

CHAPTER 2 - LITERATURE REVIEW

Pandemic Covid-19 was shocking moment for human being and developed critical situation for every institution including government around the world. The appropriate crisis response using the best strategic management is a fundamental factor for maintaining business sustainability, such as Marketing management, Operational management, People management, Strategic partner management, Social or stake holder management have to execute properly.

Management within the organization should find the best method that ensure organization still operate effective and efficient at the same time. Very important understanding was: Effective is the degree to which objectives are achieved and the extent to which targeted problems are solved. And Efficiency can be defined as the comparison of what is actually produced or performed with what can be achieved with the same consumption of resources (money, time, labour, etc) (Mascarenhas, Pimentel and Rosa, 2019). And for the best result for organization operational excellent is balancing “Doing the right things” (effectiveness) and “doing the things right (efficiency)”.

Implementing that principle can help management to execute crisis management systematically and structured. Regarding the purpose of the research, there are 3 main factors should be elaborate as analytical basis: Organization Effectiveness, Working Method and Behaviour related normal and outbreak condition.

2.1 Theoretical Perspectives

2.1.1 Organization Effectiveness

2.1.1.1 Definition of Organization Effectiveness

Organizational Effectiveness (OE) is define as the extent to which the organization provides sustainable value through the purposeful transformation of inputs and exchange of outputs, while minimizing harm from its actions (Martz, 2008).

And for the other understanding was organization is effective when organization able to manage ambiguity, flexibility, value-oriented, customer-oriented, production, and structured learning and knows the main job area also employees' empowerment (Mehdibeigi, Dehghani and Yaghoubi, 2016). Cited Harris, OE can be define as profits, quality, sales growth, employee satisfaction, and return on assets (Harris, 2006).

2.1.1.2 Indicators of Organization Effectiveness

Reviewing or evaluating the organization effectiveness need a special tool that helping management or professional person to conduct in a systematic process and has a good accountability result. Refer to Martz research (Martz, 2008), there are four dimensions to evaluate the organization effectiveness, that is:

1. Purposeful

This dimension related with the main reason of the organization developed. It must be to have the goal because of the organization act with intention. This consist of three indicators: Efficiency, Productivity, and Stability.

2. Adaptable

The definition of this dimension is ability of an organization to change its processes in response to or in anticipation of environmental changes (Martz, 2008). This is consist of three indicators: Innovation, Growth, and Evaluative.

3. Sustainable

The definition of this dimension is ability of the organization to be continued indefinitely. Consist of four indicators: Fiscal Health, Output Quality, Information Management, and Conflict and Cohesion.

4. Harm minimization

The definition of this dimension is the extent to which an organization minimizes the negative outcomes created by its activities (Martz, 2008). Consist of two indicators: Intra-Organizational and Extra- Organizational.

This research limitation was focus on the human capital organization that has the main role of organization called OOTAA, and refer to the check list of the Organization Effectiveness (OE), there are 11 indicators out of 12 from 4 dimension that correlated with this research, that is:

1. Purposeful Dimension

1.1 Efficiency

The understanding of efficiency is the ratio that describe comparison between unit performance and costs (money, space, time). This factor describes in human capital organization program as indicator: Development Cost/Program; Development Cost/Employee; Cost/Review; Cost/Monitoring.

1.2 Productivity

The understanding of productivity is a ratio between physical output to input from the organization. Output is services or goods that produce by the organization, and input is the resources that organization used such as labour, facilities, equipment and others resource. The implementation within the organization stated with measurement of Employee Cost/Recurring Profit for branch/ site or company level, Number of Participant/Program; Coverage Area/Program; Frequency of Monitoring or Coordination/Week; Frequency of Review/Month; Number of Policy Development/Semester.

1.3 Stability

The understanding of stability is ensuring the structure, resources and function were stable during specific time, especially during periods of stress, likes pandemic covid-19. Measurement of this indicator within organization are various, i.e.: employee health index, turnover ratio, percentage of job rotation, ratio of number employee between back office vs operation.

2. Adaptable Dimension

2.1 Innovation

The understanding of innovation is the degree to which changes (either temporary or permanent) in process, procedures, or products are intentionally implemented in response to environmental changes. In daily operation, this indicator has several parameters, i.e: number of innovations for idea, policy, procedure, work instruction, etc that developed during certain period (semester or yearly).

2.2 Growth

The understanding of the growth is the ability of an organization to import more resources than it consumes in order to maintain itself. Measures may include revenue and profit growth, change in workforce, net change in number of clients served, etc. (Martz, 2008). Referring to the role of human capital organization, the parameter of this indicator was changing number of employees only.

2.3 Evaluative

The operation of organization based on quality management system was effective when the system control/monitoring/evaluation implement consistently. During the evaluation, organization should look for the better ways or improvement or opportunities of the quality operation based on external and internal environment. PDCA cycle, as mention above, was one of the best tools for this evaluation system. This indicator has several parameters such as: consistency of monitoring and review activities for department and division level, number of successful new program, number of employee participation, and assessment result / performance of human capital management system and percentage of Bipartite Forum (official coordination forum between management and labour union).

3. Sustainable Dimension

3.1 Fiscal Health

The financial viability of an organization as represented by its financial statements (e.g., balance sheet, income statement, cash flow statement). In most cases, ratios are used to allow for comparison with relevant organizations (Martz, 2008). Because of the role of human capital organization as back office function, this indicator is Not Applicable.

3.2 Output Quality

The understanding of quality is totality of characteristic and attribute or features of primary service, goods or idea that bears on it the ability to satisfy the stated requirements or implied needs of the receiver that has right to give an award. And the output quality from the organization can be services, innovation, policy that impact to employee. The parameter for this indicator measures as, Employee Engagement Index (EEI) and number of innovation winner.

3.3 Information Management

Understanding of Information Management is the completeness, accuracy in analysis, efficiency and distribution of information within organization including cross level collaboration, accessibility to influence, participative and involvement in decision making, and communications processes inside and external to the organization. This indicator describes through the parameters, i.e: the lead time of Management Documentation Development (Policy, memo, procedure, work instruction, etc.), the lead time of Documentation deployment, number of miss information complaint.

3.4 Conflict and Cohesion

Cohesion is the extent to which organizational members work well together, communicate fully and openly, and coordinate their work efforts. At the other end lies conflict, characterized by verbal and physical clashes, poor coordination, and ineffective dedication (Martz, 2008). In daily organization operation, this indicator describes through parameters: number of cross

function coordination forum (within divisional and cross divisional), various level of authorized person attending the coordination meeting, number of working team, number of conflict/complaint rise at Bipartite forum (official coordination forum between management and labour union), number of whistle blower report and reveal.

4. Harm Minimization

4.1 Intra Organization Harm Minimization

Those ethical and legal items that pertain to matters internal to the organization such as instances of ethical conduct breach, evidence of workforce training, and internal and external audits. This indicator describes at several parameter, i.e.: Policy & procedure socialization program to employee and labor union (benefit & others regulation), Social control of human capital implementation program through Bipartite, KIPKA scores, Internal Audit Result.

4.2 Extra Organization Harm Minimization

Those ethical and legal items that pertain to matters external to the organization such as compliance with government regulations, ecological footprint, and internal and external audits. This indicator describes through several parameter, i.e.: KIPKA scores, Environment Health & Safety Audit, and Coordination forum with DISNAKER, East Jakarta.

2.1.2 Work from Home Methods

Many years Work from Home (WFH) is very interesting topic to be discussed, but never have a final conclusion because every aspect of life always change rapidly and drive especially by technology.

US, UK and Germany are common country allowed to WFH during normal hours, almost 50% (cited Blooms, et al). For Asian countries WFH may face a good challenge because of most of them still required or valued “face time”, especially between superior and subordinate (Pérez, Sánchez and De Luis Carnicer, 2003), but latest

research by Quoquab (Quoquab, Seong and Malik, 2013) found that regarding the positive and minus of WFH or telework method, Malaysian possess greater favourable outlook for positive indication implementing WFH method.

In last few years, 10-20 % WFH increase in developing countries, because of traffic congestion, internet connectivity, lap top utility and also smart phone connectivity (*cited Blooms et al*). Implement WFH method increase employees control over their individual job task, working location and also give an opportunity to choose the working time at their most productive hours, even at night or on weekends. In the other way around, when Work from Office (WFO) was implemented, employees have to follow and conform to regular office hours and common break time, even though it is not their preferred working time schedule.

Discussion of working method always interesting, and for better understanding clearly describe at table 2 the comparison study between WFO and WFH that contain important aspects of most influence on the employee perception (Rudnicka *et al.*, 2020).

Table 2.Comparation WFO and WFH (Rudnicka *et al.*, 2020)

Requirements Comparison between WFO & WFH				
No	Dimension	Elements	WFO	WFH
1	Infrastructure	Space of Work	Appropriate Workplace Setup	Inadequate Workplace Setup (Proper Chair, Desk, Monitor, etc)
		Internet Bandwidth	Supplied by Office, proper bandwidth & speed	Home level Internet bandwidth & speed
		Utilities	Printers, phone, working computer, etc provided by the company for office standard use	Lack of printers, lack of sufficient space and inability to access a work server also impacted work
2	System	Coordination & Supervision	Direct Supervision	Self-Scheduling, Responsibility based

3	Technology	Communication	Face to face or direct communication	Using various collaborative & Communication tools (Zoom, Ms. Teams, Google Hangout)
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Regarding many research, pro and contra always follow a new working method when it introduces to the organization, because of it is strong correlated with employee perception, especially between superior (manager/leader that represent the management) and subordinate (represent ordinary employee). One side concern about supervise, monitor and control the job and the other side concern about trust, time management, and freedom.

Refer to Anindra & Guspa research at 2014 (Guspa *et al.*, no date), there are 3 dimension that influence people perception, that is:

1. Cognitive

This dimension is associated with thinking and or conscious mental processes. It represents the individual faith and stereotype of the object (good or bad).

2. Affective

This dimension is associated with the emotions, feeling that related with the object.

3. Conative

This dimension is associated with a wish, intention, or effort to do something (behaviour).

Describe at Table 3, some example of the Positive and Negative perception of WFH implementation, research by Prasad (Prasad *et al.*, 2020)

Table 3. Perception on WFH Implementation

Perception on Work From Home (WFH) Implementation	
Positive	Negative
Saving communication time	<ul style="list-style-type: none"> • There is a misconception that actually employee doesn't work to his/her full potential and will work only to the targeted tasks which are important and other time the employee will relax. • Though the quantification of a service and intangible benefit is difficult, the managers should find a way out overcome this misconception. • Employee may be able to divulge his ideas/feeling to the peer in group communication and are not part of the routine person to person meetings. It will delay communication of decisions.
Saving in office costs	<ul style="list-style-type: none"> • Remote workers will have communication problems because of internet glitches. • Workplace isolation create many problems for the older employees who are not technology savvy.
Flexible working hours	<ul style="list-style-type: none"> • Some peers believe that they should work full 40 hrs for a week however for in-office employee the times includes the 2-Tea/Coffee and 1 lunch break. • There is a chance of employee burnout for unnecessary policing. Though The organization can overcome this problem through time logins and allied mechanisms.
<ul style="list-style-type: none"> • Minimal supervision which increases the decision-making knowledge of an employee. • Must complete the job 	Working too much
No workplace group politics	Interruptions from surrounding or family matters

Regarding the Prasad research, clearly describe that implement WFH influence a lot of conscious, emotion and behaviour of all employee within organization. Following that understanding, found at the human capital organization -as target research- during WFH

implementation to face the pandemic covid-19 that some indicators clearly relevant to every dimensions of perception, i.e:

1. Cognitive Dimension

Consist of 4 indicators, such as:

1.1 Confidence in adaptability

During WFH, especially during covid-19 pandemic, some leaders thought that he or she was able to manage the job and execute the SDSI (Strategic Direction and Strategic Implementation) without disruption, but some leaders thought that the services function of human capital will be affected because of the absentee the person in charge. Seem that some of the leader with the team were ready to follow the policy and adapt with the circumstances to be survive, and some were not. The other side are employee, some of them need direction and communication directly with his/her superior, and some were not. This indicator in line with Prasad (Prasad *et al.*, 2020), Risley (Risley, 2020) and Bloom (Bloom *et al.*, 2015).

1.2 Understanding of Time Management

It is difficult for the organization and all employee were suddenly shall implement the WFH policy without some proper preparation – except the Business Continuity Plan simulation-. The classic discussion about time management including working time was raised between management and employee. Supervisors rise question about how to ensure all employee will discipline and follow 8 working hours/day and how to coordinate smoothly every task of department or individual. Subordinate thought that during WFH they were able to manage freely all the individual task and what they just need were trust. This condition in line with Perez (Pérez, Sánchez and De Luis Carnicer, 2003), Quoquab (Quoquab, Seong and Malik, 2013), Rudnicka (Pacheco *et al.*, 2020) and also Prasad (Prasad *et al.*, 2020).

1.3 Understanding to career boosting

There is a bit worry from employee following WFH method that they will get negative impact for career opportunities because of they were far from

the superior, less face-to-face interaction, less face and physic in the office and less training. In line with Bloom (Bloom *et al.*, 2015) this perception come up when employee work far from the office.

1.4 Distraction

Many aspects surrounding the working environment will affect the employee concentration during WFH. Many employees had family with children, some employees live in dormitory, some employees live at apartment, many employees live at landed house and all of that having many very different aspects that may distract employee concentration, especially when their children also have to implement “schooling from home” during Pandemic Covid-19.

Refer to Almarzooqi (Almarzooqi and Alaamer, 2020) found also the different place of working need physiology preparation and different place and atmosphere are able to provoke different moods, emotions and thoughts. Interaction with family during WFH could influence level of concentration, too. During WFH, dealing with distractions was a key issue for employee. It often takes employee to develop strategies to structure working time and also manage the interruption (Rudnicka *et al.*, 2020).

To separate family responsibility / personal life and professional responsibility was not easy during WFH Covid-19 for many of human capital organization employees. Government protocol enforce almost all activities including schooling shall be conducted at home, especially during *Pembatasan Sosial Berskala Besar* (PSBB) or lockdown time. While they have to finish the task, they had to deal with their children that may need their helping.

Cited Mustajab (Mustajab *et al.*, 2020), During the WFH, many employees feel technical and social distractions such as family disruptions and slow internet speeds or electrical power restrictions so they often lose focus and

choose to postpone work until they rediscover work spirit and reduce distraction to do or complete work.

2. Affective Dimension

Consist of 3 indicators, such as:

2.1 Disengagement

Cited Chanana (Chanana and Sangeeta, 2020), "Employee engagement is a workplace attitude that is ensuing all adherents of an organization to give of their excellence every day, committed toward their organization's goals and value". Employee engagement is important indicators for human capital organization – especially for this research- because it influences organization performance through level of determinant and commitment. In engagement every single employee expresses themselves cognitively, physically and emotionally in their performances, cited Chanana.

There are some factors that contributing to the level of engagement, that is: encouragement, communication, recognition, career development prospect, fair remuneration, flexible of employee hours, open work environment, transparent and contributing in decision-making (Chanana and Sangeeta, 2020).

During 10 months WFH because of pandemic Covid-19 put all of employees at high level of challenge to be human capital professional. They had to execute all the task simultaneously at all condition and there was no excuses except if the task were very risky of Covid-19 and against protocol.

2.2 Distress

Stress is very important indicator for employee that should be well manage because of direct related to their concentration to be performer, as individual or as a team player. Cited Shahid, found that employee perform best when they were less stressed and had a good work life balance.(P and Shahid, 2020).

WFH during Covid-19 create stress in many aspects of life, from their job security, income (Chanana and Sangeeta, 2020) until focus on special task that have to execute remotely.

During pandemic Covid-19, all employees of human capital organization got a lot of high-pressure situation that create a lot of stress, start from facing Covid-19 disease, implement the official protocol of covid-19, facing the bad business situation and at the same time they have to support consistently all employees of the organization surrounding Indonesia through 126 point of service.

2.3 Less Social Contact

Cited Quoquab (Quoquab, Seong and Malik, 2013), one of the disadvantage of WFH is less social contact with colleague, less face to face interaction and finally create less bonding/cohesiveness among the employee.

During pandemic Covid-19, implementing WFH combined with implementation of protocol against Covid-19 create a very less of Socials activities. Employee and family are not freely going somewhere, meet somebody or even with relatives. Even though there are some newest technology to support video conference (face to face virtual) likes Zoom, Ms team, WhatsApp, Cisco, etc, that is not comparable with real face to face communication, gathering and others social activities. All situation creates uncomfortable situation that may impact to the teamwork, cohesiveness and also quality of the job done.

3. Conative/Behaviour Dimension

Consist of 3 indicators, such as:

3.1 Performance

WFH create possibility for Organization/management offering employees to conduct Work flexibility that developed balancing condition between their professional and personal lives, leading to job satisfaction and high

performance, and finally an overall improvement of the organization as a whole (Davidescu *et al.*, 2020). There is a classic question from the management of human capital organization: Did all employees still well perform with all limitation of action (because of protocol of against Covid-19) during WFH?

3.2 Higher Work Effort

WFH create positive and negative impact for employees (Prasad *et al.*, 2020) also Mustajab (Mustajab *et al.*, 2020). Employees will have communication and coordination problems because of internet glitches. Workplace isolation like WFH Covid-19 create many problems for the older / many employees who are not technology savvy (Prasad *et al.*, 2020). Limitation of: tools/gadget, technology, internet connection, others equipment for home working, face to face interaction, working environment, makes many employees work very hard to deal with that limitation situation to achieve the goal of organization.

3.3 Work Coordination

One of the biggest challenges during WFH Covid-19 is to implement all the rules in the Organization's Human Capital management system consistently and have a good impact on the process of achieving organizational targets that have been written in SDSI. Luckily there is an internet-based communication technology that allows every employee to connect, communicate and coordinate, between employees and their superiors.

Coordination is one of the mandatory requirement that shall implement consistently across human capital organization. There are many type of coordination, from working team level until directorate level. Cited Rudnicka, remote meeting is one of the key issues for productivity during WFH (Rudnicka *et al.*, 2020).

There are fundamental differences in the implementation of WFH normal condition and during the Covid-19 pandemic, which is the existence of health protocols that shall be applied in daily activities and also there are many enforcement health regulation from Government such as: Implementing WFH, Schooling from home, social distancing, limited mobility, reducing commuting time etc.

In the peak condition of the pandemic, the health aspect must take precedence over other activities, and when the pandemic is rather rampant or victim of Covid-19 can be suppressed growth, then the health aspects and business aspect can and should go hand in hand, because the impact of unhealthy condition will affect the business tremendously.

So, The COVID-19 pandemic has caused unprecedented challenges to public health systems and also global economies (Waizenegger *et al.*, 2020).

Stress pressure, increase anxiety, reduce satisfaction of life, expose with bad/negative/hoax news during Covid-19 much higher than normal condition (Waizenegger *et al.*, 2020b), instead of the employees finishing the task, they have to have to take care him/herself with family from Pandemic Covid-19.

2.2 Previous Studies

Organization Effectiveness (OE) is very important for business sustainability, because it related to Organization “doing the right things” and monitor consistently to ensure the output are meet the end goal of the organization. The last 50 years, many research of OE still diversity of view and existing literature of OE is extensive (Sharma and Singh, 2019).

Some research of Organization Effectiveness definition related to many subject such as Efficiency, Productivity, Stability, Conflict & Cohesion, etc (Martz, 2008), Employee involvement, Treatment People, Performance, Customer Satisfaction & Growth, etc (Harris, 2006), Financial, Operational, Structural and Behaviour, etc (Sharma and Singh, 2019). Thus, very clear the reason that is why Organization Effectiveness is very important aspect of organization, especially in private sectors.

Covid-19 pandemic change radically human life behaviour. One of the reason is implementing Work from Home (WFH) as a part of health mandatory protocol.

Cited Bloom (Bloom *et al.*, 2015), Having Work From Home raises 2 issues:

- a. Does WFH is useful for management practice for raising productivity and profitability?
- b. Does WFH solve the problem of deteriorating employee work life balance?

Work From Home method increase the work effort and finally increase performance (Rupietta and Beckmann, 2018) and also increase productivity (Bloom *et al.*, 2015) Interesting fact finding, that WFH increase individual productivity when performing creative task. But if the task is repetitive, WFH has a negative influence on productivity (Rupietta and Beckmann, 2018).

Previous studies of OE and WFH did not research the correlation each other, especially correlation during pandemic Covid-19, yet. So, it is clear the relevancy and significancy this research.

2.3 Research Paradigm

As stated above, here is the paradigm of this research:

The Impact of Work from Home During Covid-19 Pandemic to Human Capital Organizational Effectiveness in Indonesia Leading Heavy Equipment Company
 Edhie Sarwono
 2-1952-027

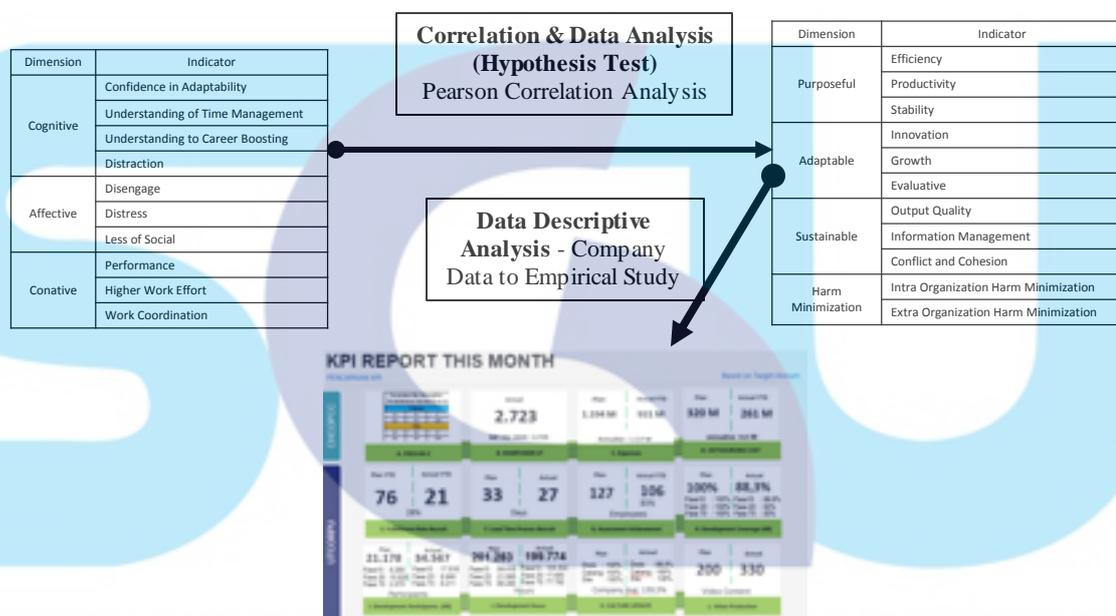


Figure 9. Research Paradigm