

EFFECTIVENESS OF IMPLEMENTATION OF HUMAN RESOURCES MANAGEMENT DURING THE COVID-19 PANDEMIC ON EMPLOYEES MOVING IN THE FORMAL SECTOR IN INDONESIA

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Abstract: *Organizations and their human resources must navigate through the harsh impacts of the new coronavirus disease (COVID-19). The external crisis required the dynamism of the HR system to address the growing concerns of all sectors around the world and in particular, Indonesia's formal sector and its employees. The HR department serves as a liaison between organizations and their human resources. Therefore, HR Officers need to ensure a balance between the benefits of the parties in the employment contract. Since the employer aims to maximize profits, the employee aims to maximize job satisfaction. In an effort to ensure that both parties are well served after the COVID-19 crisis period, there is a need to reintegrate existing human resource practices and procedures. Getting past crises will require learning, innovation, and adaptation. HR practices need to be modified, rebuilt, and put into practice. In this article, we discuss the challenges employers and employees face in dealing with the pandemic and how these challenges can be mitigated through readjustment of HR practices taking into account the local Indonesian context. Such evidence requires a rapid response for the HR department to adapt HR practices to align with the crisis. We recommend empirical research in this area to assist long-term HR policy.*

Keywords: *Human Resources, COVID-19, Formal Sector*

1. Introduction

Severe acute respiratory syndrome disease, better known as Coronavirus (COVID-19) with a global spread, was detected early in Wuhan, China. Viruses that spread through contact with tiny droplets from an infected person have a high mortality rate and have infected more than 10.4 million people with more than 507.00 deaths worldwide (Bartsch et al, 2020). Countries around the world are battling the coronavirus, also known as COVID-19. COVID-19 has made threats not only to the health sector of every country but also to the economic sector (Zulkarnaen, W., et al. (2020:6519). In Indonesia the virus has infected 56,385 with 2,876

World leaders in response to the virus outbreak have imposed travel restrictions, announced stay-at-home orders, shutdowns, lockdowns, closing facilities and controlling workplace hazards. The COVID-19 outbreak has resulted in the suspension and rearrangement of many economic activities and human resources, worldwide including recreation, manufacturing and education (Oldekop et al, 2020). The pandemic has affected the main HR practices of the formal sector in Indonesia. Both parties to the employment contract, the worker and the employer have been affected in work with fixed hours and wages. The implications for employees and employers are supported in more detail (Harirah & Rizaldi, 2020). Human resource management involves all management decisions and practices that directly affect human resources (Sasangka, I., & Zulkarnaen, W. (2019: 95).

2. Research Methods

Research on the impact of COVID-19 on human resource practices for employees engaged in the formal sector in Indonesia uses a qualitative approach with a literature study method. Qualitative research methods are best suited in situations where little is known about a phenomenon or when efforts are made to generate new theories or revise existing theories. Qualitative research is more inductive than deductive and is used to describe phenomena in detail, without answering causality questions or showing clear relationships between variables (Sugiyono, 2016). In collecting data, a literature study approach was used. That is collecting information sources which can be in the form of written sources originating from articles, journals and books related to the object being studied (Bick et al., 2020).

3. Results and Discussion

Employee productivity is measured as physical and mental attendance and worker efficiency affects the overall working conditions of employees. Low employee productivity has disadvantages for the organization and employees (Syairozi, 2021). As Indonesia suspends and reorganizes the services of a number of formal sector institutions in response to the COVID-19 pandemic, employee productivity always affected. Employees are rationalized in some sectors while other sectors including higher education institutions have adopted distance learning and work (Bick et al., 2020). The question then is what are the implications of staff rationalization and remote work on employee productivity? Staff rationalization causes widespread stress, increased pressure and reduced employee productivity because the same volume of work is done by a smaller workforce. The benefits of remote work evaporate when it is passed on to each employee. High productivity in remote work is situational. This requires the right workers, the right mind and favorable external conditions (Block, nd). Many formal sector workers in Indonesia do not occupy roles suitable for remote work, while other workers who are unfamiliar with the effective use of information technology have challenges to engage in remote work. The high stress and low control associated with remote work erodes workers' motivation and productivity. Slow internet connectivity makes normal tasks impractical.

The territory of Indonesia which consists of thousands of islands is a separate obstacle in implementing remote work because not all islands can be reached by a good signal (Donthu & Gustafsson, 2020). Employee welfare has been debated by organizational psychologists as a mediator between working conditions and performance (Ghisellini et al., 2016). Employee welfare is a function of the work environment consisting of job demands, workloads and complex tasks as well as work resources which are potential motivations. Job demands are more likely to result in stress and decreased performance. The future of the formal sector in Indonesia lies in the health and well-being of workers. In an effort to migrate to the digital economy in the face of the COVID-19 crisis, former sector workers are adopting a remote "always working" way of working without any informal chats and discussions, workplace ceremonies and coffee breaks. Meetings improved with the anytime anywhere syndrome characterized by short deadlines with work exceeding 14 hours (Bryce et al., 2020). The sudden spread of webinars leaves employees nervous with many tasks in isolation. As a result, the absence of regular social interactions can lead to depression, anxiety, insomnia, stress and some other psychosocial challenges (Donthu &

Gustafsson, 2020), work-life balance complications, weight gain, headaches, back pain and fatigue (Fischer et al., 2005).

Another important area of impact of COVID-19 on employees is career shocks. Career shocks are disruptive events that are beyond an employee's control but affect his or her career with positive or negative impacts and at varying intensity, frequency and predictability experienced by employees in a pandemic (Grobler et al., 2015). Crisis including the COVID-19 pandemic can disrupt organizations and human resources (Ghisellini et al., 2016). Organizations work under pressure due to situational novelty, unclear shift goals, unreliable information and unstructured situations which can lead to a sharp increase in employee layoffs. Formal sector employees in Indonesia experience career shocks, promotion delays, pay cuts and job losses. A survey conducted in several state-owned companies in Indonesia showed that 50% of employees postponed their promotions in 2020 (Rusilowati, 2020). Some institutions offer promotions with a retrospective effect, but this results in lost salaries for employees. Employees in this crisis are focused on keeping their jobs and can therefore overcome promotion delays (Mahmud et al., 2021).

Annual leave which is a longer time off from work makes employees adjust the fit between work and activities outside of work because employees prefer paid leave over salary increases (Susanti et al., n.d.). Paid sick leave is an integral policy to protect workers. Regulations on leave are established by the International Labor Organization and national bodies. The Labor Law has provisions regarding leave. However, the law does not mention about paid sick leave and the duration of the leave. Various conditions of service and collective public service agreements have provisions for sick leave but definitions are limited to non-unionized workers and private companies in Indonesia. Since the Indonesian government did not announce the closure of certain corporate institutions de(Oldekop et al., 2020), employees cannot stop working when they feel unsafe or unwell because the decision will affect their salary. No medical report about the employee who made it eligible for sick leave, the employer has the discretion to grant leave. Employers in consideration of income losses mostly limit the administration of leave to the lockdown period (Oktaviani et al., 2011).

The supply shock experienced in the pandemic reduces employment and output, the Fiscal Policy Agency (BKF) surveyed the historical pandemic time series on rates of return and found that the pandemic reduced the real interest rate on capital. Contracts between workers and employers require that workers contribute to the return on investment and receive income. As employee productivity fell drastically in the COVID-19 pandemic, government revenues from direct production, service delivery, and taxation were limited, indicating a loss of economic activity of nearly Rp. 316 Trillion for

Indonesia during the first quarter of 2020 (BKF, 2020). Low labor productivity has implications for the government and private entrepreneurs. Restrictions on non-essential manufacturing operations led to an average 80% decline in domestic supply and income.

Decision making is a major responsibility of entrepreneurs challenged in a crisis that acts as a trigger for change for the organization. Situational leadership theory suggests that a highly valued leadership model is a leadership model that changes with the situation in the work environment (Wang et al, 2020). Entrepreneurs and agents are faced with a myriad of decisions that can ensure business continuity amidst the new corona virus disease (COVID-19). As the pandemic has disrupted workflow in most sectors especially in education and health,

management and employers are being challenged with decisions to address the backlog and urgency of services. For example, because schools are closed, education authorities are faced with a number of jobs to complete in the academic year. Online learning options are involved in the higher education sector to complete the school curriculum. Limitations in learning management systems still underpin the workload of services for educational entrepreneurs (Grobler et al., 2015). Health facility management is overwhelmed with increasing patient care and testing capacity. There is a lot of pressure on the health sector to clean up the service backlog caused by the crisis. Evidence suggests a high prevalence of mental health problems (e.g. depression, anxiety, and insomnia) and stress among health workers (Rosyanti & Hade, 2020), and employers are challenged to define staff scheduling plans that can allow the welfare of workers at the same time to meet the urgency of the health center.

The management structure is not rigid and must be able to adapt to changing environments and circumstances. The COVID-19 pandemic has brought about a new way of workplace management. Skepticism related to the pause in the pandemic period and disruption of human resource activities may require companies to restructure for business continuity (Dzingbede et al, 2020). Organizations are restructuring in response to economic downturns and changing the nature of business to maximize profits. Best practices in restructuring offer better retention of human resources through re-application, re-skilling, and attrition. The main challenge for employers relates to a careful examination of how to make organizations stronger and recover without downsizing and moral decline among employees (Allen et al, 2020). The adoption of new technologies, recruitment and selection, remote work, staff rationalization, downsizing and cost implications are the main decisions that are being challenged by employers as COVID-19 has changed the structure of formal sector jobs.

COVID-19 has moved discussions about the future of work to the present by emphasizing the long-term view that not only rebuilds from past models but develops strategies that create resilience for future crises (Bryce et al, 2020). As the COVID-19 pandemic impacts both employers and workers, work policies must be modified to reduce the impact on both parties and how a product or service can be sustained in a pandemic. The policy should integrate existing work processes with innovative ones, change operational strategies, redefine employee and customer safety, comply with social distancing, compensate for COVID-19 infection in the workplace, and exclude employee productivity requirements (Hite & McDonald, 2020).

The employer may temporarily change the terms of the employment contract for economic reasons or in a public event, setting a different scope of work in which the contract contains a force majeure clause. Force majeure clause allow parties to the employment contract to consider alternative adjustments or terminations as necessary (Spurk, 2020). The clause prevents the parties from being liable for failure to perform their obligations under the contract. In the event of a COVID-19 pandemic, employers need to apply a force majeure clause if applicable in the employment contract. Necessary adjustments can be made to leave, pay and other conditions in the contract to benefit both parties.

An alternative approach to mitigating the effects of the COVID-19 pandemic is a shift from occupational specialization to general work. When employees seek to diversify their skills, they are protected from the high shocks that may result from job loss because there are options to consider alternative job sources if their skills are generalized rather than specific (Block, 2016). Presentism regarded as employees being physically present at work but with limited productivity is common in the public sector. In an outbreak, employers need to turn to work process

management to deliver results rather than motivating presentations. The human resources department needs to establish a results monitoring system to manage employees outside the office space. Employees can work remotely but deliver results rather than being monitored to be present in a physical office with the risk of presence infection. This will track employee productivity as much as possible and will reduce stress on employees, employers and work facilities.

As employees log in remotely, HR functions improve to shift from traditional work processes to digital spaces. Employees must be supported by digital work platforms and infrastructure, software, data cards, and laptops. Guidelines on remote workforce management should be developed and circulated to employees. HR processes such as recruitment and selection, orientation, training, and development require electronic modification. Also, appointments should focus on tech-savvy talent who can perform in the digital workplace. Existing staff should be trained on the use of online work platforms. Existing evidence shows the adoption of flexible work from home options, as some work can be done from home, saving costs and risks on the way (Purwanto, 2020).

The human resources department needs an employee welfare and safety unit to respond to COVID-19 and related welfare issues. The safety unit will ensure regular disinfection of offices, buses and other facilities to keep employees safe. Procurement of face masks, hand washing equipment, sanitizers needs to be ensured and their use enforced by the safety team. The welfare unit will respond to employees on various welfare issues inside and outside the workplace; parenting, bedtime, eating on time, water therapy, exercise, and other tips for personnel welfare and offering necessary advice (Taufik & Warsono, 2020). Organizations need to consider stand-up meetings or create short, concise and interesting meeting reports to read. These efforts will reduce stress on employees and improve their general well-being in the pandemic. The Human Resources Department can develop prosocial work practices that will promote the social, physical, and spiritual well-being of employees to reduce the effects of fatigue (Kim et al, 2017).

A critical component of addressing the effects of the pandemic on the sector requires a critical assessment of the individual impact on employees. Employees experience pandemics differently. While some workers experience career shocks, closed livelihoods, others may experience little effect on their careers but avenues for spending time with family except for the health implications. Employee-specific interventions are needed to manage the anxiety experienced by employees rather than a general approach (Muslim, 2020).

Employee engagement which is a two-way communication between employers and employees is the key in making future decisions for both parties. When morale is low and work is threatened in a crisis, leaders can increase employee motivation by frequently involving employees (Crawford et al, 2014). Employee engagement should include calculating their emotions and listening to their opinions. When employees are listened to and involved in decisions that affect them, they turn to addressing the outcome of those decisions. Employee engagement is one of the main ways formal sector organizations can manage their employees in this crisis. Crisis communication that refers to frequent discussions with employees about crisis management options is essential in responding to a pandemic. Routine communication

with team leaders and perspective taking should be key considerations for employers. Employers and employees must show mutual empathy in the employment contract (Donthu & Gustafsson, 2020).

4. Conclusion

Major pandemic outbreaks recorded in the literature provide a new face for communication and lessons. COVID-19 challenges workplace safety and the ability to communicate pandemic developments to employees can disrupt organizations. The goal of saving lives and organizations puts forward the need to provide employees with timely information and feedback on arrangements made to respond to the pandemic. Information updates and feedback eliminates misrepresentations that could trigger further spread of the virus. Employees are entitled to risk exposure information. The role of the human resources department is as a mediator between the organization, employers, and employees. The HR manager must perform his or her functions without being an employee or an employer, but to ensure the well-being of both parties to the contract. Getting past crises will require learning, innovation, and adaptation. As the impact of COVID-19 is not short-lived, it is necessary to adapt existing human resource practices to ensure a balanced sharing of burdens between employers and workers. Empirical research needs to focus on the impact of COVID-19 on key HR policies, procedures and interventions across industries in Indonesia to respond, address and develop policy and practice guidelines appropriately.

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