

The Effect of Pandemic Covid-19 on Discontinuation of Work Relationship with Management Policy as a Moderating Variables

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Abstract

The purpose of this study is to examine the existence of company management policies that can strengthen the influence of the COVID-19 pandemic on termination of employment. The population sample in this study was 82 respondents. The analytical method used is moderating regression analysis. The results of this research study are that the company's management policies significantly strengthen the influence of the COVID-19 pandemic on termination of employment. The implication of this study is that companies must be careful during the COVID-19 pandemic in issuing policies because they can encourage bankruptcy, for that they must have strategies: Expanding market share; alternative substitute products; selective procurement of product materials; delay in asset procurement; reduce management allowances; eliminating overtime; selection and maintain optimal health of the workforce.

Keywords: Covid 19 Pandemic, Company Management Policies, and Discontinuation Of Work Relationship.

1. Introduction

According to Yuliana (2020), the world at the beginning of 2020 was shocked by a new virus, namely the corona virus, where the disease is known as the 2019 Coronavirus disease (Covid-19). The first case of the Covid-19 virus was reported on December 31, 2019 in Wuhan, China. Although until now the origin of the Corona virus is still unknown. The government has declared the Covid-19 pandemic as a public health emergency that has had an impact on the workforce. The extent of the spread of the COVID-19 pandemic in almost all parts of Indonesia has an impact on many companies making layoffs (PHK). Ida Fauziah, Minister of Manpower, said that until July 31, 2020, 3.5 million workers had been laid off and laid off. PT. FNI is one of the automotive component manufacturers affected by the pandemic, so it has implemented a policy of termination of employment. The reason for the termination of employment is force majeure (efficiency) so that the continuity of the company's operations can be maintained. Production data of PT. FNI, during the covid 19 pandemic (pcs), figure 1:

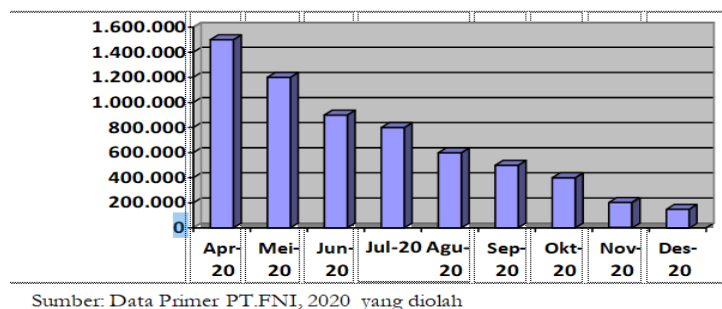


Figure 1. Production Decrease

From the data above, it can be seen that production decreased from April as much as 1,500,000 pcs, decreasing every month until December 2020 as much as 150,000 pcs. This decrease has an effect on company policies such as reducing working hours, reducing overtime work, working from home, laying off workers without being paid, until the company finally terminates employment.

Putri et al (2020) in their research stated that the COVID-19 pandemic had an impact on termination of employment, where in their research they stated that many companies had laid off such as traveloka, KFC. Randy, Yusuf. (2020), in his research, stated that there were entrepreneurs using the pandemic as a force majeure excuse to lay off workers. Barenbang Pusrennaker Team. (2020), in the book on the analysis of the impact of the covid-19 pandemic, many companies have laid off workers/labourers with the positions of unskilled workers, operators, and administrative staff. This is due to a decrease in product demand. Spurr, D. Straub, C. (2020), there are three work flexibility policies, namely working from home/work from home, flexible working hours, utilizing technology as a way to make human resource efficiency. Central Bureau of Statistics. (2020), revealed several company or management policies including: Reducing working hours, laying off workers in a short time, laying off unpaid workers, being laid off paid in part, being laid off paid in full.

From the previous research described above, it was stated that layoffs were caused by the COVID-19 pandemic, and layoffs were caused by management policies. However, from the research study, it was found that by using the moderating regression analysis method, layoffs occurred due to collaboration or interaction between the two, namely the COVID-19 pandemic with company management policies, researchers also provided strategic input to avoid layoffs during the pandemic. For this reason, the purpose of this study is to analyze the Effect of the Covid 19 Pandemic on Termination of Employment with Company Management Policies as Moderating Variables.

2. Research Methods

This research was conducted with a quantitative approach. The purpose of this study was to determine the effect of the Covid-19 Pandemic on Termination of Employment with Management Policy as a Moderating variable at PT. FNI There are three variables in this study, namely the Covid-19 pandemic as an independent variable, termination of employment as the dependent variable and management policy as a moderating variable. The population in this study amounted to 449 with a sample of 82 respondents who were obtained from the slovin formula.

The following is the distribution of the population and sample, table 1:

Table 1, Population and Sample

Section/Department	Population	Sample
Production	350	$(350/449) \times 82 = 64$

HR/GA/Accounting	20	$(20/449) \times 82 = 4$
Quality	79	$(79/449) \times 82 = 14$
Total	449	82

The method of data collection is done by distributing questionnaires through googleform. The form of the answer used is a Likert scale with an interval of numbers 1-5. Characteristics of respondents, based on gender, age, last education level, years of service. The data obtained is then tested for validity, to ensure that the questionnaire produced by the researcher has measurement consistency. To find out the interaction between the covid-19 pandemic variable and the management policy variable as a moderating variable on termination of employment, it was tested with Moderating Regression Analysis (MRA. In this study, MRA was used to find the effect of variable X Covid-19 pandemic on variable Y Termination of Employment). Management policy strengthens the relationship between the variable X of the Covid-19 pandemic and the variable Y. Termination of employment.

3. Results and Discussion

The results of the Regression I test, to determine the effect of variable X (Covid-19 Pandemic) on variable Y (PHK) are presented as follows:

Table 2. Coefficient of Determination Test Results – Regression I

Model Summary				
Model	R	R Square	Adjusted RSquare	Std. Error of theEstimate
1	,894 ^a	,798	,796	1,004

Source: Data processed (IBM SPSS Statistics 21)

The results of the Regression II test, to determine the effect of the covid-19 pandemic (X) on layoffs (Y), with management policy moderation (M) as follows:

Table 3. Coefficient of Determination Test Results - Regression II

Model Summary				
Model	R	R Square	Adjusted RSquare	Std. Error ofthe Estimate
1	,926 ^a	,857	,853	,851

Source: Data processed (IBM SPSS Statistics 21)

Table 4, T-Test Results - Regression II

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std Error	Beta		
1	(Constant)	-9,115	3,595	-2,536	,013
	X	1,297	,220	1,372	,000
	M	,843	,198	,866	,000
	XM	,033	,012	1,059	,006

Source: Data processed (IBM SPSS Statistics 21)

Discussion

Measurement of research variables was carried out using a questionnaire which was developed from indicators on each research variable. From the test results, all items were declared valid and reliable.

Regression Analysis I, obtained the following regression equation: $Y = 3.848 + 0.853X_1$. From the regression equation, it can be interpreted as follows:

The constant of 3.848 means that if the independent variable is assumed to be = 0, then the constant termination of employment will be worth 3.848. The X regression coefficient of 0.853 means that the covid-19 pandemic has a positive effect on termination of employment. This shows that with the addition of one unit of the COVID-19 pandemic, there will be an increase in layoffs of 0.853. Based on the results of the coefficient of determination test in table 2 above, the adjusted R square figure shows the coefficient of determination or the role of variance (independent variable in the relationship of the dependent variable). It can be seen that the amount of adjusted R² is 0.796, this means that 79.6% of Variable Y (PHK) can be explained by variable X (covid-19 pandemic) while the remaining 20.5% is explained by other factors. Based on the results of the regression t test I in table 3 above, it shows the regression coefficient for the covid-19 pandemic (X₁) is 0.853, t is the covid-19 pandemic (X) is 17.800 > t table is 1.99006 with a significance level of 0.000 < 0.05. It can be concluded that the COVID-19 pandemic has an effect on layoffs.

Regression Analysis II, obtained the following regression equation: $Y = -9.115 + 1.297X_1 + 0.843M + 0.033XM + e$. From the regression equation can be interpreted as follows:

The constant of -9.115 means that if X₁ and X₂ do not exist then Y will be negative. The X regression coefficient of 1.297 means that the COVID-19 pandemic has a positive effect on termination of employment. This shows that with the addition of one unit of the COVID-19 pandemic, there will be an increase in job cuts of 1,297. The M regression coefficient of 0.843 means that management policies have a positive effect on termination of employment. This shows that with the addition of one unit of management policy, there will be layoffs of 0.843. The regression coefficient for the interaction of X and M of 0.033 means that the interaction of X and M has a positive effect on termination of employment. This shows that with the addition of one unit of interaction X and M,

there will be termination of employment of 0.033. The value of adjust R square in regression analysis II, in table 4, is 0.853 indicating that 85.3% of the layoffs variable (Y) can be explained by the covid-19 pandemic variable (X) which is moderated by management policy (M), the remaining 14, 7% is explained by other factors. Based on the independent variable testing on the dependent variable partially, the COVID-19 pandemic variable (X) has a tcount value of 5.890 > t table 1.99006 with a significance of 0.000 <0.05, which means a significant effect. The management policy variable (M) has a tcount value of 4.258 > ttable 1.99006 with a significance of 0.000 <0.05 which means a significant effect. The interaction variable between the covid-19 pandemic variable (X) and management policy (M) has a tcount of 2.826 > t table 1.99006 with a significance of 0.006 <0.05 which means moderate. The results of this study show that management policies strengthen the influence of the COVID-19 pandemic on layoffs. The implication of this study is that company management must be more careful during the pandemic and in issuing policies because it can encourage company bankruptcy such as loss of company assets, especially labor which will further increase losses and lead to bankruptcy.

4. Conclusion

Based on the description above, it can be concluded as follows: 1. The COVID-19 pandemic has a significant effect on termination of employment, this means that the longer the COVID-19 pandemic, the more layoffs. 2. Management policies strengthen the impact of the COVID-19 pandemic on termination of employment. This means that carelessness in issuing management policies will encourage company bankruptcy. Management must have a strategy during a pandemic such as: Expanding market share; alternative substitute products; selective procurement of production materials; delay in asset procurement; reduce management facilities/allowances; eliminating overtime; selection and maintain optimal health of workers.

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