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Internal Working Conditions and Well-being of Bank Employees during the Pandemic: A Case Study of Yogyakarta City

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Abstract: Since the pandemic conditions, the well-being of employees in Indonesia has continued to decline. The Work Trend Index survey from Microsoft stated that the level of employee well-being reached 68% in 2019, which then dropped to 61% in 2021. This decline in well-being is inseparable from the relationship between the company and employees, manifested in the internal work situation. This study aims to identify the influence of internal working conditions on the well-being of employees, especially in the banking sector, considering the pressure and work stress are pretty heavy. Banking employees are vulnerable to work stress due to high pressure, competition, and demands to provide the best service. Specifically, This study compares the well-being of employees in conventional and Islamic banks, considering that there are differences in the work system between the two. The city of Yogyakarta was then chosen as the object of this research because of the low City Minimum Wage (UMK) of Yogyakarta compared to the five other provincial capitals on the island of Java. The data obtained through a questionnaire from as many as 107 respondents were then processed using multiple regression analysis. The finding of this study is that the well-being of conventional bank employees is statistically higher than that of Islamic banks. In general, work pressure has a negative and significant effect on well-being. Like income, work motivation also positively and significantly impacts well-being.

Keywords: Internal working conditions; Well-being; Conventional banks; Islamic banks; Pandemic

JEL Classification: G21, I31, J81

Introduction

In the current era of globalization, companies must keep up with the rapid development of technology and the recruitment of quality workers to increase company competitiveness. In recruiting workers, companies also need competent employees in various fields and talents to support performance and contribute more to the company. It aims to optimize the potential and performance of employees in achieving the company's goals collectively. However, the company's demands and job competition will certainly impact employees if the fulfillment of well-being is inappropriate. In fulfilling well-being, employees' mental health and financial needs are the benchmarks for welfare. Add more. The current pandemic conditions also affect these two indicators. Since the pandemic

conditions, the well-being of employees in Indonesia has continued to decline. In 2019 just before the pandemic, the level of employee well-being reached 68%, while in 2021, during the pandemic, it fell to 61% (Microsoft Work Trend Index (WTI) Survey, 2021).

Employee well-being is a reward from the company based on wisdom and aims to maintain and improve employees' physical and mental conditions so that work productivity increases (Hasibuan, 2000). Employee welfare seeks to provide encouragement or work motivation to workers in the form of material and non-material (Rahayu, 2018). Employee well-being is a reciprocal of what has been obtained by the company for optimal employee performance (Morrow-Howell et al., 2003). Employee well-being is divided into two perspectives: subjective well-being and psychological well-being (Puig-Ribera et al., 2008). Subjective well-being tends to lead to an assessment of one's life satisfaction and happiness in the workplace, while psychological well-being refers to the mentality of individuals in the implementation of work (Puig-Ribera et al., 2008). The correlation of the two perspectives on employee well-being is how the company provides appropriate welfare so that no inequality only demands employee performance, but the interest obtained by employees is minimal. Therefore, the company and employees must synergize to achieve the company's goals collectively.

The relationship between the company and employees cannot be separated from the internal work situation. Inner work is related to all conditions surrounding employees at work that affect psychological changes in employees (Dewi & Ratnadi, 2017). With poor internal working conditions, the performance of the employees is not optimal because they cannot work optimally, which then affects their well-being. If the internal conditions are full of pressure, the leader is authoritarian, or the wages are not following the workload given, employees feel unhappy it hampers their performance. Therefore, to optimize employee performance, good internal working conditions are needed.

Internal working conditions are divided into several factors: work pressure, work stress, motivation, and incentives (Bickford, 2005). Work pressure is a psychological condition resulting from employees' perceptions of the interaction between themselves and their work environment that can cause disturbances (Robbins, 2009). Work pressure is of greater concern because it has significant economic implications through employee dissatisfaction (Ivancevich et al., 1983). Work pressure impacts difficulty concentrating when given work responsibilities and quickly tired. It will interfere with the delay in the work process of employees within the company. When employees face high pressure, the energy that exists in employees will be drained to deal with these pressures, so employee performance is not optimal. It then causes a person to fail to fulfill the demands of his duty. If it goes on continuously, it can cause discomfort and anxiety in the form of work stress.

Work stress is a feeling of depression experienced by an employee in dealing with work that can cause unstable emotions, feelings of restlessness, aloofness, and difficulty sleeping (Mangkunegara & Waris, 2015). Work stress can also be referred to as a feeling related to pressure, work ambiguity, frustration, and feelings of fear that come from work (Gabaldon et al., 2017). Work stress can also affect employees' condition, so excessive

stress can threaten someone in carrying out their activities and further disrupt the implementation of employee work (May et al., 2004). It will then have an impact on the well-being of employees. Specifically, indicators of work stress that can affect employee well-being include work conflict, differences in values between employees and leaders.

Regarding motivation, work motivation is a condition that moves employees in a directed manner to achieve company goals (Hasibuan, 2000). Various internal and external motivational factors are needed for employees to reduce work stress that results in the mental health of employees. Internal factors for employee work motivation include good relations between employees, rewards in the form of material and non-material, a supportive work environment, and company facilities offered (Anoraga & Prasetyo, 2014). Among these factors, one of the most highlighted factors is material fulfillment in the form of finance, considering that proper financial provision can improve employee welfare (Robbins, 2009). Wages are very influential for employees to meet their daily needs in life. Thus, work incentives can determine employee well-being.

Work incentives are remuneration related to efforts to improve employee performance and can provide work incentives for employees to achieve company goals (Ubani, 2011). Work incentives can be in the form of achievements given by employees, commissions, wage increases, compensation based on innovations provided, or awards in the form of placements abroad (Wibowo, 2015). The structure of work incentives is not only assessed in nominal terms. Usually, it can be in the form of free holidays, getting more extended leave, or getting the education to the next level for free from the company (Ubani, 2011). With an intensive form of work that doesn't just talk about nominals, it can prevent favoritism, discrimination.

Therefore, it is crucial to research the determinants of employee well-being, especially in the banking sector, because the pressure and work stress are heavy (Permainiyas, 2012). Ulfa (2012) adds that work pressure and stress are triggered by targets, lack of cooperation between leaders and employees, inadequate workplaces, poor work planning, and income not under job demands. Furthermore, Fitri (2012) mentions the importance of personal relationships and employees' role in influencing bank employees' welfare.

The author is then interested in conducting a case study comparing employees' well-being in conventional and Islamic banks. Meanwhile, the comparison comes from differences in employee work systems regarding the length of work, job demands, and employee incentives (Thayib et al., 2017). There are also quite fundamental differences between employees of conventional banks and Islamic banks in financial welfare. Islamic bank employees generally get a lower salary than conventional bank employees, but in terms of non-financial welfare, Islamic bank employees get more (Sovia et al., 2016). The city of Yogyakarta was then chosen as the object of this research because of the low City Minimum Wage (UMK) of Yogyakarta compared to the five other provincial capitals on the island of Java. In 2022, Meanwhile, with a tiny area, only 32 km², the City of Yogyakarta has a large number of banks compared to its size, namely 113 conventional

banks and 34 Islamic banks (Central Bureau of Statistics of the Special Region of Yogyakarta, 2022).

Based on what has been described above, the authors are interested in analyzing the effect of internal working conditions on the well-being of bank employees. This study is interesting because, to the best of the author's knowledge, there has been no previous study comparing the effect of internal working conditions on the well-being of employees in conventional and Islamic banks.

Research Method

The object of research in this study consists of two types of banking institutions, namely conventional banks and Islamic banks in the city of Yogyakarta. Specifically, the conventional banks that are the object of this research include Bank Mandiri, the State Savings Bank (BTN), Bank Central Asia (BCA), and Bank Nasional Indonesia (BNI). Meanwhile, the Islamic banks in this study include BCA Syariah, Bank Syariah Indonesia (BSI), Regional Development Bank (BPD) Syariah, and Bank Muamalat. Meanwhile, the subject of this research is a sample of employees taken from conventional banks and Islamic banks in the city of Yogyakarta.

In this study, respondents or subjects who became the research target were employees of conventional banks and Islamic banks in the city of Yogyakarta, both with permanent status, contracts, and internships. The total population of conventional and sharia bank employees in Yogyakarta City is unknown. Meanwhile, the sampling in this study used a snowball sampling technique with a linear snowball sampling type, where the selection was collected from one subject to another until the number of samples was met (Sugiyono, 2017). The linear snowball sampling technique was chosen because researchers in each agency can only meet with the Human Resources Development (HRD) section with several existing procedures and collaborations. The questionnaires were distributed by HRD to be further distributed to all employees in the agency.

This study uses multiple linear regression analysis with the Ordinary Least Square (OLS) method. The OLS method is applied by finding the smallest value of the number of squares of errors between the actual value of the dependent variable and the predicted value for each value of the independent variable (Sugiyono, 2017). The regression equation model in this study is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5Z_i + e \quad (1)$$

Information: Y = *Well-being* employee; a = Constant; X_1 = working pressure; X_2 = work stress; X_3 = work motivation; X_4 = work incentives; Z_i = Vector of individual employee characteristics; b = regression coefficient; e =*Standard error*

The dependent variable in this study is the employee's well-being as measured by the level of subjective feelings of employees during work, which includes positive aspects of

the employee's physical and mental condition, including feelings of pleasure, happiness, and enthusiasm. Each indicator on the questionnaire that determines employee well-being is measured using a four-level Likert scale from 1 (strongly disagree) to 4 (strongly agree).

Regarding the independent variables, the indicators used to measure the work pressure variable are the frequency of work targets given to employees, the suitability of the job desk carried out by employees, a competitive work environment, and whether they multitask when working at work outside the job desk. Meanwhile, the work stress variable uses several indicators in the form of relationships between employees, employee relations with superiors, support for advancing in the work environment, problems outside of work, and whether employees come in on Saturdays.

The work motivation variable uses several indicators such as rewards given to the best employees, supportive colleagues, supportive bosses, clarity of career paths provided by the company, and promotions regardless of seniority. Some of the indicators in the questionnaire used to measure work incentive variables are the annual holiday allowance (THR), overtime pay comparable to work, employee bonuses if it exceeds the target, employee leave allowances, and other benefits other than THR, and health insurance. Meanwhile, the vector of individual characteristics of employees used in the model is the employee's income in the form of logs as well as the dummy variable of the employee's working agency (1 = conventional bank, 0 = Islamic bank).

Result and Discussion

Table 1 shows the results of multiple regression analysis for equation (1). The work pressure variable has a negative and significant relationship with the well-being of bank employees. It shows that the higher the work pressure obtained by employees, the employees tend to have lower their well-being. Work pressure causes employees to feel that they are working under demands, which affects work stress and decreases physical and mental conditions. This finding aligns with Samputri and Sakti (2020) that work pressure significantly influences employee well-being.

Table 1 Multiple Regression Analysis Results

| Variable | Coefficient | t-count | p-value |
|-------------------|-------------|---------|---------|
| Working pressure | -0.414*** | -4.35 | 0.000 |
| Work stress | -0.010 | -0.11 | 0.917 |
| Work motivation | 0.203** | 2.00 | 0.048 |
| Work incentives | 0.015 | 0.18 | 0.858 |
| agency | 0.370* | 1.96 | 0.053 |
| log(earnings) | 0.054** | 2.36 | 0.020 |
| constant | -1.06 | -2.81 | 0.006 |
| F-statistics | 9.15 | | |
| F-table | 2.18 | | |
| Adjusted R-square | 0.3158 | | |
| Observation | 107 | | |

The job stress variable is not related to employee well-being. It is because the employees in the sample of this study did not feel stressed at work. This finding contradicts Sabban's (2010) research where job stress significantly affects employee well-being. This difference in results is caused by different variable indicators, whereas Sabban's (2010) research focuses more on indicators of working hours per day.

The variable of work motivation has a positive and significant relationship with the well-being of bank employees. It shows that the greater the motivation of employees to work, the higher their well-being. Motivation, in this case, is an impulse to do something. In the world of work, self-motivation is essential so that someone feels comfortable at work. In this study, work motivation is an effort from the agency so that employees can work optimally, such as providing rewards, employee competency training, career paths, and promotions without seniority. This finding is in line with Megawaty (2011), where work motivation is positively and significantly related to the welfare of employees at the Sulselbar Bank head office in Makassar City, South Sulawesi. The work incentive variable is not associated with the well-being of bank employees. It indicates that economic aspects such as benefits, health insurance, and leave allowances do not guarantee an increase in employee well-being. This finding differs from Yusuf and Dewi (2020) finding that employee work incentives positively and significantly affect employee well-being. The indicators that cause this difference in results from this study include non-material aspects of incentives, namely leave and employee health insurance.

Furthermore, employees of conventional banks have a higher level of well-being than Islamic banks. Generally, the wages and benefits provided by conventional banks are higher than those of Islamic banks, so conventional bank employees tend to have more increased well-being. Finally, the employee income variable has a positive and significant relationship with employee well-being. It shows that the higher the employee's income, the higher the well-being obtained. In this case, employee income is a measure of well-being because employees still prioritize work's financial aspect. With sufficient income to meet their daily needs, employees will get good well-being. Besides that, Sufficient income will make employees feel safe, secure, and committed to their work. When economic well-being is fulfilled, employee productivity will also increase. This finding is in line with research conducted by Hanjani et al. (2012), which states that employee income has a positive and significant effect on employee well-being.

Conclusion

This study focuses on the well-being of banking employees in Yogyakarta. By performing regression analysis using the OLS method on a sample of 107 banking employees, both conventional and Islamic banks in Yogyakarta, the author found that the work pressure variable contributed negatively to employee well-being. Each increase in work pressure of 1 standard deviation is associated with a decrease in employee well-being by 0.414. It is different from work motivation which is positively related to employee well-being. Employees who work in conventional banks tend to have higher well-being in Islamic banks, considering that the salaries earned by conventional bank employees are

financially higher. It is supported by employee income, which positively impacts their well-being.

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