

Impact of COVID-19 on private sector employees in Indonesia – 2022

Background and context

The Indonesia Business Coalition for Women Empowerment (IBCWE) and Investing in Women (IW) commissioned the last of three surveys in February 2022, investigating the key impacts of COVID-19 on private sector employees.

This fact sheet brings together findings from each of the surveys to provide insight into the impacts of the pandemic on private sector employees in Indonesia. It also seeks to provide guidance to businesses around the most impactful employee support strategies they can provide.

The timing of the surveys has had a significant impact on the findings in the Indonesian context. In May and December 2020, when the first two surveys were undertaken, Indonesian Government efforts to contain the spread of COVID-19 were mostly successful. The country used contact tracing, mass testing, quarantining, and lockdowns to suppress the transmission of the virus. As a result, infection rates remained low for much of 2020, but business operations remained interrupted.

The most recent survey followed one of the highest peaks in number of cases in mid-2021 due to the Delta outbreak. This period included school closures, national lockdown, and regional lockdowns in areas where infection rates were high. These measures and social distancing and stay-at-home requirements impacted workplaces significantly.

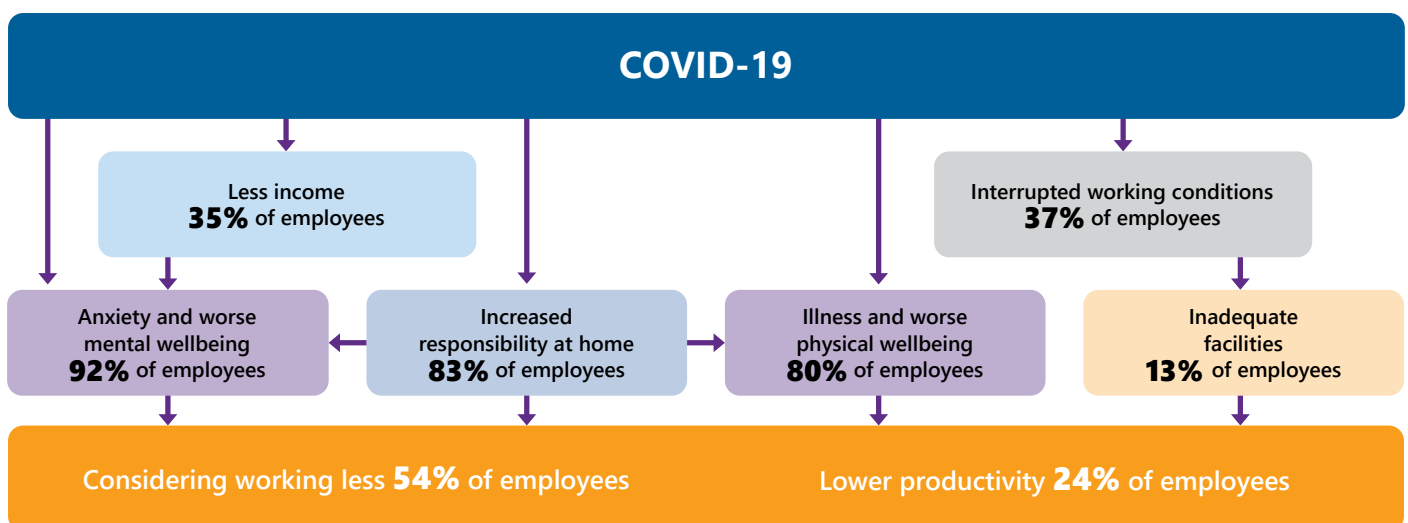
Key findings

The COVID-19 pandemic continues to have a significant impact on private sector employees in Indonesia (see Figure 1).

Employees are experiencing multiple interrelated stressors from their finances, caring responsibilities, physical health, and mental health. Such stressors can lead to lower productivity and for employees to consider scaling back their work hours.

- In February 2022, 37% of employees reported interrupted working conditions, and 35% a negative impact on their income. Approximately a third (30%) of employees were working from home (WFH), increasing slightly since December 2020.
- Almost all respondents identified mental health impacts of the pandemic (92%), and significant physical health impacts are also evident, with 80% of respondents reporting worse physical wellbeing compared with pre-pandemic.
- Almost all employees reported an increase in their time devoted to household and caring responsibilities compared with before COVID-19.
- As a result of these impacts, 24% of workers reported reduced productivity, a significant increase on the 13% reported in December 2020. Productivity was influenced by location of work, work sector, and income bracket. Just over half of respondents indicated they were considering working less (by reducing their hours, taking a leave of absence, or quitting).
- Where available, uptake of employer support was very high, particularly: flexible work arrangements (FWA); personal protective equipment (PPE); paid leave; support to work at home; and COVID-19 testing and treatment. However, many employers are not offering these popular forms of support.

Figure 1: Summary of impacts of COVID-19 reported by employees, Feb 2022



Recommendations

The significant impacts of COVID-19 on employee mental health and physical health, and the large number of employees considering scaling back their work hours, present risks to business in Indonesia. To mitigate these risks, employers can:

- **Remain aware of the range of impacts of COVID-19** affecting employees, especially on their mental and physical health, including as a result of increased responsibilities at home. A gap is evident in strategies to support mental health, and employee support programs may provide an opportunity to address this issue.
- **Provide flexible work.** This is the single most popular and useful policy that employers can deploy to help staff during the pandemic and beyond.
 - **Ensure equal access** for women and men.
 - As far as possible, allow employees to choose their preferred mix of working from the workplace and home, to both improve their work-life balance and manage their productivity.
 - Support managers to **improve communication** with staff working remotely, especially around work roles, responsibilities, and expectations.
 - Help employees set up productive workspaces at home, including by providing technical support.
- **Make sure employees are well informed** about company support policies and how to take advantage of them.

1. Impact on jobs and income

COVID-19 continues to significantly impact the jobs and income of employees in Indonesia. As a result, financial concerns continue to be the most common challenge identified by respondents, as reported in both December 2020 and February 2022.

In February 2022, **35% of respondents reported a negative impact on their income** from the pandemic. While still a considerable proportion, this is an improvement relative to 43% in December 2020, and 60% in May 2020. **There was little difference in the impact on jobs and income between men and women.**

2. Impact on health and wellbeing

Across all surveys, it was clear that COVID-19 has negatively impacted employee **physical** and **mental health**. The reported mental health impacts have consistently been higher than the physical health impacts, and both have increased sharply since December 2020 (see Figure 2).

Mental health

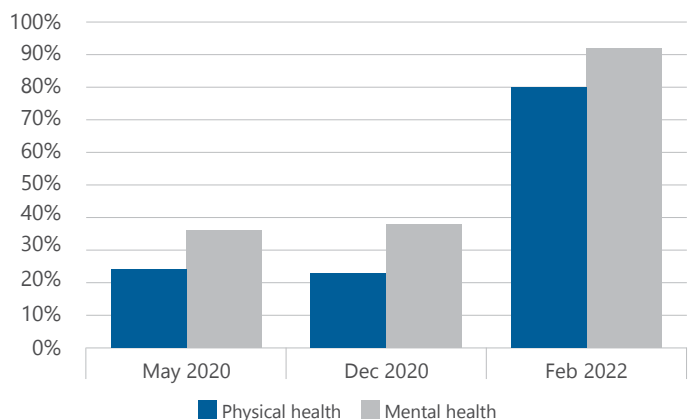
- The latest survey revealed the pandemic has negatively impacted the mental health of **92%** of respondents. This has more than doubled from **38%** in December 2020, and **36%** in May 2020.
- Key factors impacting mental health included: anxiety about the current situation; financial concerns; balancing work and family life; caring for family members; and isolation. These were consistent for both men and women.

Physical health

- In February 2022, **80%** of respondents reported illness and worse physical wellbeing, more than tripling from **23%** in December 2020, and **24%** in May 2020.
- The key factor impacting physical health was exhaustion as a result of increased domestic burdens (particularly for women (53%), though still significant for men (42%). Other identified impacts included: the inability to exercise; COVID-19 infection; and underlying health conditions.

Many challenges due to COVID-19 are interrelated and compounding. Increased financial concerns, caring responsibilities, physical health challenges, and other stresses can all interact to negatively impact health and wellbeing.

Figure 2: Reported negative health impacts over time

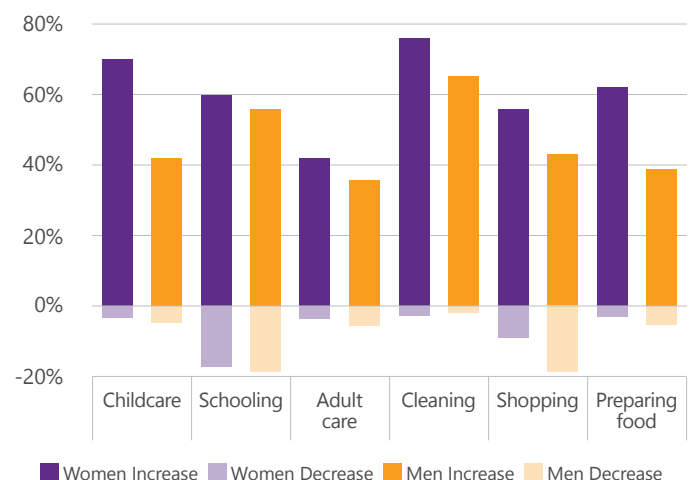


3. Impact on household responsibilities

Almost all employees reported an increase in the time devoted to household and caring responsibilities compared with before COVID-19 (see Figure 3). This has remained consistent over time for men and women.

However, while both men and women reported an increase in responsibilities, women are spending more time on these responsibilities than they did before COVID-19, reporting an average of an additional 3 hours of caring and housework, compared with 2 hours extra for men. In addition, 76% of women employees identified as primary caregiver for a child outside school hours, compared with only 38% of men.

Figure 3: Share of respondents with change in caring and household responsibilities by gender, Feb 2022



4. Impact on working environment

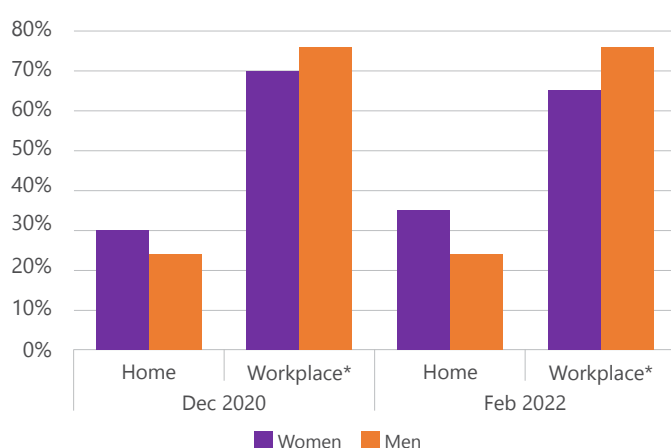
The most recent survey indicated the increased impact of the pandemic on working conditions in Indonesia, with **37% of employees reporting interrupted working conditions**, compared with 34% in December 2020.

Approximately a third (29%) of employees reported working from home arrangements, increasing slightly since December 2020. Women were more likely to be working from home than men (35% and 24% respectively) and experienced an increase over time, rising 5% since December 2020, while the proportion of men working from home remained stable at 24% (see Figure 4).

The vast majority of those WFH (88%) were doing so as a result of company-mandated WFH or government stay-at-home policies.

The latest survey found that **71% of employees were continuing to work in their original workplace**, or an alternative workplace established by their employer.

Figure 4: Work location by gender



* Original workplace, or alternative workplace established by employer.

5. Impact on productivity

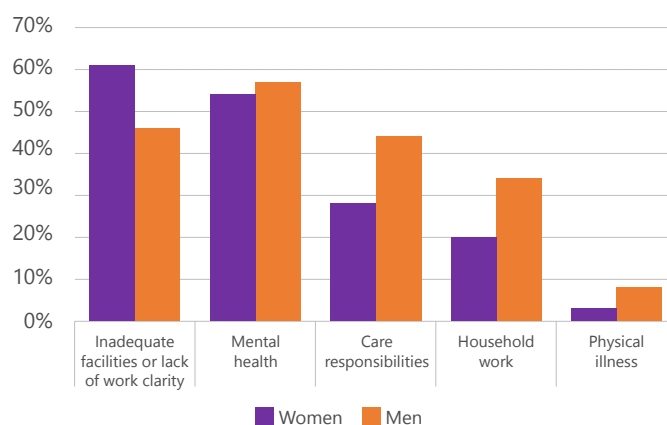
In February 2022, three-quarters of respondents indicated their productivity had remained the same or increased throughout the pandemic (76% for both men and women). This has fallen from 87% in December 2020, with a greater number of employees reporting a detrimental impact of COVID-19 on their productivity.

Productivity was primarily influenced by where employees were working. Employees working at their original workplace mostly maintained their productivity, with 7% reporting a decrease (12% in December 2020). Those working from home were more likely to report both lower (36%) and higher productivity (23%). Productivity was also assessed by gender, income bracket, seniority, and work location, with no clear influence evident from these factors.

The latest survey found that **24% of employees indicated a drop in productivity**, an increase from the 13% who reported this reduction in December 2020. There were multiple reasons (see Figure 5), but respondents indicated the major drivers of lower productivity were inadequate facilities or a lack of clarity in work (especially for women), anxiety, and household and caring responsibilities (especially for men). The scale of these impacts was highly dependent on the location of work.

- In February 2022, 53% of the respondents reporting reduced productivity identified the influence of inadequate facilities or a lack of clarity in work. Those working from home reported this more often than those working at their original workplace (68% compared with 42%).
- Changes to housework and caring responsibilities also impacted the productivity of employees working from home, more than for those working at their workplace (52% compared with 29%).

Figure 5: Reasons for reduced productivity



6. Business response to COVID-19

In the most recent survey, respondents reported a range of challenges (see Figure 6). In response to these challenges, businesses implemented strategies to support their employees during the pandemic. These can be broadly categorised as protecting physical health and enabling employees to continue working in the changing circumstances.

Support to safeguard physical health

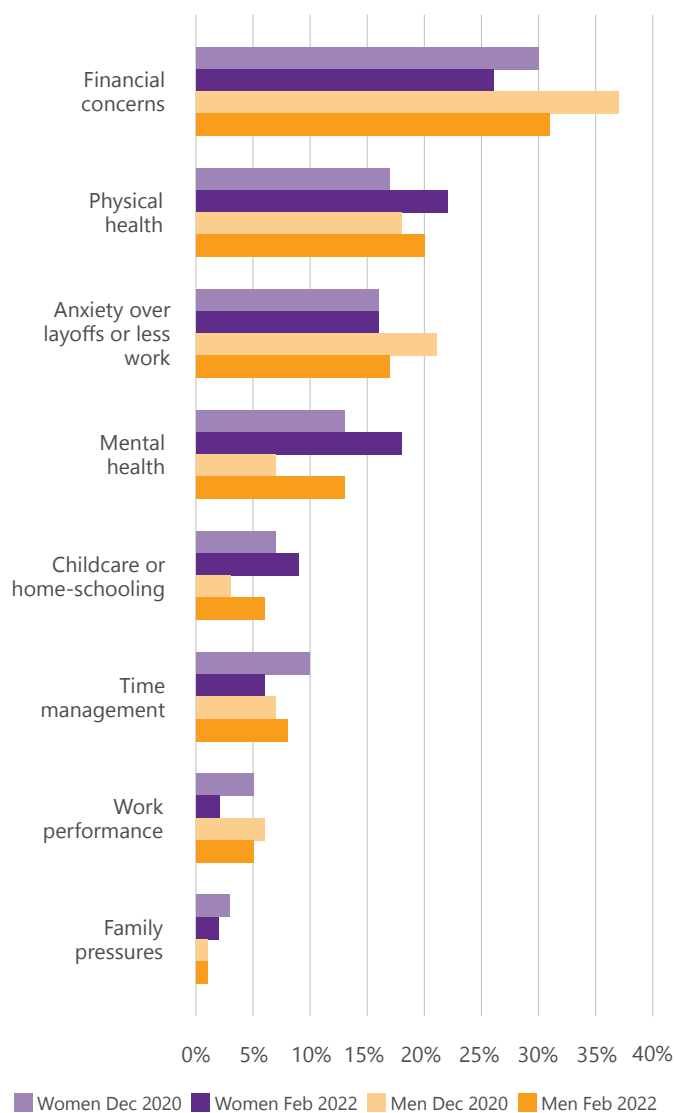
Physical health support has been implemented in some workplaces and provided some protection against COVID-19 infection. In February 2022, 52% of respondents reported support for access to **COVID-19 vaccine**, and 49% for access to **personal protective equipment**, including masks, face shields, sanitiser and protective clothing. A third (34%) of respondents reported support for access to **COVID-19 testing**.

Support for continued employment

Flexible work arrangements enabled employees to continue to be productive across business sectors, while managing competing priorities. In February 2022, 42% of women employees and 36% of men reported using flexible work arrangements (voluntary working from home and flexible work hours), even if they were not predominantly working from home.

When employers have flexible work policies in place, flexible work arrangements are extremely popular, with over 80% of employees accessing these. However, despite this popularity, only 48% of employees in February 2022 reported being offered flexible work arrangements. This level of offering has remained constant over the course of the pandemic. In addition, 46% of respondents reported access to partially or fully paid leave, up from 36% in December 2020.

Figure 6: Biggest challenge due to COVID-19 by gender



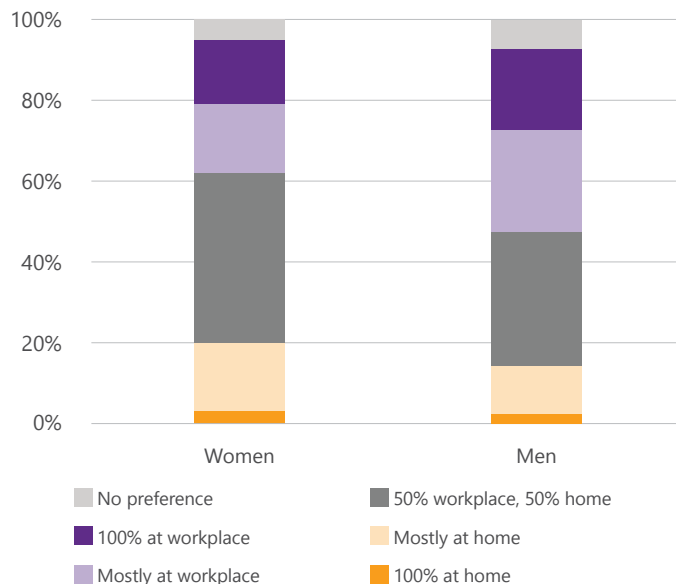
7. Preferred working arrangements

Despite any impact of WFH on productivity, three-quarters (76%) of employees indicated they preferred some amount of working from home and access to flexible work arrangements. Younger employees were more likely to prefer a higher portion of time working from home.

Characteristics that are typically associated with FWA and WFH, such as having young children, made little difference, and main carers were only slightly more likely than non-carers to have taken up flexible work arrangements. For those who prefer regular working from home, their main motivation was reported as work-life balance (including less time commuting).

Choosing from a range of options, **the most preferred option for work location by employees** was a combination of **working half at their workplace and half at home**, with 42% of women and 33% of men expressing this preference (see Figure 7).

Figure 7: Preferred work arrangement by gender, Feb 2022



8. Supporting private sector employees through COVID-19 and beyond

By supporting employees, private sector businesses have been able to maintain relatively high levels of productivity, despite the challenging operating environment of the pandemic.

While many supports were provided, the survey identified several areas of unmet need. The mental health impact of the pandemic was reported most frequently for employees. Significantly, no supports in this area were reported.

Mental health support for employees remains a key issue, and opportunity, for the private sector.

While flexible work options were highly valued by employees, appropriate infrastructure and management support was critical to ensure productivity. Businesses are encouraged to ensure equal access to flexible work arrangements for both male and female employees.

Promoting all available employee supports across the organisation would ensure awareness and equitable access.

Like most countries in the world, Indonesia is moving beyond the pandemic towards 'business as usual'. Results from this survey indicated that many employees valued the opportunity to work flexibly. Businesses are encouraged to actively engage with their employees to determine appropriate flexible work policies to best support their workforce, through the pandemic and beyond.