existing studies published until 2023, ensuring the relevance of the literature review and encompassing a relatively extensive period of research on leadership style, job challenge, job engagement, and job insecurity. Considering all the inclusion criteria, the search yielded 53 articles.

The study utilizes a quantitative approach and applies two distinct research methods: (1) descriptive research, which outlines respondent attributes and survey-derived rating scales, and (2) associative research, which investigates causal relationships between research variables.

Primary data were collected by having the research subject fill out a questionnaire. Google Forms is used to disseminate questionnaires to media outlets inside the network. A Likert scale ranging from 1 to 5 is used to rate each of the 66 statements in the questionnaire.

A 20-item scale developed by Gonos and Gallo (2013) is used to measure leadership style. Rensis Likert found that the scale's four dimensions are based on three decades of study on management styles (Amzat et al., 2020). Job challenges were captured by 10 questions, which included five dimensions: job transition, creating change, managing at a higher level of responsibility, managing boundaries, and facing diversity. Job engagement was captured by nine items to assess employees' vigor, dedication, and absorption. Job insecurity was captured by 26 questions to measure job insecurity: job loss, job execution, salary and promotion, severe competition, and interpersonal relationships. The questionnaire was designed in Bahasa Indonesia so that the respondents could understand it better.

The sample constituted 198 employees working in start-up companies in Indonesia. Among these, 31.8% were males and 78.2% were females. Concerning age, 25.3% were 18-23, 65.3% were 24-42, and 9.4% were 43-59. Concerning working years, 20.7% of employees had worked for 1-3 years, 45.5% had worked for 4-5 years, 31.9% had worked for 7-9 years, 1.5% had worked for 10-12 years, and only 0.4% had worked for more than 12 years. Concerning the education background, 17.7% were high school graduates, 11.6% had a di-ploma degree, 64.1% had a bachelor's degree, and 6.6% had a master's degree.

This investigation's design was based on a quantitative approach. The causal relationship between variables was investigated using structural equation modeling-partial least squares (SEM-PLS). The two types of variables involved were latent (construct) variables, also known as unobserved variables, and indicator variables, which are often observed variables of each latent variable. Latent variables can be classified into two categories: exogenous and endogenous. The external latent variables in this study are leadership style and job challenge; the mediating variable is job engagement, and the endogenous latent variable is job insecurity. The measurement model and the structural model, which make up the research model, are shown in Figure 1 and are evaluated in two stages of analysis: the measurement model and the structural model.

This analysis uses the relationship or influence model, followed by structural equation modeling (SEM) to evaluate the supplied hypothesis. According to Cho et al. (2009), SEM is a multivariate analysis technique in the social sciences that is mostly used to examine causal linkages through qualitative research. Because SEM model analysis cannot be done manually, researchers use software such as SmartPLS. Partial least squares-SEM (PLS-SEM) is appropriate for predictive research utilizing non-normal data and a complex model with multiple variables, including mediating variables (Hair et al., 2014). In this study, the utilization of PLS is supported by the following rationales (Thompson & Barclay, 1995; Roldán & Sánchez-Franco, 2012; Hair et al., 2017; Hair et al., 2014):

1) little sample;

2) the existence of categorical ordinal variables;

3) non-normal distributions of data;

4) research that explores and expands on an established theory;

5) reflective and formative constructs in one model, and

6) complex research model is created by incorporating various types of variables to elucidate the constructs and their relationships as outlined in the hypotheses.

There are several steps involved in conducting this investigation: (1) creating a questionnaire following the research framework; (2) selecting a group of participants; (3) initiating the online survey; (4) processing the data using SEM-PLS software; and (5) analyzing and assessing the results.

3. RESULTS

The conceptual model analysis had two stages. First, the measurement model's validity and reliability were confirmed. Second, the relevance of the theoretical relationships inside the structural model was measured. The measurement model underwent analyses for composite reliability, discriminant validity, and convergent validity. The aim is for the indicators of a construct to demonstrate convergent validity.

Based on the literature review, a collection of variables associated with each construct was initially chosen. The factors that were not significant were then eliminated from this collection. Based on their indicator loadings, composite reliability, and convergent validity, the results of the final model demonstrated adequate convergent validity (Table 1).

Assessments of composite reliability, discriminant validity, and convergent validity were carried out for the measurement model. The strong correlation between a construct's metrics is the cornerstone for determining convergent validity. According to Hair et al. (2014), it should be finished based on the outer loading factor > 0.7. The results demonstrated that indicator loadings (λ) exceeded the recommended 0.7 threshold. Composite reliability (CR) ranged from 0.904 to 0.977, and average variance extracted (AVE) ranged from 0.539 to 0.631.

Table 1 shows the values for convergent validity. Composite reliability assessed the dependability of the reflective constructs. A composite reliability of > 0.6 and a Cronbach's alpha of > 0.7 are

Table 1. Outer loading factors, AVE, Cronbach's alpha, and composite reliability

Latent Variable	Indicators	Outer Loading Factors	Average Variance Extracted (AVE)	Cronbach's Alpha	Composite Reliability
Leadership Style	LS10	0.762	0.539	0.950	0.950
	LS11	0.717			
	LS12	0.733			
	LS13	0.720			
	LS14	0.730			
	LS15	0.724			
	LS16	0.721			
	LS17	0.731			
	LS18	0.750			
	LS19	0.778			
	LS2	0.790			
	LS20	0.721			
	LS3	0.710			
	LS4	0.705			
	LS6	0.740			
	LS7	0.710			
	LS8	0.744			
	LS9	0.721			
Job Challenge	JC1	0.758	0.566	0.904	0.904
	JC2	0.719			
	JC3	0.735			
	JC4	0.777			
	JC5	0.773			
	JC6	0.739			
	JC7	0.752			
	JC8	0.721			
	JC9	0.790			

Table 1 (cont.). Outer loading factors, AVE, Cronbach's alpha, and composite reliability

Latent Variable	Indicators	Outer Loading Factors	Average Variance Extracted (AVE)	Cronbach's Alpha	Composite Reliability
Job Engagement	JE1	0.787	0.595	0.904	0.904
	JE2	0.807			
	JE4	0.766			
	JE5	0.766			
	JE6	0.722			
	JE7	0.796			
	JE8	0.751			
	JE9	0.772			
Job Insecurity	JI1	0.763	0.631	0.976	0.977
	JI10	0.830			
	JI11	0.820			
	JI12	0.823			
	JI13	0.819			
	JI14	0.827			
	JI15	0.805			
	JI16	0.757			
	JI17	0.775			
	JI18	0.728			
	JI19	0.773			
	JI2	0.823			
	JI20	0.714			
	JI21	0.791			
	JI22	0.814			
	JI23	0.806			
	JI24	0.793			
	JI25	0.739			
	JI26	0.758			
	JI3	0.825			
	JI4	0.829			
	JI5	0.817			
	JI6	0.814			
	JI7	0.807			
	JI8	0.750			
	JI9	0.827			

required (Ghozali & Latan, 2015). Discriminant validity assesses whether a reflective indicator effectively measures its intended construct under the assumption that each indicator ought to have a strong correlation with its corresponding concept. In this context, measures of different concepts should not show a strong correlation with each other in this situation (Ghozali & Latan, 2015). The SmartPLS program's discriminant validity test utilizes the Fornell-Larcker criterion and cross-loading values (Henseler et al., 2015). It is important to note that if the square root of the average variance extracted (AVE) for each construct is greater than the correlation value between the constructs and other constructs in the model, the model demonstrates good discriminant validity (Fornell & Larcker, 1981). Cross-loading depends on every indicator in one latent variable having a higher factor loading than every other latent variable. Table 2 shows the Fornell-Lacker and cross-loading values.

According to Ghozali and Latan (2015), the evaluation of the structural model is based on the premise of forecasting causal relationships between latent variables. The evaluation process involves testing the R-square, $Q2$, and SRMR (Table 3). This includes a detailed description of the structural model evaluation process, its associated criteria, and the individual steps involved.

The R-square test quantifies the percentage of changes in endogenous variables due to external variables. According to Ghazali and Latan (2014), an $R2$ value of 0.67 indicates a strong model, 0.33 indicates a moderate model, and 0.19 indicates a weak model (Chin et al., 2008).

Table 2. Fornell-Lacker criterion

Latent Variable	Job Challenge (JC)	Job Engagement (JE)	Job Insecurity (JI)	Leadership Style (LS)
Job Challenge (JC)	0.752			
Job Engagement (JE)	0.909	0.771		
Job Insecurity (JI)	0.858	0.751	0.794	
Leadership Style (LS)	0.960	0.906	0.914	0.734

Table 3. R-square, Q2, and SRMR

Latent Variables	R-square	R-square adjusted	Q^2	SRMR
Job Engagement (JE)	0.841	0.839	0.832	0.058
Job Insecurity (JI)	0.869	0.867		

The structural model's quality was assessed by using the predictive relevance, coefficient of determination, and standardized root mean square residual (SRMR) analysis (Chin et al., 2008; Vinzi et al., 2010). Values of the coefficient of determination ($R2$) exceeded 0.67 (refer to Table 3) and were deemed to indicate a strong model (Chin et al., 2008). The cross-validated redundancy ($Q2$) had a positive value higher than zero (refer to Table 3), suggesting that the structural model exhibited predictive validity and stable model estimates (Chin et al., 2008). Lastly, the SRMR value, as shown in Table 3, was less than 0.08, indicating a satisfactory fit according to Hu and Bentler (1999).

Table 4 depicts the outcomes of the path analysis that evaluated the relationship between the leadership style and job challenge as independent factors, and job engagement and job insecurity as dependent factors.

According to bootstrap calculations, where the standard deviation is 0.323 and the *T* Statistics value is 1.518, the test results of the estimated coefficient of job challenge on job engagement bootstrap results are 0.129. The study rejects H3 since the *p*-value is 0.129 > 0.05. This means that the direct effects of job challenges do not significantly affect job engagement.

Based on bootstrap computations with a standard deviation of 0.166 and a *T* Statistics of 1.417, the test results reveal that the estimated coefficient of leadership style on job engagement in the bootstrap sample is 0.435. Due to a *p*-value of 0.156 > 0.05, H2 is rejected. The findings suggest that the direct impact of leadership style on job engagement is not statistically significant.

Based on bootstrap calculations with a standard deviation of 0.166 and a *T* Statistics value of 2.583, the test results for the estimated coefficient of job engagement on job insecurity in the bootstrap analysis are 0.01. H5 should be accepted, as the *p*-value of 0.01 is less than 0.05. This indicates that the indirect effects of job engagement have a significant impact on job insecurity.

Using bootstrap calculations and a standard deviation of 0.331, the test revealed a *T* Statistics value of 0.111, suggesting that the estimated coefficient of job challenge on job engagement in the bootstrap results is 0.911. The study rejects H4 since the *p*-value is 0.911 > 0.05. This means that the indirect effects of job challenges do not significantly affect job insecurity.

The results from the bootstrap analysis indicate that with a standard deviation of 0.350 and a *T* Statistics value of 3.823, the estimated coefficient for leadership style on job insecurity yielded a result of 0.00. The

Table 4. Bootstrapping

Path	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
JC → JE	0.491	0.507	0.323	1.518	0.129
JC → JI	−0.037	−0.005	0.331	0.111	0.911
JE → JI	−0.428	−0.374	0.166	2.583	0.010
LS → JE	0.435	0.419	0.307	1.417	0.156
LS → JI	1.337	1.258	0.350	3.823	0.000

Note: LS = leadership style; JC = job challenges; JI = job insecurity; JE = job engagement.

Table 5. Total indirect effects

| Path	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Job Challenge (JC) → Job Insecurity (JI)	−0.210	−0.172	0.129	1.626	0.104
Leadership Style (LS) → Job Insecurity (JI)	−0.186	−0.173	0.155	1.205	0.228

Table 6. Hypotheses results

Hypotheses	Variable	Original Sample	Standard Deviation	T-Statistic	P-Value	Conclusion
H1	LS → JI	1.337	0.350	3.823	0.000	Accepted
H2	LS → JE	0.435	0.307	1.417	0.156	Rejected
H3	JC → JE	0.491	0.323	1.518	0.129	Rejected
H4	JC ≫ JI	−0.037	0.331	0.111	0.911	Rejected
H5	JE → JI	−0.428	0.166	2.583	0.010	Accepted

Note: LS = leadership style; JC = job challenges; JI = job insecurity; JE = job engagement.

study accepts H1 since the *p*-value is 0.00 < 0.05. This means that the indirect effects of leadership style are significantly affecting job insecurity (Table 5).

The hypotheses testing is depicted in Table 6. The research model is suitable and can be used to test the hypotheses (see Figure 2).
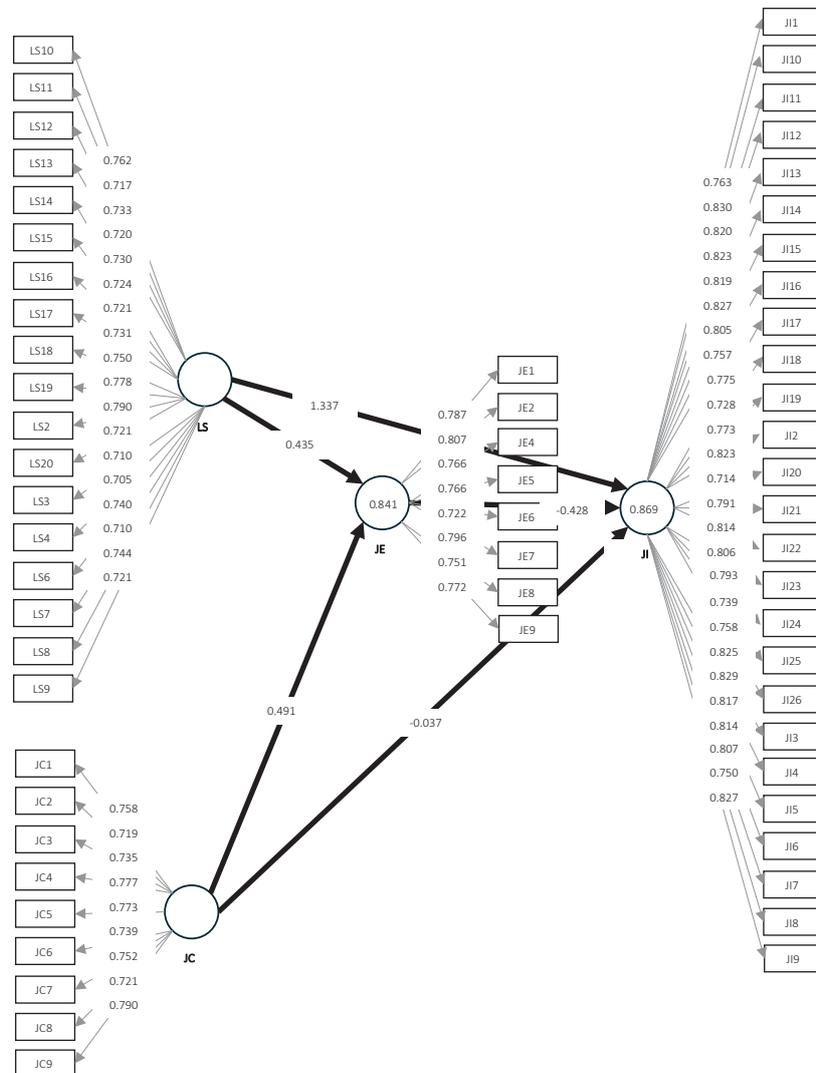
Note: LS = leadership style; JC = job challenges; JI = job insecurity; JE = job engagement.

Figure 2. Hypothesis model result

4. DISCUSSION

Leadership style significantly impacts job insecurity among start-up employees in Indonesia. According to Gonos and Galo (2013), leaders exhibiting one or more of the four leadership styles can strongly influence employees' perception of job insecurity. This is consistent with Wang et al. (2021), who stated that job insecurity among employees is negatively impacted across multiple levels by authentic leadership, and Hong et al. (2023), as ethical leadership reduces the negative impact of job insecurity by effectively altering the connection, boosting the significance of work, and encouraging secure conduct in employees. However, this result is somewhat inconsistent with Guberina et al. (2023), who found that entrepreneurial leadership style did not significantly decrease job insecurity among employees. Understanding the role of coaching leadership is crucial for organizations to address the negative effects of job insecurity. Leaders can enhance their skills, performance, and overall development by adopting a more approachable approach and actively engaging with their team members.

Second, leadership style does not have a significant impact on job engagement. This contrasts with prior longitudinal research on the correlation between leadership styles and work engagement, which indicated a positive link between transformational and servant leadership styles and work engagement (Rabiul & Yean, 2021; Ozturk et al., 2021). Furthermore, the result is somewhat contrary to Decuypere and Schaufeli (2020), who showed positive leadership styles improve employees' engagement both directly and indirectly. This might happen due to a dynamic work environment in start-up companies; start-ups often have unique cultures that may not align with traditional leadership styles. Start-ups might require agile leaders who can adapt to rapid changes, whereas some leadership styles may be rigid or slow to respond. On the other side, employees in start-ups may seek autonomy, creativity, and flexibility, which certain leadership styles might not fully address. To better understand the reason causing this, further studies on the reason why leadership style in start-up companies in Indonesia does not have a significant impact on job engagement are suggested for future development.

Third, according to McCauley (2019), job challenges do not have a substantial effect on job engagement. This result contrasts Vinod Nair et al. (2020), who observed that increased levels of work overload were associated with elevated levels of work engagement. This might happen due to the sizable millennial workforce in Indonesia, known for prioritizing work-life balance and purpose, who may find these aspects fulfilled within start-up environments, contributing to heightened engagement levels despite the challenges. Further investigation into why job challenges have a seemingly minimal impact on employee engagement in Indonesian start-ups could provide valuable insights for future development.

Fourth, job challenges do not have a significant impact on job insecurity. This is contrary to Tomas et al. (2019), who stated job challenges had a distinct negative contribution in predicting variance in job insecurity. This finding is also contrary to the theory that workers with more resources for important, challenging, and autonomous tasks that work well together are less vulnerable to job insecurity (Hobfoll, 2001). This finding also contradicts Schreurs et al. (2010), who showed a negative correlation between several lower-order job qualities and job insecurity. Indonesia might have a high overall job mobility rate, making job insecurity less of a concern for employees. They might be comfortable leaving if needed and finding new opportunities, as well as employees in fast-paced environments, as start-ups might not have time to consider job insecurity or might not be aware of the financial realities of the start-up. Further studies on the reason why job challenges in start-up companies in Indonesia do not have a significant impact on job insecurities are suggested for future development.

Lastly, job engagement has a significant impact on job insecurity. This is consistent with Getahun Asfaw and Chang (2019), who contended a direct correlation between reduced job engagement and perceived job uncertainty. This finding is also consistent with Shin and Hur (2021), who found that job insecurity drains employees' physical, psychological, and mental energy, negatively affecting their health and well-being and leading to decreased engagement. Jung et al. (2021) dis-

covered that perceptions of job insecurity have negative effects on job engagement. New insights show that job engagement significantly impacts the job insecurity of employees in start-up companies in Indonesia. This can happen because high engagement can lead employees to feel more invested in the company's success. This investment can translate into a stronger sense of loyalty and a willingness to weather challenges. Engaged employees might be more likely to believe in the company's future and work harder to overcome obstacles, even if job security feels uncertain. Engaged employees are generally less likely to seek new employment.

Leaders in start-up companies in Indonesia need to understand how to engage and motivate their employees by using various methods of coach-ing, personalized approaches to their employees, and understanding what employees feel and their worries.

There are still issues with this study. First, the study results may not be applicable to a larger population due to the relatively small sample. Further studies should engage a bigger population. In conclusion, additional elements need to be included in the research tools to explore how leadership style and job challenge affect job insecurity in different situations. Additionally, further research can include a qualitative approach, conducting in-depth interviews with start-up employees to provide richer insights into how they experience different leadership styles and job challenges and how those experiences affect their engagement and perception of job insecurity.

CONCLUSION

This study aims to explore the relationship between job challenges and leadership styles on job engagement and job insecurity among Indonesian start-up employees. Based on data analysis using structural equation modeling-partial least squares (SEM-PLS), leadership style significantly impacts job insecurity among start-up employees in Indonesia. It also identifies that leadership style does not have a significant impact on job engagement. Job challenges do not have a substantial effect on job engagement and job insecurity, and job engagement has a significant impact on job insecurity. This study is unique in that it tries to investigate the relationship between job engagement and job insecurities, whilst previous studies mostly examine the vice versa. Respondents are homogenous and specific to employees in start-up companies in Indonesia.

The results provide beneficial insights for leaders and academics in start-up companies. By adopting a more approachable approach and actively engaging with their team members, leaders can enhance their skills, performance, and overall development. Furthermore, by focusing on empowering employees, providing guidance, and creating a personalized leadership style, leaders can help mitigate the impact of job insecurity on their teams. Leaders in start-up companies need to understand how to engage and motivate their employees, by using various methods of coaching, personalized approaches to their employees, and understanding what employees feel and worry.

However, this paper also concluded that leadership style does not significantly impact job engagement, and job challenges do not significantly affect job engagement and job insecurity. Further studies should investigate start-up companies in Indonesia to understand why leadership style does not significantly impact job engagement and why job challenges do not substantially affect job engagement and job insecurity.

AUTHOR CONTRIBUTIONS

Conceptualization: Abiqail Yolanda, Jefta Harlianto, Anita Maharani.
Data curation: Jefta Harlianto.
Formal analysis: Abiqail Yolanda, Ady Purnama.

Investigation: Abiqail Yolanda, Ady Purnama, Jefta Harlianto.
Methodology: Abiqail Yolanda, Jefta Harlianto.
Project administration: Ady Purnama.
Resources: Abiqail Yolanda, Ady Purnama, Jefta Harlianto, Anita Maharani.
Software: Ady Purnama.
Supervision: Jefta Harlianto, Anita Maharani.
Validation: Jefta Harlianto, Anita Maharani.
Writing – original draft: Abiqail Yolanda.
Writing – review & editing: Abiqail Yolanda, Ady Purnama, Jefta Harlianto, Anita Maharani.

REFERENCES

1. Abu Nasra, M., & Arar, K. (2020). Leadership style and teacher performance: Mediating role of occupational perception. *International Journal of Educational Management, 34*(1), 186-202. https://doi.org/10.1108/IJEM-04-2019-0146

2. Amzat, I. H., Taslikhan, M., Walters, L. M., & Walters, T. (2020). Likert's 4-management system instrument psychometric properties-university management-Malaysia. *Pertanika Journal of Social Sciences & Humanities, 28*(3), 1621-1641. Retrieved from http://www.pertanika.upm.edu.my/resources/files/Pertanika%20PAPERS/JSSH%20Vol.%2028%20(3)%20Sep.%202020/02%20JSSH-3027-2018.pdf

3. Ayu, M. A., & Ghazali, A. (2023). The impact of perceived organizational support on employee motivation in Indonesia technology start-up companies post pandemic Covid 19. *International Journal of Current Science Research and Review, 6*(5), 3069-3079. https://doi.org/10.47191/ijcsrr/V6-i5-48

4. Babakus, E., Yavas, U., & Karatepe, O. M. (2017). Work engagement and turnover intentions: Correlates and customer orientation as a moderator. *International Journal of Contemporary Hospitality Management, 29*(6), 1580-1598. https://doi.org/10.1108/IJCHM-11-2015-0649

5. Blank, S. G., & Dorf, B. (2012). *The startup owner's manual: The step-by-step guide for building a great company*. K&S Ranch Publishing LLC.

6. Bortolini, R. F., Nogueira Cortimiglia, M., Danilevicz, A. de M. F., & Ghezzi, A. (2018). Lean startup: A comprehensive historical review. *Management Decision, 59*(8), 1765-1783. https://doi.org/10.1108/MD-07-2017-0663

7. Breevaart, K., Bakker, A. B., Demerouti, E., & Derks, D. (2016). Who takes the lead? A multi-source diary study on leadership, work engagement, and job performance. *Journal of Organizational Behavior, 37*(3), 309-325. https://doi.org/10.1002/job.2041

8. Caplan, S., & Whittemore, R. (2013). Barriers to treatment engagement for depression among Latinas. *Issues in Mental Health Nursing, 34*(6), 412-424. https://doi.org/10.3109/01612840.2012.762958

9. Chin, W. W., Peterson, R. A., & Brown, S. P. (2008). Structural equation modeling in marketing: Some practical reminders. *Journal of Marketing Theory and Practice, 16*(4), 287-298. https://doi.org/10.2753/MTP1069-6679160402

10. Cho, K. M., Hong, T. H., & Hyun, C. T. (2009). Effect of project characteristics on project performance in construction projects based on structural equation model. *Expert Systems with Applications, 36*(7), 10461-10470. https://doi.org/10.1016/j.eswa.2009.01.032

11. Decuypere, A., & Schaufeli, W. (2020). Leadership and work engagement: Exploring explanatory mechanisms. *German Journal of Human Resource Management, 34*(1), 69-95. https://doi.org/10.1177/2397002219892197

12. Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research, 18*(1), 39-50. https://doi.org/10.2307/3151312

13. Gage, D. (2012, September 20). *From the venture capital secret: 3 out of 4 start-ups fail*. The Wall Street Journal. Retrieved from https://www.wsj.com/articles/SB10000872396390443720204578004980476429190

14. Getahun Asfaw, A., & Chang, C. C. (2019). The association between job insecurity and engagement of employees at work. *Journal of Workplace Behavioral Health, 34*(2), 96-110. https://doi.org/10.1080/15555240.2019.1600409

15. Ghozali, I., & Latan, H. (2015). *Partial least squares konsep, teknik dan aplikasi menggunakan program SmartPLS 3.0 [Partial least squares concepts, techniques, and applications using SmartPLS 3.0 program]* (2nd ed.). Semarang: Badan Penerbit Universitas Diponegoro. (In Indonesian).

16. Gonos, J., & Gallo, P. (2013). Model for leadership style evaluation. *Management, 18*(2), 157-188. Retrieved from https://core.ac.uk/download/pdf/19120671.pdf

17. Greenhalgh, L., & Rosenblatt, Z. (1984). Job insecurity: Toward conceptual clarity. *The Academy of Management Review, 9*(3), 438-448. https://doi.org/10.2307/258284

18. Guberina, T., Wang, A. M., & Obrenovic, B. (2023). An empirical study of entrepreneurial leadership and fear of COVID-19 impact on psychological wellbe-

ing: A mediating effect of job insecurity. *PLoS ONE, 18*(5). https://doi.org/10.1371/journal.pone.0284766

19. Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2014). *A primer on partial least squares structural equation modeling (PLS-SEM)* (2nd ed.). SAGE Publications, Inc. Retrieved from https://eli.johogo.com/Class/CCU/SEM/_A%20Primer%20on%20Partial%20Least%20Squares%20Structural%20Equation%20Modeling_Hair.pdf

20. Hair, J., Hollingsworth, C. L., Randolph, A. B., & Chong, A. Y. L. (2017). An updated and expanded assessment of PLS-SEM in information systems research. *Industrial Management and Data Systems, 117*(3), 442-458. https://doi.org/10.1108/IMDS-04-2016-0130

21. Hardiansyah, R., & Tricahyono, D. (2019). Identifikasi faktor-faktor kesuksesan start up digital di kota Bandung [Identification of Success Factors for Digital Startups in Bandung City]. *Jurnal Ekonomi Universitas Riau*. (In Indonesian).

22. Harlin, U., & Berglund, M. (2021). Designing for sustainable work during industrial start-ups – The case of a high-growth entrepreneurial firm. *Small Business Economics, 57*(2), 807-819. https://doi.org/10.1007/s11187-020-00383-3

23. Hendratmi, A., Ryandono, M. N. H., & Sukmaningrum, P. S. (2020). Developing Islamic crowdfunding website platform for start-up companies in Indonesia. *Journal of Islamic Marketing, 11*(5), 1041-1053. https://doi.org/10.1108/JIMA-02-2019-0022

24. Henseler, J., Ringle, C. M., & Sarstedt, M. (2015). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the Academy of Marketing Science, 43*(1), 115-135. https://doi.org/10.1007/s11747-014-0403-8

25. Hobfoll, S. E. (2001). The influence of culture, community, and the nested-self in the stress process: Advancing conservation of resources theory. *Applied Psychology: An International Review, 50*(3), 337-421. https://doi.org/10.1111/1464-0597.00062

26. Hong, Y., Kim, M. J., & Sohn, Y. W. (2023). The relationship between job insecurity and safety behavior: The buffering role of leadership ethics. *Sustainability, 15*(18), Article 13910. https://doi.org/10.3390/su151813910

27. Hu, L. T., & Bentler, P. M. (1999). Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling: A Multidisciplinary Journal, 6*(1), 1-55. https://doi.org/10.1080/10705519909540118

28. Huang, G. H., Niu, X., Lee, C., & Ashford, S. J. (2012). Differentiating cognitive and affective job insecurity: Antecedents and outcomes. *Journal of Organizational Behavior, 33*(6), 752-769. https://doi.org/10.1002/job.1815

29. Jung, H. S., Jung, Y. S., & Yoon, H. H. (2021). COVID-19: The effects of job insecurity on the job engagement and turnover intent of deluxe hotel employees and the moderating role of generational characteristics. *International Journal of Hospitality Management, 92*. https://doi.org/10.1016/j.ijhm.2020.102703

30. Katadata. (2020, July 10). *Pandemi Covid-19 memukul perusahaan digital – Startup [Covid-19 pandemic hits digital companies – Startups]*. Katadata.co.id. (In Indonesian). Retrieved from https://katadata.co.id/timpublikasikatadata/digital/5f0c41291c6cb/pandemi-covid-19-memukul-perusahaan-digital

31. Kumar, M., Jauhari, H., Rastogi, A., & Sivakumar, S. (2018). Managerial support for development and turnover intention: Roles of organizational support, work engagement and job satisfaction. *Journal of Organizational Change Management, 31*(1), 135-153. https://doi.org/10.1108/JOCM-06-2017-0232

32. McCauley, C. D. (2019). *Job challenge profile*. Center for Creative Leadership. Retrieved from https://www.ccl.org/permission-republish-request/

33. Northouse, P. G. (2016). *Leadership: Theory and practice* (7th ed.). Los Angeles: SAGE Publications.

34. Ozturk, A., Karatepe, O. M., & Okumus, F. (2021). The effect of servant leadership on hotel employees' behavioral consequences: Work engagement versus job satisfaction. *International Journal of Hospitality Management, 97*. https://doi.org/10.1016/j.ijhm.2021.102994

35. Pratomo, A. G. (2016). *28 startup dapat kucuran dana Rp2,09 triliun [Startup receives funding of IDR 2.09 trillion]*. (In Indonesian).

36. Rabiul, M. K., & Yean, T. F. (2021). Leadership styles, motivating language, and work engagement: An empirical investigation of the hotel industry. *International Journal of Hospitality Management, 92*. https://doi.org/10.1016/j.ijhm.2020.102712

37. Radic, A., Arjona-Fuentes, J. M., Ariza-Montes, A., Han, H., & Law, R. (2020). Job demands–job resources (JD-R) model, work engagement, and well-being of cruise ship employees. *International Journal of Hospitality Management, 88*. https://doi.org/10.1016/j.ijhm.2020.102518

38. Rangrez, S. N., Amin, F., & Dixit, S. (2022). Influence of role stressors and job insecurity on turnover intentions in start-ups: Mediating role of job stress. *Management and Labour Studies, 47*(2), 199-215. https://doi.org/10.1177/0258042X221074757

39. Roldán, J. L., & Sánchez-Franco, M. J. (2012). Variance-based structural equation modeling: Guidelines for using partial least squares in information systems research. In *Research Methodologies, Innovations and Philosophies in Software Systems Engineering and Information Systems* (pp. 193-221). IGI Global. https://doi.org/10.4018/978-1-4666-0179-6.ch010

40. Sasikirana, M., Hadi, C., & Eko, M. (2023). Leadership style training intervention on perceptions of job performance assessment in managers at Bank BRI Regional Office Padang. *International Jour-*

nal of Research and Review, 10(4), 358-364. https://doi.org/10.52403/ijrr.20230444

41. Schaufeli, W. B., Bakker, A. B., & van Rhenen, W. (2009). How changes in job demands and resources predict burnout, work engagement, and sickness absenteeism. *Journal of Organizational Behavior, 30*(7), 893-917. https://doi.org/10.1002/job.595

42. Schaufeli, W. B., Martínez, I. M., Pinto, A. M., Salanova, M., & Bakker, A. B. (2002). Burnout and engagement in university students: A cross-national study. *Journal of Cross-Cultural Psychology, 33*(5), 464-481. https://doi.org/10.1177/0022022102033005003

43. Schreurs, B., van Emmerik, H., Notelaers, G., & de Witte, H. (2010). Job insecurity and employee health: The buffering potential of job control and job self-efficacy. *Work & Stress, 24*(1), 56-72. https://doi.org/10.1080/02678371003718733

44. Shin, Y., & Hur, W. M. (2021). When do job-insecure employees keep performing well? The buffering roles of help and prosocial motivation in the relationship between job insecurity, work engagement, and job performance. *Journal of Business and Psychology, 36*(4), 659-678. https://doi.org/10.1007/s10869-020-09694-4

45. Skala, A. (2019). The start-up as a result of innovative entrepreneurship. In *Digital Start-ups in Transition Economies* (pp. 1-40). Springer International Publishing. https://doi.org/10.1007/978-3-030-01500-8_1

46. Thompson, R., & Barclay, D. W. (1995). The partial least squares approach to causal modeling: Personal computer adoption and use as an illustration. *Technology Studies, 2*(2). Retrieved from https://www.researchgate.net/publication/242663837_The_Partial_Least_Squares_PLS_Approach_to_Causal_Modeling_Personal_Computer_Use_as_an_Illustration

47. Tomas, J., Maslić Seršić, D., & De Witte, H. (2019). Psychological climate predicting job insecurity through occupational self-efficacy. *Personnel Review, 48*(2), 360-380. https://doi.org/10.1108/PR-05-2017-0163

48. Vinod Nair, A., McGregor, A., & Caputi, P. (2020). The impact of challenge and hindrance demands on burnout, work engagement, and presenteeism. A cross-sectional study using the job demands-resources model. *Journal of Occupational and Environmental Medicine, 62*(8), E392-E397. https://doi.org/10.1097/JOM.0000000000001908

49. Vinzi, V. E., Chin, W. W., Henseler, J., & Wang, H. (2010). *Handbook of partial least squares: Concepts, methods and applications*. Springer. https://doi.org/10.1007/978-3-540-32827-8

50. Wang, D., Kan, W., Qin, S., Zhao, C., Sun, Y., Mao, W., Bian, X., Ou, Y., Zhao, Z., & Hu, Y. (2021). How authentic leadership impacts on job insecurity: The multiple mediating role of psychological empowerment and psychological capital. *Stress and Health, 37*(1), 60-71. https://doi.org/10.1002/smi.2973

51. Wang, H. J., Le Blanc, P., Demerouti, E., Lu, C. Q., & Jiang, L. (2019). A social identity perspective on the association between leader-member exchange and job insecurity. *European Journal of Work and Organizational Psychology, 28*(6), 800-809. https://doi.org/10.1080/1359432X.2019.1653853

52. Wang, Q., Khan, S. N., Sajjad, M., Sarki, I. H., & Yaseen, M. N. (2023). Mediating role of entrepreneurial work-related strains and work engagement among job demand–resource model and success. *Sustainability, 15*(5), Article 4454. https://doi.org/10.3390/su15054454

53. Zaech, S., & Baldegger, U. (2017). Leadership in start-ups. *International Small Business Journal: Researching Entrepreneurship, 35*(2), 157-177. https://doi.org/10.1177/0266242616676883