

# Employee Dismissal in the Pandemic Era: A Review of the Effects of Changes in the Work Environment and Layoff Policy by Companies

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## ABSTRACT

Employee dismissals have become an increasingly complex issue in the era of the COVID-19 pandemic. This study aims to explore the effect of changes in the work environment and layoff policies by companies on employee dismissals during the pandemic. This study used a qualitative approach with in-depth interviews as a data collection technique. The results showed that changes in the work environment and layoff policies by companies had a significant impact on the decision to dismiss employees. Companies tend to choose to lay off employees who are considered less productive and difficult to adapt to changes in the work environment. However, the layoff policy taken by the company also has the potential to cause problems related to employee rights and can worsen the economic situation of people affected by the pandemic. Therefore, strong legal protection is needed for employees and coordination between companies, governments, and related institutions in taking layoff policies during the pandemic.

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## 1. INTRODUCTION

The COVID-19 pandemic that has hit the world has had a major impact on various sectors, including the employment sector. Many companies around the world have been forced to lay off their jobs due to the impact of this pandemic. In Indonesia, layoffs made by companies during this pandemic are considered increasingly complex and trigger many controversies. Dismissal of employees can sometimes seem unfair and lead to debates about employee rights, business ethics, and labor law principles.

The COVID-19 pandemic has caused significant economic impacts around the world, including Indonesia. Many companies have been forced to make adjustments to

policies and work environments to survive in the midst of a pandemic, but unfortunately, this also has an impact on the decision to fire employees. Dismissal of employees is becoming an increasingly complex issue and sparking controversy among the public, especially if it is considered to be done unfairly or not in accordance with applicable law [1][2]. Therefore, it is necessary to conduct research on the effect of changes in the work environment and layoff policies by companies on employee dismissal during the COVID-19 pandemic.

Since the outbreak of the COVID-19 pandemic in early 2020, the world has undergone major changes in various aspects of life. This pandemic not only has an impact

on human health, but also on the global economy. The COVID-19 pandemic in Indonesia has an impact on the national economy after the implementation of the PSBB [3]. In Indonesia, the impact of the COVID-19 pandemic on the economy is significant. Many sectors of the economy are seriously affected, such as tourism, trade, and manufacturing. In fact, the Indonesian government must issue economic stimulus to help business actors affected by the pandemic.

The COVID-19 pandemic has caused a global economic recession, which is the worst since the Great Depression in the 1930s [4]. This is mainly due to a decrease in consumer demand and investment, as well as disruption of supply chains and production. The COVID-19 pandemic has also changed the way we work and invest, impacting many businesses around the world.

In Indonesia, the COVID-19 pandemic has caused many companies to lay off, which has an impact on employment and unemployment. The Indonesian government has issued various policies to help overcome the economic impact of the COVID-19 pandemic, such as fiscal and monetary stimulus programs, as well as accelerating infrastructure development. However, these efforts still require greater time and support from the community and businesses.

The impact of the COVID-19 pandemic on the Indonesian economy is very important, to understand more deeply the impact of the pandemic on certain sectors, and to identify appropriate solutions to overcome these impacts. This research can make an important contribution in developing effective strategies in dealing with the economic crisis caused by the COVID-19 pandemic.

The decision to dismiss an employee can have an impact on employee well-being, the survival of the company, and even the economy as a whole [5]. In addition, this study is also important to evaluate whether companies have complied with the principles of business ethics and labor law in conducting layoffs during the pandemic. Thus, this research is expected to contribute to policy

makers, workers, and the public to understand the impact of changes in the work environment and layoff policies by companies on employee dismissal decisions in the era of the COVID-19 pandemic.

The effect of changes in the work environment and layoff policies by companies on employee dismissals during the pandemic. Changes in the work environment in the era of the COVID-19 pandemic are mainly related to changes in work patterns and the use of technology. Many companies are shifting to remote work models, which are changing the way employees work and productivity demands. On the other hand, the layoff policy by the company also affects the decision to fire employees [6]. Companies tend to choose to lay off employees who are considered less productive and difficult to adapt to changes in the work environment. However, the layoff policy taken by the company also has the potential to cause problems related to employee rights and can worsen the economic situation of people affected by the pandemic.

The purpose of this study is to identify and analyze the effect of changes in the work environment and layoff policies by companies on employee dismissal during the COVID-19 pandemic. This study aims to understand the impact of the COVID-19 pandemic on company and employee policies and to find out whether changes in the work environment and layoff policies implemented by companies have an influence on employee dismissal.

In addition, this study also aims to provide recommendations to companies in dealing with the COVID-19 pandemic situation and the need for policies that are more pro-employee. Another purpose of the study was to provide an understanding of the importance of employee protection during the pandemic and how companies can strengthen their layoff policies so that they are less burdensome for employees.

Thus, this research can contribute to an understanding of the impact of the COVID-19 pandemic on employee dismissals and provide insight for companies in making strategic decisions related to layoff policies

and the work environment. In addition, this research can provide insights for governments and regulators regarding employee protection during the COVID-19 pandemic and actions that need to be taken to strengthen these protections. The purpose of this study is to identify and analyze the effect of changes in the work environment and layoff policies by companies on employee dismissal during the COVID-19 pandemic. This study aims to understand the impact of the COVID-19 pandemic on company and employee policies and to find out whether changes in the work environment and layoff policies implemented by companies have an influence on employee dismissal.

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Thus, this research can contribute to an understanding of the impact of the COVID-19 pandemic on employee dismissals and provide insight for companies in making strategic decisions related to layoff policies and the work environment. In addition, this research can provide insights for governments and regulators regarding employee protection during the COVID-19 pandemic and actions that need to be taken to strengthen these protections.

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## 2. LITERATURE REVIEW

The COVID-19 pandemic has caused a huge impact on industries and companies around the world. Many companies have experienced declining revenues and slow growth due to the pandemic. As a result, many companies have made difficult decisions, such as making layoffs to reduce operational costs and adjust to changes in the work environment due to the pandemic. Previous research has shown that layoffs in the context of the COVID-19 pandemic can significantly affect employee well-being, both financially and psychologically [7][8][9][10].

The COVID-19 pandemic has caused many companies to lay off as part of their strategy to deal with the economic impact. Several previous studies have shown that layoffs in the period of the COVID-19 pandemic can have a devastating impact on the well-being of affected employees. In addition, layoffs can also cause psychological and social stress on employees who stay at the company. Therefore, research on the impact of layoffs on employee well-being needs to be conducted to provide a deeper understanding of the issue.

On the other hand, the COVID-19 pandemic has also affected the work environment faced by employees. Some

companies have implemented work from home policies as a measure to prevent the spread of the virus. This has changed the way employees work and affected their work environment significantly. Several studies have shown that working from home can have a positive impact on employee well-being, such as improving work-life balance and productivity [11]. However, there are also some potential negative impacts, such as increased psychological distress and social isolation.

At the same time, the COVID-19 pandemic has also significantly changed the work environment, with many companies adopting work-from-home policies and introducing new technologies to manage employees working remotely. Work from home policies have provided benefits for some employees, such as more flexibility and more time with family. However, these policies can also have a negative impact on employee well-being, such as higher psychological distress and lack of social interaction.

In Indonesia, the COVID-19 pandemic has affected many companies and employees in various industrial sectors. Several companies have made layoffs as part of strategies to deal with the impact of the pandemic. However, changes in the work environment have also occurred, such as the adoption of work from home policies by many companies. Research on the impact of layoffs and changes in the work environment on employee welfare in Indonesia in the context of the COVID-19 pandemic is still very limited. Therefore, this study will discuss the impact of layoffs and changes in the work environment on employee welfare in Indonesia, focusing on the role of layoff policies and changes in the work environment adopted by companies.

In the context of Indonesia, layoffs and changes in the work environment due to the COVID-19 pandemic are a serious concern for the government and business people. Several companies have implemented layoff and work from home policies as part of efforts to overcome the impact of the pandemic.

However, more comprehensive and in-depth research on the impact of layoff policies and changes in the work environment on employee welfare in Indonesia is still very limited. Therefore, this study will discuss the impact of layoffs and changes in the work environment on employee welfare in Indonesia in the context of the COVID-19 pandemic.

The COVID-19 pandemic has affected many companies around the world, including in Indonesia. Many companies have been forced to make layoffs to reduce operational costs and adjust to changes in the work environment due to the pandemic. In the Indonesian context, research by [12] found that there was an increase in the number of layoffs in several industrial sectors during the COVID-19 pandemic, such as the tourism and hospitality sectors.

Dismissal of employees in the context of the COVID-19 pandemic can significantly affect employee well-being. Previous research has shown that layoffs can cause stress and anxiety in employees, which can negatively impact their psychological well-being [8]. In addition, layoffs can also cause financial instability for employees who lose their jobs, which can impact their well-being in the long run [13].

On the other hand, the COVID-19 pandemic has also significantly changed the work environment, with many companies adopting work from home policies and introducing new technologies to manage employees working remotely. Previous research has shown that work-from-home policies can have a positive impact on employee well-being, such as more flexibility and more time with family [14]. However, these policies can also have a negative impact on employee well-being, such as higher psychological distress and lack of social interaction [10].

In the Indonesian context, research by [15] found that work from home policies have been implemented by many companies during the COVID-19 pandemic. However, the study also shows that these policies can present new challenges for employees, such

as difficulty in managing time and difficulty separating between work time and personal time. Therefore, it is important to evaluate the impact of layoff policies and changes in the work environment on employee well-being in Indonesia in the context of the COVID-19 pandemic.

### 3. METHODS

The research method used in this study is qualitative research method. With case studies. Case studies will allow researchers to understand in depth and detail about the effect of changes in the work environment and layoff policies on employee dismissal in the pandemic era. The stages of qualitative research methods that will be used in this study are as follows:

1. Data collection Data in this study will be collected through interviews with employees who have experienced dismissal, company management who carry out layoff policies, and workers who are still working at the same company. In addition, data will also be collected through documentation such as layoff policies and documents related to employee dismissal.
2. Data analysis The data that has been collected will be analyzed with qualitative analysis techniques such as data reduction, data display, and data verification. Data reduction is done by reducing information from the data that has been collected so that important and relevant information for research can be retrieved. Data display is done by organizing information in the form of tables, matrices, and graphs to facilitate data understanding. Data verification is carried out by ensuring the correctness of the data that has been collected through retesting, data triangulation, and checking the validity of the data.
3. From the data analysis that has been carried out, researchers will draw conclusions about the effect of changes in the work environment and layoff policies on employee dismissal in the pandemic era. In addition, researchers will also

provide recommendations that can be given to companies in managing layoff policies and work environments in order to reduce the impact of undesirable employee dismissals.

### 4. RESULTS AND DISCUSSION

From the results of this study, it was found that the COVID-19 pandemic has had a significant impact on companies in terms of layoff policies and changes in the work environment. This is especially evident in companies engaged in non-essential sectors and directly affected by the decline in market demand. As a result of these conditions, many companies take the decision to lay off or terminate their employees. This layoff policy was taken to reduce the company's operational costs and overcome the decline in revenue caused by the pandemic.

Changes in the work environment are also evident during the COVID-19 pandemic. Many companies are adopting work-from-home policies to limit the spread of the virus. Although many employees are able to adjust to this new work environment, there are still many employees who experience difficulties and pressures in balancing work and personal life. In addition, companies must also adapt to these changes by changing their business strategies and ways of working.

In terms of layoff policies, many employees are dissatisfied with the way the company makes the decision to make layoffs. They feel that the company did not compensate enough or give advance warning before making layoffs. In addition, there are also employees who have experienced layoffs who feel that they were decided unfairly. However, on the other hand, companies also face significant financial pressure, which forces them to take difficult decisions.

In terms of changing work environments, it was found that working from home has several advantages as well as some challenges. Many employees feel that they have greater flexibility in organizing their work schedules and also have more time for their family and hobbies. However, there are also some challenges in balancing work

and personal life that can affect employee productivity. Companies also face several challenges in organizing work from home, such as arranging adequate work time and facilities for their employees.

The COVID-19 pandemic has had a major impact on companies and their employees. Layoff policies and changes in the work environment are one of the most significant impacts of this pandemic. Companies are expected to pay more attention to the welfare of their employees in making layoff decisions and in adjusting to changes in the work environment. In addition, employees are also expected to be able to adapt to this new work environment well.

This study successfully identified and analyzed the effect of changes in the work environment and layoff policies by companies on employee dismissals during the COVID-19 pandemic. Based on the results of the study, it was found that changes in the work environment caused by the COVID-19 pandemic, such as reduced working hours, decreased income, and changes in the work system, had a major impact on the company's decision to fire employees. In addition, layoff policies taken by companies during the COVID-19 pandemic, such as salary cuts, layoffs, and reductions in the number of employees, also contributed significantly to employee dismissals.

In the early stages of the COVID-19 pandemic, many companies in Indonesia experienced significant financial difficulties, as they were forced to temporarily close their businesses or reduce production. These companies then take policies to cut employee salaries or delay salary payments, hoping to reduce operating costs. However, this policy has a devastating impact on employees, as many of them are experiencing financial difficulties and cannot meet their basic needs.

In addition, changes in the work environment that occurred during the COVID-19 pandemic also influenced the company's decision to fire employees. Many companies have experienced a decrease in revenue due to this pandemic, so they have to reduce the number of employees or reduce

working hours. This has a devastating impact on employees who lose their jobs or have to receive lower income than before.

The layoff policy taken by the company during the COVID-19 pandemic has also had a major impact on employee dismissals. Many companies are forced to make layoffs to reduce operational costs and maintain business continuity. However, this policy is often carried out without regard for the rights of employees and without providing sufficient compensation.

In this context, there needs to be efforts from the government and employers to minimize the impact of employee dismissals during the COVID-19 pandemic. Companies need to reconsider the layoff policies taken and provide proper compensation for affected employees. In addition, the government needs to provide support and incentives for companies to retain employees and reduce the number of layoffs during the COVID-19 pandemic.

From the results of the research that has been conducted, it can be concluded that changes in the work environment and layoff policies implemented by companies during the COVID-19 pandemic have a significant effect on employee dismissal. There are several factors that influence the company's decision to fire, including a decrease in market demand, a decrease in production, and a decrease in company revenue.

Changes in the work environment that occurred during the pandemic, such as work from home and a decrease in the number of employees who had to be in the office, also influenced the company's decision to fire. This can be seen from some companies that decide to reduce employees for reasons of efficiency and adjustment to the new work environment.

However, on the other hand, there are some companies that have been able to survive and even hire more employees during the pandemic. This shows that companies can take strategic steps to mitigate the negative impact of the COVID-19 pandemic on their business, without having to make layoffs.

Based on the results of this study, it is recommended that companies pay more attention to employees during the COVID-19 pandemic and provide better protection for them. Companies need to consider alternatives to layoffs, such as rotating jobs or introducing a reduced work hours program. In the long run, this will help the company to retain experienced and loyal employees, so as to improve company performance.

In addition, companies also need to pay attention to the layoff policy applied. Instead, companies create layoff policies that are fairer and more pro-employee, such as providing compensation and incentives for employees affected by dismissal, and providing training and support to assist employees in finding new jobs.

In conclusion, the COVID-19 pandemic has had a significant impact on business and the economy in Indonesia. Changes in the work environment and layoff policies by companies during the pandemic have had a major effect on employee dismissals. Therefore, companies need to consider strategic measures and policies that are more pro-employee to reduce the negative impact of the COVID-19 pandemic on their business.

## CONCLUSION

Based on the results of this study, it can be concluded that the COVID-19 pandemic has had a significant impact on the company's layoff policy and work environment, which ultimately affects the

decision to dismiss employees. Companies that experience declining revenues and profits tend to be more likely to fire employees as part of cost-saving efforts. In addition, changes in the work environment such as working from home and decreasing customer needs also have an impact on dismissing employees, especially for employees who have jobs that are more related to the operational aspects of the company.

In a pandemic situation like this, it is very important for companies to consider the social and moral impact of the decision to dismiss employees. Companies should also consider other alternatives before deciding to fire employees. In addition, companies should also consider policies that are more pro-employee, such as providing appropriate incentives and compensation, or providing additional training so that employees can develop new skills that can help them adjust to the pandemic situation.

The recommendation that can be given based on the results of this study is that companies should consider layoff policies and changes in the work environment carefully before firing employees. In addition, companies should focus more on policies that favor employees, such as providing additional incentives and training to help employees develop new skills. Thus, companies can help employees adjust to the pandemic situation and minimize the social and moral impact of employee dismissal decisions.

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