

Revisiting Work-From-Home Effectiveness: Insights from Indonesia's 2026 WFH Policy For Emerging Economies

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Abstract—The reemergence of work-from-home (WFH) as a government policy instrument in Indonesia, driven by energy conservation rather than public health, provides an opportunity to reassess WFH effectiveness beyond the pandemic. On March 31, 2026, the Indonesian Minister of Manpower issued Circular No. M/6/HK.04/III/2026, encouraging companies and government agencies to implement WFH one day per week within a national energy-optimization strategy. This paper assesses how closely the policy context aligns with structural prerequisites for WFH effectiveness identified in prior research. Using an integrative literature review, qualitative policy-document analysis, and a structured prerequisite-context gap analysis, the study finds that WFH effectiveness is conditional on digital readiness, suitable home environments, accountability mechanisms, and leadership support. Indonesia's 2026 context shows important gaps across the broader workforce. Generation Z knowledge workers in urban formal-sector employment appear more favorably positioned, although the size of this segment cannot be estimated from the available evidence. The paper offers differentiated policy-design recommendations for Indonesia and comparable emerging economies.

Keywords—Work from Home, WFH Policy, Emerging Economies, Indonesia, Workforce Readiness, Generation Z

I. INTRODUCTION

The work-from-home (WFH) policy has re-emerged as a significant instrument of national governance in Indonesia, not in response to a public health crisis, but as part of an energy conservation strategy. On March 31, 2026, the Minister of Manpower issued Circular Letter No. M/6/HK.04/III/2026, urging private companies, state-owned enterprises (BUMN), and local government-owned enterprises (BUMD) to implement a one-day-per-week WFH policy amid rising fuel prices and concerns about national energy resilience [1].

The policy has reignited public debate on the effectiveness of WFH. Media discourse has raised concerns about employee compliance and productivity losses, yet these concerns are often based on anecdotal evidence rather than systematic research. A critical

question arises: Does existing literature support or challenge the assumption that government-encouraged WFH is ineffective in Indonesia?

Global WFH research generally supports productivity benefits under appropriate conditions. However, effectiveness depends on structural prerequisites such as digital infrastructure, suitable home environments, organizational support, and accountability mechanisms. Opportunities for remote work are polarized globally, disproportionately benefiting skilled urban workers while excluding those in developing countries with weaker infrastructure. Indonesia presents a compelling case with a 58% informal labor sector [2], national housing adequacy at only 68.4%, falling to 37.71% in Jakarta [3], and approximately 50% of the workforce having only basic digital literacy [2]. These conditions suggest that WFH effectiveness may be segmented rather than universal.

This paper addresses two research questions: (1) What conditions does the existing literature identify as prerequisites for effective government-encouraged WFH? (2) To what extent does Indonesia's 2026 WFH policy context fulfill those prerequisites, and for which workforce segments?

II. LITERATURE REVIEW

A. WFH Effectiveness

There is generally positive evidence on WFH productivity outcomes under the right conditions. Jiang et al. [4] found that WFH increases non-routine analytical tasks and decreases routine manual tasks. This shift leads to higher wage outcomes, suggesting that WFH enhances productivity for knowledge-intensive roles. Furajil et al. [5] report a significant positive relationship between teleworking and productivity ($r = 0.58$, $p = 0.001$) across multiple sectors, with psychological safety and organizational support as the strongest mediating factors.

A critical distinction is between voluntary and policy-directed WFH. Most positive evidence comes from voluntary adoption. Government-encouraged WFH introduces different dynamics: employees may lack suitable environments, and organizations may lack the managerial infrastructure for remote management [6]–[8]. Maharani [6] examined remote-work trends across

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Asian companies and observed that post-pandemic organizations diverge sharply. Effectiveness depends heavily on company characteristics, industry type, and management approach, findings that are directly relevant to Indonesia's diverse economic landscape.

B. Prerequisites for WFH Effectiveness

1) Digital Infrastructure: Garrote Sanchez et al. [9] establish that only one in five jobs globally can be performed from home, a figure that drops to one in 26 in low-income countries. Internet access is a critical binding constraint. Alnigrish [10] notes that developing countries face significant challenges, including poor connectivity, unstable infrastructure, and digital-skill gaps, which systematically undermine remote-work transitions.

2) Suitable Home Environment: Kakkar et al. [8], who studied Indian technology workers, found that instrumental family support is a necessary condition, not just a helpful one, for effective telework. Physical workspace quality, household density, and the presence of dependents all influence WFH outcomes. This factor is particularly acute in high-density urban environments, which are common in emerging economies.

3) Leadership and Accountability: Clark et al. [7] conducted a meta-analysis of 24 studies ($N = 8,166$) and found a moderate positive association between leadership and work engagement in remote settings ($r = 0.39$). Relations-oriented leadership behaviors showed the strongest effects ($r = 0.50$). Supervisor support is identified as a necessary condition for productive telework.

4) Clear Policy with Enforcement Mechanisms:

Maharani [6] observes that, across Asian companies, remote-work policies without clear performance metrics and accountability structures tend to produce compliance theater rather than genuine productivity gains. This finding has direct implications for Indonesia's 2026 circular.

C. WFH in Emerging Economies: The Polarization Effect

Braesemann et al. [11] analyzed a global remote-labor-market platform and found that remote work is polarized along three dimensions: geographical, favoring North America, Europe, and South Asia; spatial, concentrating in large cities; and skill level, favoring high-skill workers. Rural areas and low-skill workers are systematically excluded from remote-work benefits.

Alnigrish [10] extends this idea to developing countries, arguing that, without targeted digital upskilling and infrastructure investment, remote-work policies risk exacerbating existing labor-market inequalities rather than resolving them.

D. Generation Z and WFH

Osorio and Madero [12] argue that Generation Z, born between 1996 and 2012 and comprising approximately 24% of the global workforce, is predisposed toward flexible work arrangements because of digital nativity and output orientation. Organizational context, including corporate, family, and entrepreneurial settings, moderates Generation Z's hybrid-work preferences more than demographic variables. In Indonesia, Rahmatika et al. [13] found that Generation Z workers prefer flexible work systems, possess strong digital capabilities, and naturally align with output-based work. According to the 2020 Population Census, Generation Z comprises 27.94% of Indonesia's total population and is expected to dominate the productive-age workforce within the next decade.

However, Albrychiewicz-Słocińska [14] introduces an important nuance: contrary to stereotype, Generation Z remote workers highly value interpersonal knowledge exchange and mentoring, dimensions that WFH can undermine if they are not actively managed.

III. METHODOLOGY

A. Review Design and Scope

This study employs an integrative literature review combined with qualitative policy-document analysis and a structured prerequisite-context gap analysis. An integrative design was selected because the research questions require evidence from remote-work productivity, digital readiness, home conditions, leadership, emerging-economy inequality, and generational workforce studies rather than an estimate of one pooled effect. Consistent with Snyder [15] and Torraco [16], the review seeks representative, conceptually relevant coverage and analytical synthesis rather than claiming an exhaustive systematic review.

B. Search and Selection

Scopus served as the principal indexed database for English-language peer-reviewed journal articles, conference papers, and scholarly book chapters published from 2020 to June 2026. The search combined work from home, remote work, or telework with effectiveness, productivity, engagement, digital readiness, home environment, leadership, accountability, emerging economies, or Generation Z. Title-abstract screening was followed by full-text assessment against the research questions. Studies were retained when they addressed WFH outcomes, effectiveness prerequisites, emerging-economy constraints, or generational workforce dynamics. The final corpus comprised 11 scholarly sources. Because the working search log did not retain the exact search date or stage-level screening counts, the review does not present a PRISMA-style flow or claim exhaustive coverage.

C. Policy Documents and Analytical Synthesis

Three official Indonesian sources were examined: SE Kemnaker No. M/6/HK.04/III/2026, Outlook Ketenagakerjaan 2026, and BPS housing-adequacy data for 2025 [1]-[3]. Following the concept-centric approach of Webster and Watson [17], evidence was coded into five categories: WFH outcomes; digital infrastructure and skills; home environment and social support; leadership, accountability, and policy design; and workforce segmentation. Official documents were coded for policy obligations, implementation guidance, monitoring provisions, and workforce or housing indicators. The synthesis compared each literature-derived prerequisite with documented Indonesian conditions, producing three structural gaps and a segment-specific assessment of feasibility. Because the study does not observe implementation outcomes, its conclusions are analytical and conditional rather than causal.

IV. FINDINGS AND DISCUSSION

A. Gap 1: Policy Design: Encouragement Without Enforcement

An analysis of SE Kemnaker No. M/6/HK.04/III/2026 reveals a fundamental design tension. The circular states

that employees should "continue performing their duties" (Art. 1c) and that companies should "maintain performance, productivity, and service quality" (Art. 1d). However, it provides no monitoring mechanism, reporting requirement, key-performance-indicator framework, or sanction for noncompliance. Technical implementation is entirely delegated to companies (Art. 1f) [1]. This design asks organizations to preserve outcomes without specifying accountability, resembling the pattern that Maharani [6] associates with policy underperformance in Asia. Clark et al. [7] demonstrate that leadership engagement is a prerequisite for effective remote work, yet the circular provides no managerial guidance. The policy is therefore likely to produce variable outcomes across organizations with different managerial capabilities.

B. Gap 2: Home Environment

BPS data reveal that only 68.4% of Indonesian households had access to adequate housing in 2025. Critically, only 37.71% of households in Jakarta, Indonesia's primary knowledge-worker hub, had adequate housing. West Java, which includes Bekasi, Depok, and Bogor, recorded 58.46%, whereas Banten, which includes Tangerang, recorded 69.14% [3]. Kakkar et al. [8] identify a suitable home environment as a prerequisite for effective telework. The implicit assumption of the WFH circular that employees have appropriate home workspaces is therefore not supported by structural evidence for much of the Jakarta metropolitan workforce.

C. Gap 3: Digital Readiness

According to the 2026 Outlook on Employment, only about 50% of Indonesia's workforce has basic to intermediate digital literacy, far below the 80% or more that modern industries require [2]. Garrote Sanchez et al. [9] establish that internet access alone is insufficient; productive WFH requires digital competency, reliable connectivity, and workplace-grade tools. High surface-level internet penetration, reported at 89.76% nationally in BPS data for 2024, masks this deeper gap. Alnigrish [10] confirms that developing countries systematically underestimate digital-readiness requirements by conflating access with capability, a distinction that is critical to understanding WFH policy outcomes.

D. Segmented Effectiveness: Where WFH Can Work

The identified gaps do not render WFH impossible in Indonesia. The literature and workforce data point to a segment where WFH effectiveness is structurally plausible: Generation Z knowledge workers in urban, formal-sector employment. Rahmatika et al. [13] found that Indonesian Generation Z workers are digital natives who prefer flexible, output-based work. Osorio and Madero [12] confirm that Generation Z is structurally aligned with hybrid work globally. Generation Z represents 27.94% of Indonesia's population, but the available sources do not establish this cohort's share of WFH-compatible formal employment.

However, even within this segment, Albrychiewicz-Słocińska [14] highlights that knowledge-transfer and mentoring costs must be actively managed. Clark et al.'s [7] meta-analytic finding that leadership quality moderates remote engagement ($r = 0.39$) is especially critical for younger workers who are still developing professional competencies. The overall picture is one of conditional and segmented effectiveness. WFH in Indonesia in 2026 appears most feasible for knowledge-intensive, urban, digitally literate workers in

organizations with strong leadership. The available evidence does not support estimating the national size of this segment.

V. CONCLUSION

This integrative review examined Indonesia's 2026 work-from-home policy through the effectiveness prerequisites identified in the existing literature and compared them with official policy and workforce evidence. The analysis identified three structural gaps that may limit the policy's effectiveness across the broader workforce: weak enforcement design, inadequate home environments for large urban populations, and insufficient digital literacy.

At the same time, Generation Z knowledge workers in urban formal-sector employment appear more favorably positioned for WFH. The size of this segment and its realized outcomes remain untested. This nuanced picture challenges both the dismissal of WFH as universally ineffective in Indonesia and the assumption that global evidence translates uniformly to emerging-economy contexts.

Three policy recommendations follow. First, WFH policies should establish minimum readiness standards for home environments, digital infrastructure, and managerial capability. Second, accountability frameworks must be built into policy design rather than entirely delegated to organizations. Third, implementation should be differentiated by sector and job type, prioritizing knowledge-intensive roles.

Future research should empirically test WFH compliance and productivity outcomes during the 2026 policy period. Outcomes should be compared across sectors, income groups, and generational cohorts to strengthen the evidence base for WFH policy design in Indonesia and comparable emerging economies.

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