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Human Resources Strategies in Times of Crisis

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Abstract

The year 2020 came with new challenges for individuals, enterprises and public institutions. The COVID-19 pandemic imposed a change in the way of thinking, management and action at local and global level, in order to overcome obstacles of financial, legislative, procedural or organizational nature. The economic crisis felt by the business environment only started in 2020, and companies must understand the need to formulate and implement specific strategies related to management, human resources, supply chain, source of financing, etc. This paper aims to present solutions for efficient management of human resources within companies in order to cope with the problems generated by COVID-19, based on the analysis of the current situation in Romania, presenting an analysis of the human resources management during the crisis. At the end, proposals are made to support the activity of human resources specialists in crisis situations, especially the type generated by COVID-19 context, when the mobility and interaction of human resources is limited.

Keywords: Human resources, HRM, crisis, COVID-19, strategy.

1. Introduction

The coronavirus-generated pandemic has radically impacted all sectors of business from the entire world. As such, companies are combining various procedures, plans and activities at an accelerated pace as a reaction to the evolving COVID-19 crisis. The tactics involve important reforms driven by restructuring and reduction of activities (Albu & Morosan-Danila, 2009); cost reduction and saving; drastic changes in operations; adoption of new technologies; but also adherence to new rules of hygiene and safety (Morosan-Danila & Bordeianu, 2020a; Tonnoir et. al., 2021). The crisis, in economic and financial field, come and go, within the

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company, or at national and international level (Boghean et. al, 2010; Bostan and Grosu, 2010; Kyfiak, et al., 2017; Lucaci & Nastase, 2020; Nastase et. al., 2011; Năstase & Kajanus, 2009), but all of them have specificities.

In the two weeks since the installation of the COVID-19 pandemic in Romania and the declaration of the emergency situation, the Ministry of Labour and Social Protection (MLPS) registered a number of over 1 million suspended employment contracts. The most affected sector was the manufacturing industry, with a percentage of 31.27% of the number of suspended contracts, followed by the trade and repair of motor vehicles and motorcycles with 18.71%, then the HoReCa domain with 10.92% of the number of suspended contracts at the country level.

In Romania, at the beginning of the state of emergency, on May 28, 2020, there were 430,000 terminated employment contracts, an increase of 286% compared to March 30, an evolution that only partially reflects the increase in the unemployment rate (Morosan-Danila and Bordeianu, 2020b).

Most insolvencies appeared in the sectors like: trade (705 companies, respectively 30% of the total), constructions (387 companies, respectively 16.4% of the total) and manufacturing industry (307 companies, respectively 13% of the total). From a geographical point of view, most of the companies that went into insolvency were from Bucharest (423 companies, respectively 18% of the total), Bihor (211 companies, respectively 9% of the total) and Constanta (140 companies, respectively 6% of the total).

We intend to further analyse the current situation of Romanian companies affected by COVID-19 in terms of human resources and to formulate methods and ways for management to overcome the situation generated by the crisis, especially related to human resources activities.

2. Methodology

Based on the information communicated and published by public institutions in Romania and European Union, an exploratory analysis of the impact of COVID-19 on the fields of national economy and population was performed. At the same time, we conducted research in order to analyse the impact of COVID-19 on economic entities from the North-East Region of Romania. The components of analysis / research methodology are:

a) A desktop and documentation analysis to identify existing studies in the field of human resources (Bordeianu and Morosan-Danila, 2013). Documents and information from relevant organizations in this process were consulted in this regard.

b) An analysis / research among employers / companies to identify the impact of COVID-19 on human resources within the companies participating in the study.

The questionnaire was sent to organizations in various fields of activity (education, services, trade, etc.), being validated a number of 244 questionnaires.

3. Main findings about the importance of the Human Resources Management in COVID-19

The research started with questions about the importance and role of human resources in the companies participating in the survey. In this regard, it is noted that 74% of respondents recognize the importance of human resources in carrying out the activities of the companies (40% - very important, 34% - very important), as shown in Figure 1.

Figure 1. The importance of human resources within the company

Source: Authors' own processing according to the research performed

Figure 2. The importance of human resources management within the company

Source: Authors' own processing according to the research performed

In the same context, even if the size of the company does not allow the creation of a specialized Human Resources Management (HRM) department, however, the participating organizations recognize the importance of HRM within the organizations. 36.88% of respondents consider the importance of HRM to be very high within the organization and 41.29% a high importance.

The questionnaire was completed by the management of the companies participating in the survey, represented by general managers, administrators and chairmen of the board of directors. This demonstrates that the answers received are viable and credible, certifying the quality of the research. Regarding the decision-making process, we notice that 64% of respondents base their managerial decisions on the information provided by human resources management, as follows: 31% of respondents rely to a very large extent on the information provided by HRM in decision making and 34% of the respondents relies heavily on the information provided by the HRM in decision making.

The activity of the responding companies was affected by COVID-19 by resizing the activity such as carrying out the activity from the employees' home to a very large extent (for 28.27% of the companies participating in the research, respectively to a large extent for 30.78%). Over 10% of the companies resized their activity to a very small extent in the context generated by the COVID-19 virus.

The change in the number of active employees in conditions triggered by COVID-19 was achieved to a very large extent for 27.45% of the companies participating in the research, respectively to a large extent for 27.86%. Over 14.75% of the companies, the change in the number of employees was made to a very small extent.

As a result of the impact of the activity of companies as a result of the crisis generated by COVID-19, respondents recognize the importance of human resources strategies to support the organization and conduct of activities, exceeding 69%.

The research was more extensive, including the sustainability concerns of the companies, resulting the need of immediate measures for combating the crisis generated by the pandemic, but also sustainable measures to support the business in terms of HRM.

4. Recommendations on Human Resources strategies in COVID-19

To the rapid response to a crisis, all companies require urgent and significant attention, not only for survival, but also for recovery. The main immediate measures in response to COVID-19 involve:

- The review, update and dissemination of relevant health and safety and human resources policies.
- Consideration of measures to ensure that employees comply with policies and procedures, such as using effective communication instead of sending emails and disciplining non-compliance.
- Management of an audit of the implementation of human resources policies, especially with regard to the risks associated with responding to a crisis situation.
- Organisation of control of all response measures and implementation of a risk management policy.
- Analysis of the value chain of the company in terms of the availability of people and skills in critical areas and making the necessary adjustments.
- Analysis of the necessary costs for the human resources employed within the company, and the efficiency of the unnecessary ones.

In terms of recovery of the business and long term development, we recommend the minimal (but not limited to) actions:

- Origination of a rapid evaluation of staff training needs (in terms of abilities and competences) in the context of changing business processes and formulate and develop effective options for sustainable and strategic management.
- Organisation a human resources risk evaluation and implement an appropriate risk management plan.
- Reformulation / rethinking of objectives and targets related to human resources, in the context of adapting to crisis conditions and rethinking the business.
- Creating and implementing a counselling line for human resources, in ensuring the technical support (for telework or home working), but also in helping morally and mentally the human resources (if possible). It is also recommended to create communication channels between employees of the same company. This is an element of the intrinsic motivation of the human resources to work more efficient and effective (Morosan-Danila et. al., 2020).

- Evaluate and monitor closely the financial implications of any cost-cutting measures, so that the company's activity not to be affected, and the work conditions (also related to safety) are assured. In addition, all managers should consider the impact of government incentives on the cost base and ensure compliance with laws and regulations when implementing cost reduction measures.

5. Conclusions

Human resources management need to take urgent measures to stabilize the company in the new reality, corresponding to the market average, with proper and adaptive attention.

A special focus should be on efficiently managing labour costs, in direct relation with work organisation, tools, space and procedures, so that the company can achieve the organizational goals and maximum productivity and profitability. The management has to consider taking advantage of the benefits and benefits of the crisis for the company, thinking on adapting the products, services and processes to the market's needs, adaptation being the main word of the crisis overcome.

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