



# **COVID-19 PANDEMIC AND ITS IMPACT**



## **ON HUMAN RESOURCE MANAGEMENT IN CENTRAL AND EASTERN EUROPE**



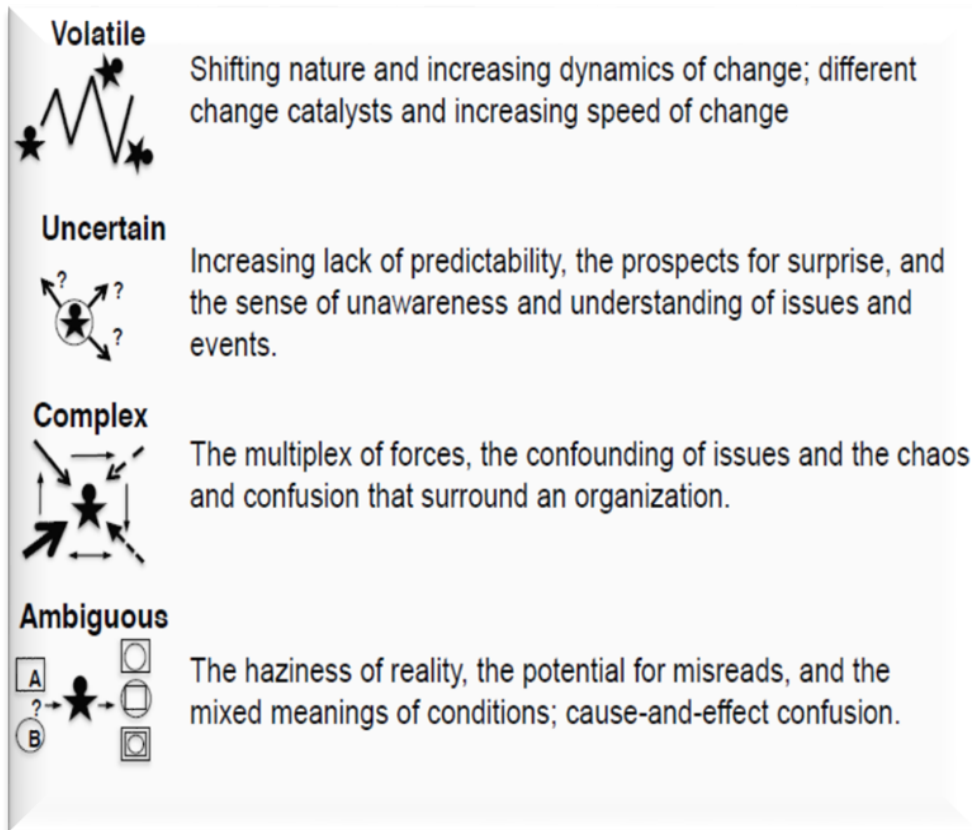
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# Pandemic: welcome to the VUCA world



- **Overture** has already been here for years!!!
- We have not noticed that **the opera** has already started
- HR in the audience? (Long discussion about strategic role and partnership in the past)
- Suddenly directly on the stage!
- **How many acts, when is the finale?** Who is singing the main duets? Executive leadership with....whom? Doctors? Epidemiologists? Ministries? Governments? **Or with HR?**



## Pandemic: shock, brake & **accelerator**

- Sudden, unexpected entry in CEE in March 2020
- Priorities' move to health, safety, and business continuity
- Dramatic changes in the ways we live and work: the most intense changes in companies in the first weeks
- CEE at the beginning: special conditions compared to the other regions, high level of discipline, almost obedience, especially among older populations and employees, (cultural heritage?), not too much protests against the restrictions, understanding of the problems in underfinanced health care, education, problems related to labor force behind borders, pendlers...some parts of the region **excellent results**
- In majority of companies pandemic speeded up digitalization and technological changes
- More than 80% of employees – home offices
- Many employees needed to merge work at home office, children care and education, family and leisure (?)
- New business models, new ways of organizing work, new products, innovations
- **Test for leaders, test for HRM: remote team management, trust, agility, new ways of cooperation, support, revealing potential...**
- **Test for values, purpose of work, responsibility, ability and engagement, „new“ CSR**



## 3 seasons of Covid season, **3 acts (so far)** 3 phases of transition & growing HR role

**1**

### **Spring**

Immediate measures for health and safety, home offices set up – new technologies, security of the connections, new way of working, new way of leading & managing teams, business continuity management in real settings: keeping the clients plus making home office functioning: family care, shopping for food adventures, children care, children education, division of time between work and family duties (sandwich generation problems) socializing online?

**2**

### **Summer**

Gradual easing of the strictest measures, partial and deviated return to the offices, BCM as a big issue, keeping increased safety standards, measures how to operate when some employees test positive, cost control, need of support from the companies for managers in remote management, teams learn how to deal and cooperate in new settings, socializing online and offline, new ways of working, optimistic belief that the worst is gone

**3**

### **Fall**

Getting ready for new normal – new questions: How to keep flexibility at work? And productivity increased/ decreased? Is that sustainable? What does it mean for cost structure? What leaders do we need? What are the new skills that we need? What is the impact on creativity and innovations? What technologies do support creativity, innovations and efficiency in new settings? How our teams are going to function? Do we really need to return back to offices?



# Some facts and numbers...

- **Economy**

- Wide range of measures from health-centric (protection of health and slow down the spread of the virus)
- Followed by school closing and travel restrictions to the introduction of economy protection measures - the moratorium on loan payments, tax reliefs, job guarantees, state guarantees for bank loans and other types of state aid, temporary relief on capital and liquidity buffer requirements for banks, abolition of additional taxes in banking sector etc.
- Industries hit the most: HORECA, tourism, transportation, logistics&storage, business offices rentals
- 69 banks' CROs from 12 countries in the Central and Eastern European region (Deloitte, COVID-19 CEE banking sector impact survey, September 2020): nearly one-third of respondents think that **5-10% of debtors in the retail segment with liquidity difficulties will require restructuring over the next 12 months**. One-third expect that 10-20% of households will require restructuring, however the majority of participants (38%) think that maximum 5% of retail debtors will require restructuring due to fundamental financial difficulties
- More than 40% of respondents: the measures implemented by the local government are not sufficient to safeguard the economy

- **HR** (Slovak case study)

- Webportal Profesia and Open HR Forum: survey of **413** respondents - HR professionals (IT companies, manufacturing, wholesale and retail, banks and insurance)
- **52%** respondents: majority of the employees **prefers home offices** and only necessary meetings in the companies (phase 1)
- 76% respondents: gradual returning back in June (phase 2) out of them
- 42% (**vs. 58%**) positive attitude towards returning to the previous forms, however **22% does not want returning back at all** - from different reasons, 17% from health reasons!

- **Home offices:**

**80% respondents plan to increase to:**

4-8 times/a months (35%)

9 – 15 times/a months (24%)

more than 16 times/a months (12%)

permanent home office (9%)

versus **20% respondents do not want to increase HOs**

**Productivity:** no change – **57%**, improved – **19%** (especially call centers, customer support), decreased 13% (sales), other 11% (children at home, 2 employees... etc.)





# New business and HR challenges

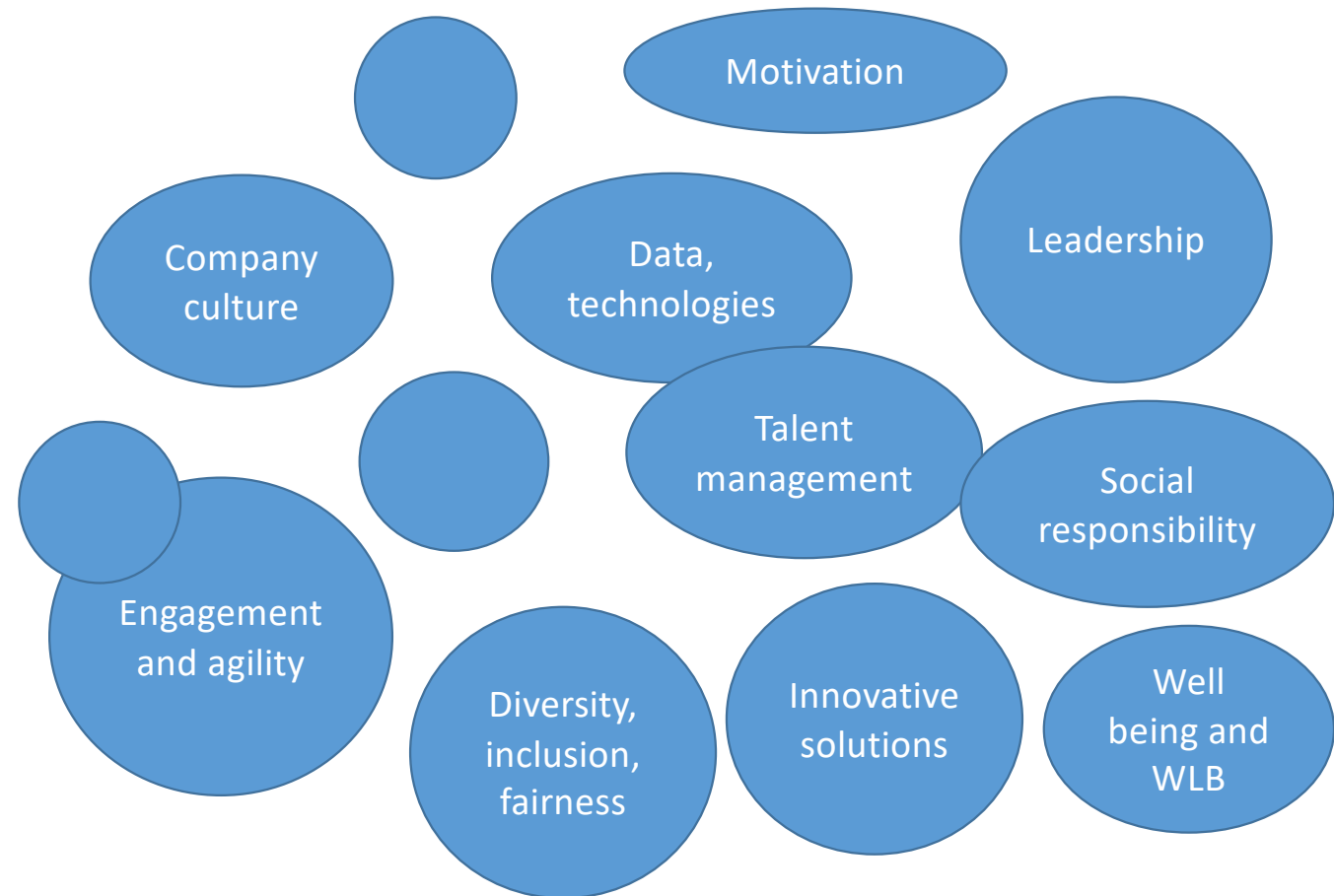
**Business** has to adapt by

- speed
- agility
- adaptation to changes
- reprioritizing

**with an unprecedented support of HR**

*„no more apples, fitness tickets, artificial CSR,,, but the real life has started“*

**76% of respondents: HR has increased the impact in the companies** during crisis – definitely yes, yes, partially yes





## New skills required – HR is definitely in the duet with ...

- Much more attention to **hiring process** – **skill set required:**
  - **Learning skills:** critical thinking, creativity, collaboration, communication
  - **Literacy skills:** information, media, technology
  - **Life skills:** Flexibility, leadership, initiative, productivity, social skills
- Skill set so demanding that the **role of HRM towards education/development** has to be much stronger
- **Upskilling and reskilling of current employees** towards:
  - Critical, digital and cognitive skills
  - Social and emotional skills
  - Adaptability, flexibility, self-confidence, self-activity
  - Never ending learning capability
- **Upskilling and reskilling of current management!**



## ... top management (and will not step back after the finale)

### New challenges for leaders

- ***dynamics of changes in customers' expectations***, business models and solutions, new technologies
- ***dynamics of changes in employees' behavior***, their needs, new ways of leading and managing, new organizations of work, uncertainty, volatility, ambiguity,
- ***dynamics in the economic and legal environment*** of the countries of their operations, with the necessary adjustment (eg. CSR issues)

### Leaders are expected

- to manage complexity and uncertainty in the real VUCA world
- to lead by competence and not authority
- to communicate clearly vision, goals, to underline purpose of work, not to leave the company loose
- to introduce and maintain the remote management in the company
- to engage people, to motivate, to support creativity, innovation, potential
- to use new technologies and data
- to act fair, transparent, social responsible, empathetic, to listen and understand
- to take the decisions quickly



As presented in the survey (Deloitte, 2020), **banks are more positive about the lending activity for 2021 compared to 2020** and believe that economies will require additional lending to stimulate the real economy and to recover from pandemic.

Pfizer – BioNTech – the finale is close, however new questions and challenges for HR arise again...



**Thank you for your attention!**

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