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THE IMPACT OF THE COVID-19 CRISIS ON HUMAN RESOURCE MANAGEMENT: BETWEEN CHALLENGES AND OPPORTUNITIES

Published: 20 December 2021

Abstract. *The study is devoted to current economic and management issues. They are related to the need for timely adaptation of human resource management policies in the raw material enterprises in Bulgaria in the context of the coronavirus pandemic (COVID-19). Some theoretical and applied issues are addressed and covered together with the different economic and management aspects of the research question. The aim is to establish the impact of the COVID crisis on human resource management process and to discuss the challenges and opportunities.*

Keywords: *COVID-19 crisis, industrial enterprise, human resource management, strategy.*

Citation: Galabova, B.; Trifonova, B.; Petrova, V. (2021). The impact of the Covid-19 crisis on human resource management: between challenges and opportunities. Conferencii, (1) 4. <http://doi.org/10.51586/bmess2021-4>

Introduction

The study is devoted to current economic and management issues related to the need for timely adaptation of human resource management policies in the raw material industry enterprises in Bulgaria in the context of the coronavirus pandemic (COVID-19). Some theoretical and applied issues are addressed and covered together with the different economic and management aspects of the research question. They are conditioned by the study and systematization of theoretical formulations concerning the crisis business management and the practices of adaptation to the new circumstances in relation to the need of enterprises to continue their activities, but also to comply with the changes in their external and internal environment.

The outbreak of the pandemic, and the crisis that followed as a result, affected the activities of industrial enterprises acutely and rapidly. Consequently, the transformation of the production process and the human resource management process becomes prerequisites not only for business survival and the preservation of the previous production capacity, but also for further business development and

growth [1]. The consequences of the pandemic are significant and manifest in different forms. They are difficult to predict, but at the same time visible, measurable and long-lasting, which determines the need for a sustainable meaningful change of HRM strategies, policies, models and practices. They need to be adapted to new health, economic, social, and legal realities and regulations. The pandemic crisis has steadily changed and continues to change the imposed economic and governance models of all systems, including enterprise as an open system. This requires their constant improvement, as well as more creativity, flexibility, dynamism, and search for new opportunities [2, 3, 4].

The practical experience of enterprises in adapting to new circumstances and the need to continue operations while taking changes in environmental factors into account is studied and summarized. Studying the good practices created and implemented over the past year and a half also allows us to check how adequate, effective and efficient they are. The question arises whether there is a way to achieve even greater adequacy, effectiveness, and efficiency, given that the pandemic has steadily changed and continues to change economic and governance models. This also requires their continuous improvement and prolonged search in this direction, in line with sustainable changes, new requirements, and process dynamics.

Theoretical and methodological foundations of the study

The relevance of this study is proved by the fact that the topic is widely discussed at the national, European and international level. The question of what practices are applicable when considering these processes is highly debatable given the high practical relevance of HR to the overall operations and performance of the enterprise. The research problem at hand is broad and touches many aspects, extending beyond the boundaries of a single industrial enterprise and an industrial sub-sector. The research problem on which this paper focuses goes beyond the boundaries of a single enterprise, a single economic sector and even a single country. The problem is comprehensive and concerns a wide range of economic actors and their behaviour.

The importance of the topic is proved by the great scientific interest, the constant search for new solutions, the rapid increase in the number and type of papers

in national and international scientific networks. The object of study is human resource management policy. The subject is the strategies applied to adapt this policy so that it's adequate, applicable, and effective in the current complex and dynamic situation in which business finds itself and which it must overcome in due course.

The aim is to collect, summarize and analyze various theoretical formulations - the basis for the transformation of human resource management policies and strategies in the raw material industry enterprises as well as in other industrial sectors where there is a continuous labor- and time-intensive production process. The collection, aggregation and analysis of different practices is justified as they can be borrowed and improved and, after taking into account the specific circumstances and profile of the enterprise, can be applied in other enterprises. This is the main contribution of the study.

The scope of this study includes, analyzes, and summarizes best practices in human resource management in the raw material industry enterprises in Bulgaria. The following methods and research approaches are applied for the purpose of the study: theoretical study, survey, analysis, synthesis, abstraction, generalization, systematic, heuristic, and graphical approach. Based on the use of these methods and approaches, conclusions are drawn and recommendations are made according to the research objective.

The present survey was conducted on the basis of a questionnaire (in online format) over a three-month period, from March to May 2021. This is the time span of the survey, and it allows to analyse what has been done in the raw material companies more than one year after the pandemic, and to explore what is planned to be done in the future. The summaries of the questionnaire and the results obtained are of significant value and are indicative of the formulation of conclusions and guidelines for recommendations, as well as directions for future research. The information was collected on the basis of the anonymous completion of the questionnaire. Participation in the survey is free and optional, subject to all requirements of interviewer neutrality, confidentiality, aggregation, and use of results for scientific purposes only. It should also be stressed out that not all invited managers were interested in participating in the survey for one reason or another.

This study is analytical and applied in nature and aims to draw conclusions and recommendations of an applied nature. Its methodological foundations are based on the development of an online questionnaire and the conduct of a survey of the attitudes and opinions of ten business representatives who are managers in enterprises in the raw material industry. This survey covers a significant number of the largest enterprises with large workforces ranging from 200 to over 5,000 employees.

Respondents hold a leadership position and are responsible for planning and/or making management decisions and are actively involved in the development and implementation of HRM strategies, approaches, and models. In interpreting the results, it should be made clear that the study cannot claim to be exhaustive, although the respondents include the majority of large enterprises in the raw materials industry in Bulgaria. However, the summaries of the survey results have significant value and are indicative for the formulation of conclusions and directions for recommendations, as well as problem areas for future research. The information was collected based on the self-completion of the questionnaire by the respondents.

The distribution of respondents is focused on including professionals who have real insight and involvement in the ongoing processes of change and adaptation of HRM policies, strategies, and models. All the respondents have a view and an attitude towards the processes taking place in the respective enterprises and the changes that have been made in line with the new realities imposed by this kind of crisis. This circumstance is set as a prerequisite for participation in the survey in order for the survey to have utility and analytical value. Therefore, the distribution of respondents by department and the fact that they occupy different positions doesn't change the importance and contribution of the answers given. Based on the answers to the questions, certain conclusions are drawn and recommendations are formulated.

Analysis of the survey results

The first question of the questionnaire aims to find out the size of the respective enterprise where the respondents work. The size criteria are of great importance and has strong analytical value. It's assumed that in large and very large enterprises, more changes can be planned and implemented due to the larger organizational capacity. Therefore they are objects of interest. At the same time,

changes are particularly necessary there due to the large number of employees working together in one workplace and the more complex structure and organisation of the activity. The business representatives included in the survey work for an enterprise that has a range of 200 to over 5 000 employees. Under a conditional criteria, which is accepted in the survey's framework, the sample includes predominantly large and very large enterprises. A total of 70 % of them fall into the range of 500 to 2 000 employees, and 30 % are in the range of more than 5 000 employees, which means that they are in the category of very large enterprises.

The main focus of the study is to track the changes in strategies and policies that have been made or are planned to be made in large and very large enterprises in human resource management. These types of businesses also have the greatest potential and the greatest need to make changes more quickly and purposefully. At the same time, their activities and the continuous production process are very severely affected by the direct and indirect effects of the COVID crisis. The specific answers to these effects are tracked through the following questions.

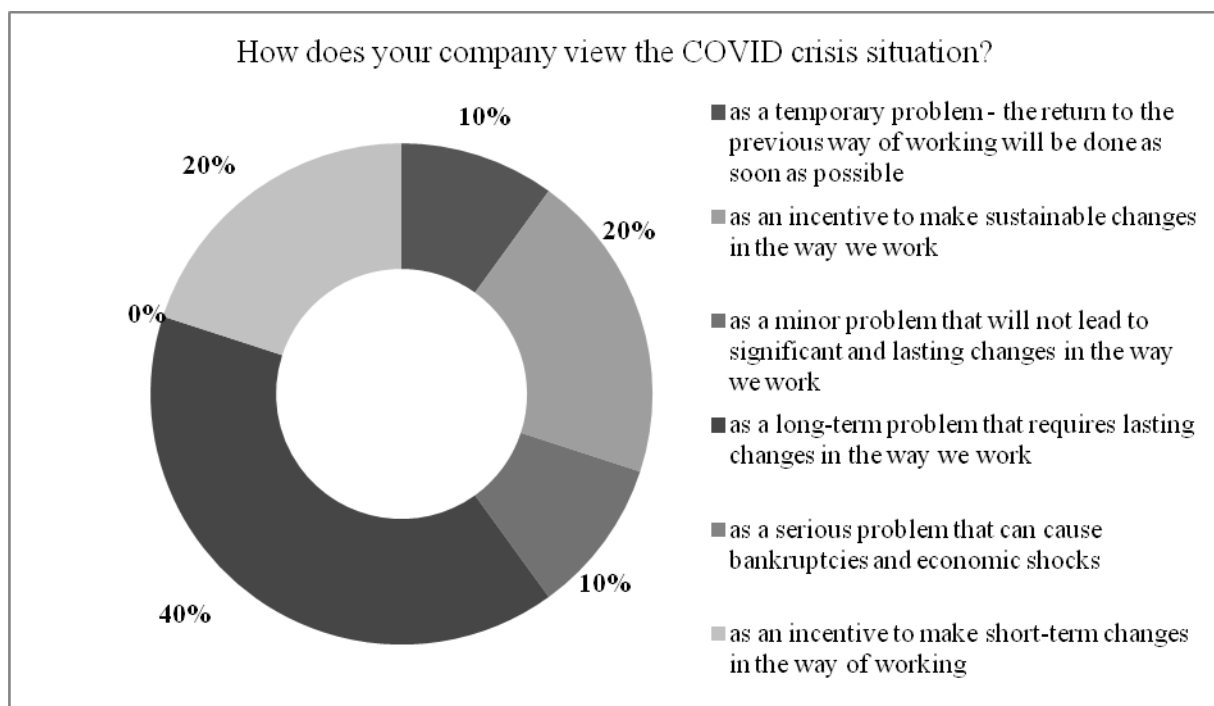


Figure 1. Question: "How does your company view the COVID crisis situation?"

Source: Survey based on a questionnaire

One of the questions is "How does your company view the situation?". It allows us to find out the managers' views with regard to the nature and seriousness of the situation according to their judgement and attitudes. It gives a clear idea of the

attitude towards the complex situation. It should either confirm or reject the hypothesis that the COVID crisis is a significant factor and generates the need for changes in HRM policies and strategies. Whether or not the pandemic crisis was the impetus for such substantial changes is being examined.

The summary picture of the results is as follows: the vast majority of answers consolidates around the perception that the COVID situation is still a problem, with only 10% indicating that it's a minor problem. 40% believe that this is a long-term problem that will require and imply long-term changes by management. An equal number (20%) of respondents shared the view that the COVID situation is a stimulus for either short-term changes or long-term ones, respectively.

The results presented in Figure 1 show that 40% of respondents perceive the COVID situation as a long-term problem that requires and will continue to require lasting changes in the way they work. From this point of view, the assessment of the business representatives is that the reaction to the situation is inevitable and justified. At the same time, changes that have been made or are planned to be made are assessed as sustainable and lasting. They will persist for a longer time, more likely after the change of situation that causes them. This group of respondents allows for the possibility that changes may be necessary and remain after the health and medical part of the crisis subsides. In this way, they will be maintained as a sustainable element of HRM policy and strategy. Twenty percent of respondents have a different opinion. According to them, the COVID crisis is causing and will cause changes, but they are rather of a short-term nature. It's therefore an impetus to make short-term changes, focused mainly on how workflow is organised, administered and managed.

A further 20% said that the type of crisis was an incentive to make sustainable changes in the way they work. This group shares the view that HRM strategy and policy will change permanently, and the reason for this will be precisely the onset of the business crisis. In summary, a total of 80% of the respondents indicated that the kind of crisis is a factor for change - either in the short or longer term. It's important to point out that 10% of the respondents are of the opinion that the COVID crisis and the effects it is having are short-term problems with limited effects over time. This predetermines their orientation and attitude to return to the old version of

organization, administration, and management in a short period of time after the elimination of the pandemic situation. Of significant importance is also the fact that not a single respondent indicated that they took the crisis as a serious problem that has the potential to lead to bankruptcies and economic shocks. All business representatives view the crisis situation in terms of the opportunities it implies, not just the problems it brings. The difference in attitudes can be seen in the attitude towards the time definition of the situation and the durability of the changes that have already been introduced or are about to be introduced in the production process and/or in the working environment.

The results lead to the conclusion that the majority of the managers accepts the situation as a more long-term and therefore more complex problem to solve, which requires a certain managerial intervention and leads to a revision of certain attitudes. The acceptance of the problem situation as a impulse is also a favourable tendency that indicates a certain degree of maturity in the attitudes and mindset of managers. Consequently, an overwhelming majority of respondents confirm that the COVID situation is rather a serious problem that requires appropriate changes as a response to the crisis.

The next question focuses on the elements of the corporate environment that the crisis has worsened (Figure 2). It is examined whether there are such elements that are deteriorating. When completing the survey, respondents indicated all valid responses for their company. In this case, all respondents gave two or more answers. Those responses that were most frequently mentioned are sought in order to draw appropriate conclusions. Employee relations, organizational and work culture stand out with the highest share (60%). These results are worrying, given that relationships, and the culture, and the way of working that is enforced are a key factor in effectiveness and efficiency. At the same time, the outcome is not surprising and is to be expected, as during a pandemic there is a lack of opportunities for meetings between team members and different teams in person and in a traditional working environment, discussing important work issues. This exacerbates the need for more and better quality and regular communication, removing communication noise and changing traditional approaches and channels of communication.

It can be argued that the crisis is a prerequisite for the deterioration of communication, and a reduction in its frequency and intensity. On the other hand, communication is mainly taking place in a digital environment through the use of modern advances in technique and technology. This creates good conditions for communication, but it's clear from the responses that the results of this communication are not good enough. In this sense, it's advisable not to rely solely on online communication, but to have periodic meetings and live operations in a safe environment and in compliance with the requirements and regulations related to the species restrictions, whenever possible. A combination of online communication and face-to-face meetings would contribute to addressing the recorded deficits. The frequency of this communication is also important, and all other things being equal, less frequency makes teamwork worse and vice versa. The reason for this is that irregular communication does not allow for discussion, the exchange of ideas, and solutions to problems. In team tasks, active communication and a proactive stance by the leader, combined with initiative by team members, yield a good level of efficiency and results.

Thirty percent of the respondents indicated that the COVID pandemic had negatively affected the speed at which tasks were completed. This result is logical given that some staff, in particular those in administrative positions, work remotely or in hybrid mode. This could, in all likelihood, lead precisely to delays in certain administrative and organizational issues. Combined with delayed and intermittent communication and difficulty connecting employees, speed can be reduced. Difficulties also arise when working in teams in which some members work at their workplace and others are online or in hybrid mode. This has a negative impact, especially on the administrative and organizational activities of the enterprise. It may be recommended to find the right approach to combine the possible options and find the workable one for the respective enterprise in order to increase speed. It is logical and justified to analyse the results in terms of the speed achieved in the completion of activities and tasks and to identify the reasons for delays. If they are removed and a suitable formula for adapting the processes is found, the speed will be increased.

The answers "strategic management", "work productivity and results", and "initiative and action orientation" each have 10%. This means that respondents do not think that labor productivity has decreased as a result of the sovereign crisis, which is a positive fact. The hypothesis that work performance deteriorated because of the specific setting is not supported. This trend is favourable because it confirms that enterprises have managed to find the right approach and maintain the level achieved in terms of labour productivity.

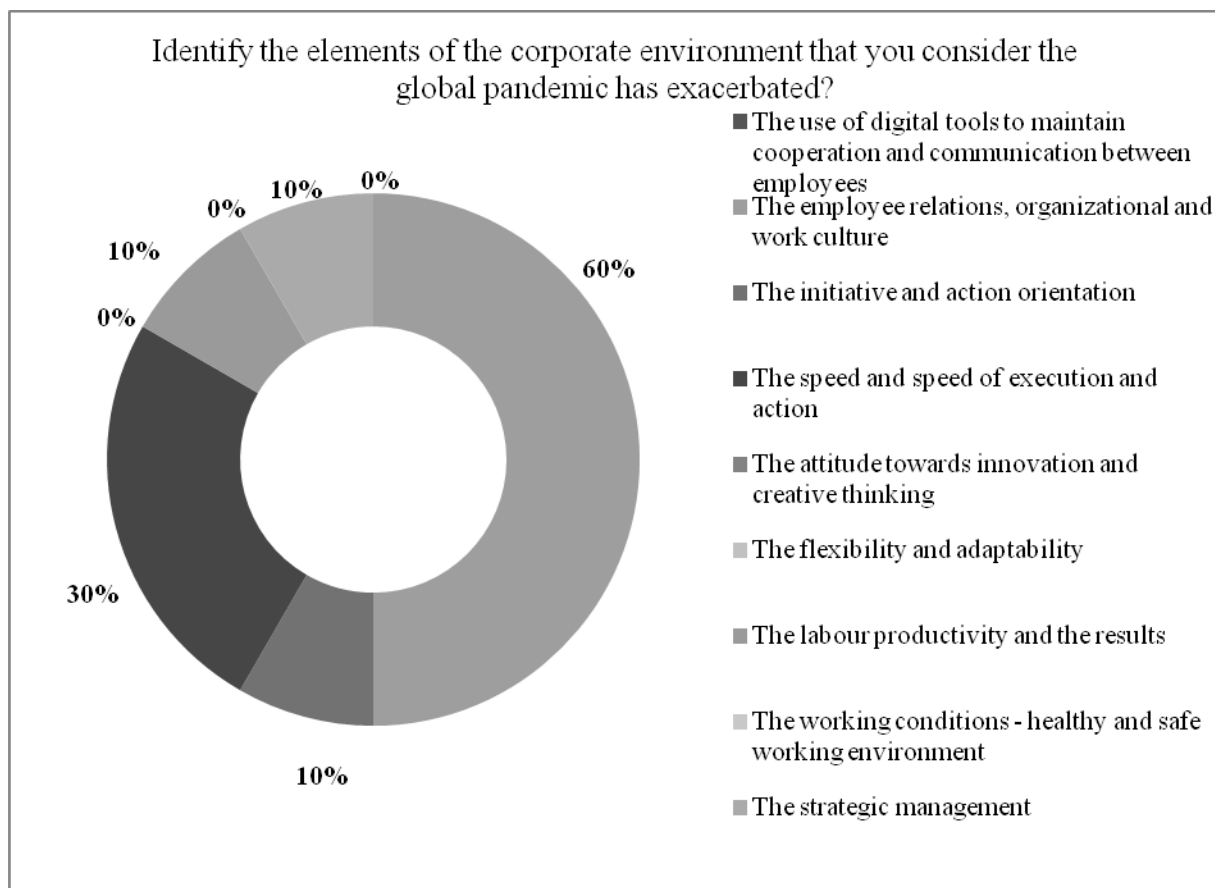


Figure 2. Question: "Identify the elements of the corporate environment that you consider the global pandemic has exacerbated"

Source: Survey based on a questionnaire

The question "What challenges have faced your enterprise in working remotely since the beginning of the pandemic?" presents the views of managers in the complex pandemic situation. When completing the survey, respondents indicated all valid responses for their company. In this case, all respondents gave two or more answers. Those responses that were most frequently mentioned are sought in order to draw appropriate conclusions.

In Figure 3, the responses are mixed, although a few stand out.

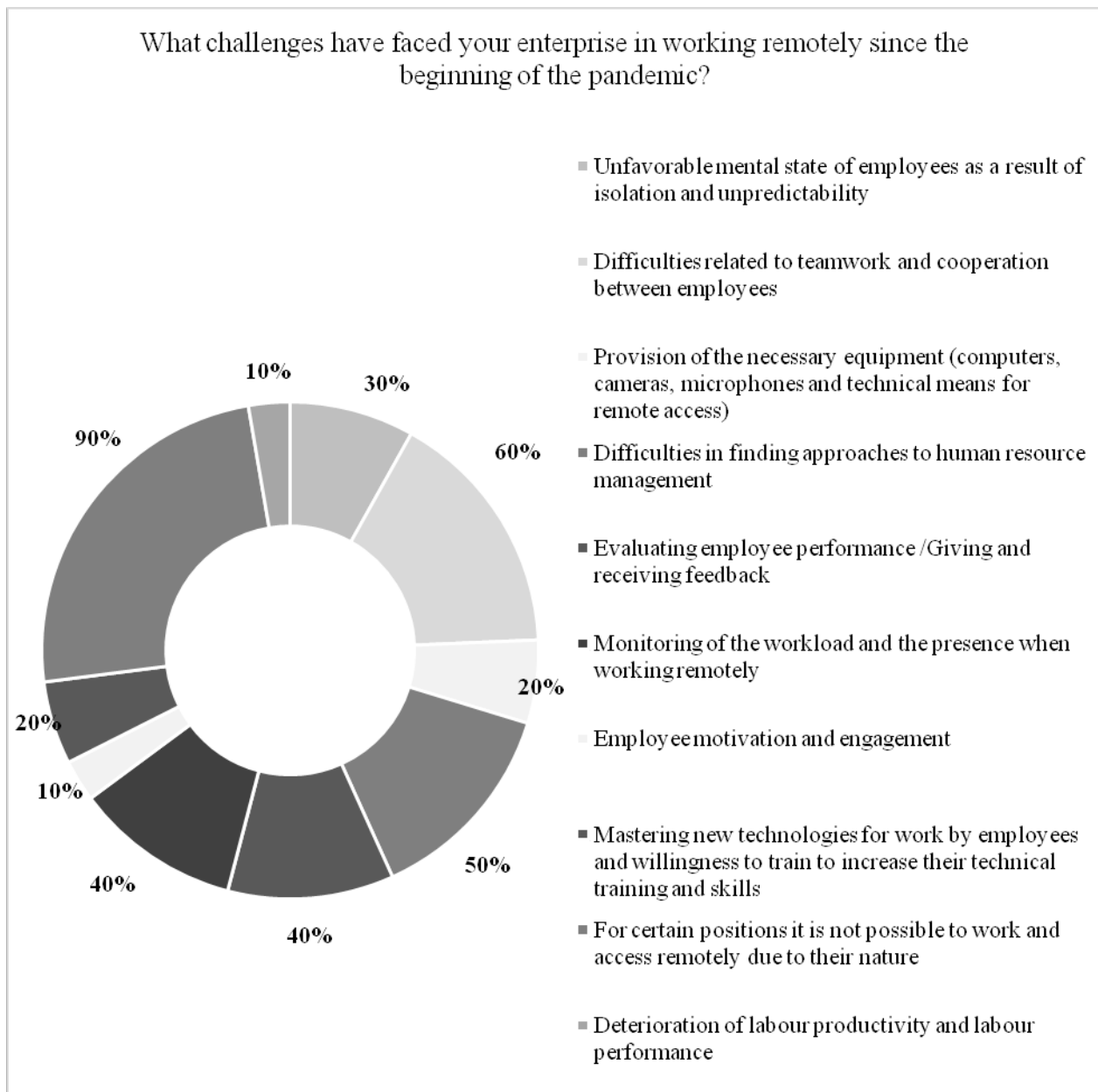


Figure 3. Question: "What challenges have faced your enterprise in working remotely since the beginning of the pandemic?"

Source: Survey based on a questionnaire

Thirty percent cite the main challenge is the adverse (deteriorated) mental state of employees who are forced to work in isolation and alone in order to comply with restrictive measures. Company leaders need to keep in mind that emotions play an essential role [6].

Sixty percent reported difficulties with the teamwork and the collaboration between team members, which is due to the inability to communicate directly in person and in real time. Twenty percent have experienced difficulties in relation to the need to provide equipment and to be able to take advantage of the digitalization of the processes and in mastering new technologies with their specificities. With the

same proportion are also those who were hampered by the fact that employees had to learn and master new technologies for work, having to motivate them to increase their technical literacy. Fifty percent had difficulties finding approaches to managing employees in the new environment.

Difficulties related to the teamwork and collaboration among employees have been observed, as well as the challenges related to the management approaches of employees by their supervisors. Only 10% reported a deterioration in work productivity, performance, and problems with employee motivation and commitment.

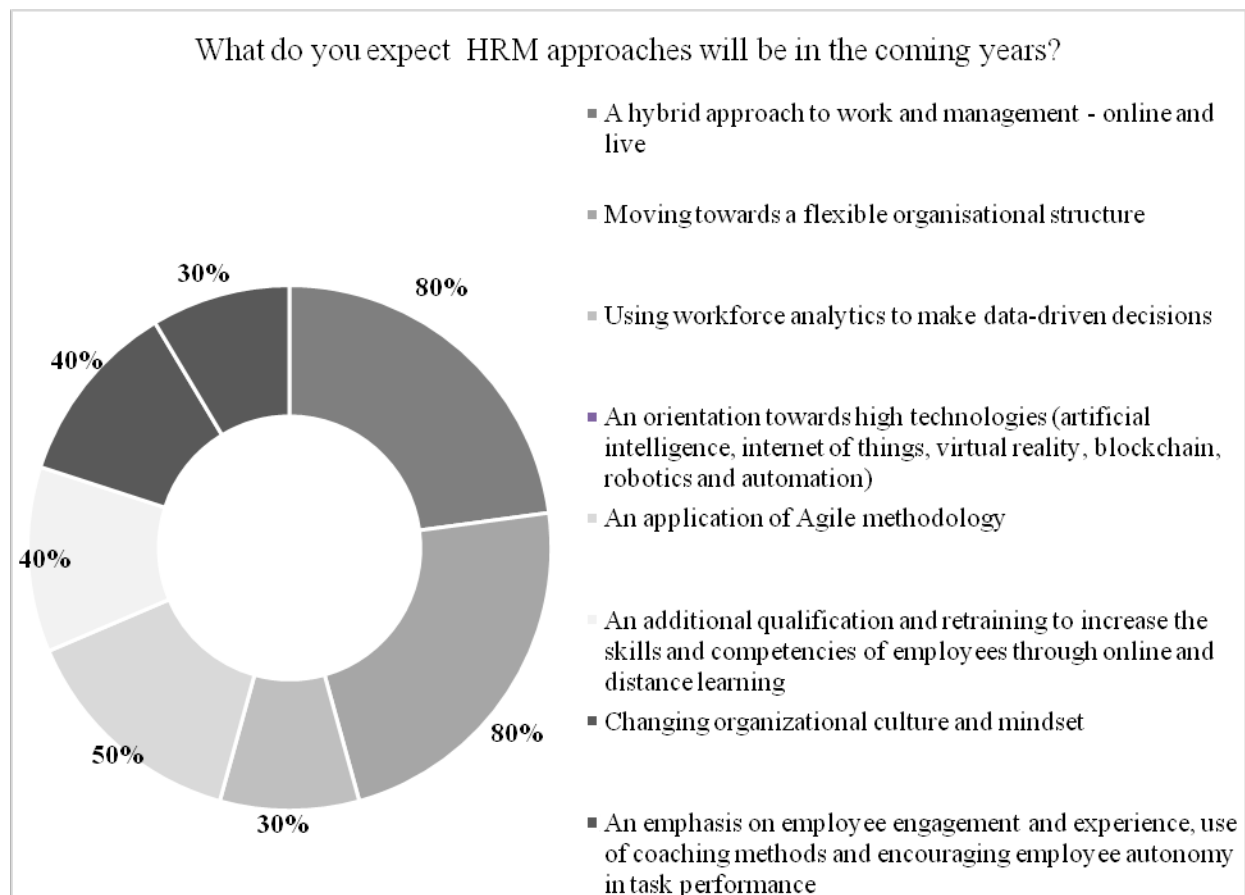


Figure 4. Question: "What do you expect HRM approaches will be in the coming years?"

Source: Survey based on a questionnaire

Management activities which are also problematic: monitoring workload and attendance when working remotely (40%), evaluating employee performance (40%) and giving and receiving feedback (40%). These management challenges are a problem that all businesses face when working remotely, and solving them is on the agenda yet. Again, accelerating digitalisation and the tools it offers to successfully and regularly monitor results and performance at an individual and team level can help address these challenges. We can conclude that in these enterprises human

resource management is focused on the care of the individual and his health, i.e. there is a social orientation. The main focus is the improvement of the working environment, preserving the safety, life and health of workers. The above direction is of great importance for labour productivity and performance.

Figure 4 presents the expectations for the approaches of HR managers in the coming years.

Again, more than one valid response is acceptable, so the distribution exceeds 100% by a significant margin. When asked, 80% of respondents noted that they expect to see a hybrid approach to work and management in the future, both online and in person, as well as a move towards a flexible organisational structure. 50% expect to expand the use of "agile" methodology. As a future approach, 40% identified changing organizational culture and mindset and gaining additional qualifications to enhance employee skills and competencies through online and distance learning as future approaches. It is striking that, despite the digitalization of the raw materials industry in terms of human resource management, managers do not expect an orientation towards high technologies, including the use of artificial intelligence, virtual reality, blockchain, robotics, and automation in human resources. The application of information technologies leads to the improvement of the companies' production parameters in each sector according to the criteria for sustainable development [5].

As is evident, the prevailing view is that hybrid working will be a feasible approach where it is practicable—mainly in administrative activities and much more limitedly in manufacturing. Eighty percent of respondents expect that the hybrid way of working and the blended approach to leadership—live and online—will bring more flexibility to the organizational structure and will remain more permanently in the coming years. It can be stated that these are changes that have been introduced out of necessity in a fairly short time and are mainly caused by the pandemic and the constraints on the work process that it imposes. However, managers recognize in them innovative practices that have the potential to find a place for longer. Fifty percent acknowledge the role of agile methodologies and agile methods in the HRM

process. Prior to the pandemic, they were also less prevalent and difficult to use in strict linear and functional organisational structures.

Points of interest are the responses relating to the need to retrain and acquire more digital skills, sorely needed in today's business practice, and to redefine organizational culture, which garnered 40% approval. The attitude towards changing the organizational culture, which is a prerequisite for any further changes, can be interpreted as positive. It's noteworthy that one of the possible options has not gathered any approval: the use of new technologies such as the Internet of things, artificial intelligence, blockchain, and virtual reality.

It's evident that automation and digitalisation are not yet fully recognised as an opportunity to improve HRM processes and overcome the difficulties that have arisen in the way and approaches to work so far. These results unambiguously show that managers are focused on changes in different directions, adapting models, approaches and structures. At the same time, they remain more conservative towards the opportunities offered by digitalization and high technology in HRM. This conclusion raises many questions - why managers are not open to these options and what are the reasons for this, especially in the context of the established Industry 4.0 trend. These issues should be the subject of further research, as the search for causes and the tracking of attitudes are the basis for clarifying the current situation and prospects for development.

Forty percent believe that changing organisational culture and mindset will be essential. A significant proportion (80%) share the view that in the future there will be a move to a more flexible organisational structure to respond to dynamics. An interesting highlight in the analysis is the answers that more engagement and experience building, use of coaching methods, and stimulation of employee autonomy and initiative will be needed. This demonstrates that the focus is on seeking approaches that are relatively more unconventional and that are expected to become firmly established in the future.

The following questions are open-ended and require a free answer from all respondents. This approach is chosen because of the nature of the questions themselves. They suggest the possibility of a response without limiting the options.

This would have greater analytical value and significance in order to draw conclusions.

The question reads, "Identify three major changes or new practices related to HRM processes introduced due to the co-occurrence of the crisis and the work requirements it imposed." The answers of the respondents quoted below are as follows:

- "an online team meetings, a weekly operational meetings, an online meetings with customers, partners, and suppliers, an internal and external online training;"
- "a routine activities in situations with limited social contact (face to face);"
- "working and communication skills in a hybrid model (online and live);"
- "competencies for teamwork, an introduction of remote administrative services for employees, a creation of a calm environment for work and administrative services for employees;"
- "a digitalization of administrative staff, a digitalization of staff training, more flexible organization of production staff;"
- "a remote working for administrative departments, teams bigger than 60 people, and good digital skills;"
- "a remote working, a reduction of paper work, a payment of additional bonuses, flexible working hours, a choice to work remotely;"
- "flexible working hours, a possibility to work remotely."

In summary, several main directions prevail in the changes made, namely:

- digitalization of processes, leveraging the capabilities of technology and technological advances for the purpose of human resource management and maintaining communication and production processes;
- switching to hybrid or online mode of operation;
- a shift towards flexible models for the recording and allocation of working time;
- staff training and development programmes which are based on the use of online communication platforms and advanced software products.

The question asks, "Name three core skills and/or competencies needed by human resource managers to work effectively in the "new normal". The answers of the respondents quoted below are as follows:

- "flexibility and adaptability, faster decision-making, empathy and care for colleagues, soft skills"
- "adaptability and flexibility;"
- "skills to engage people in a non-conference format;"
- "competencies for teamwork, an introduction of remote administrative services for employees, a creation of a calm environment for work and service for workers;"
- "digital skills, creativity, analytical skills, and adaptability when working with staff and union partners in a dynamically changing regulatory environment;"
- "tenacity and flexibility, a greater expertise;"
- "trust, maintaining an active relationship with team members, commitment;"
- "flexibility, an excellent communication, patience;"
- "there are no new skills - the skills that the leaders need to have are precisely the ones that will take them and their organisation through the awareness and implementation of change. If they don't have the qualities before the new normal, nothing will help them in it."

It can be summarized that several core skills and competencies prevail, namely:

- a flexibility, an adaptability, an ability and an orientation to change;
- an ability to engage the team in a remote working environment;
- an ability to create a good working micro-climate based on trust, exchange of ideas, empathy, activity and initiative.

It is noteworthy that all the answers given lean more towards personal skills and competences and less towards strictly professional and specialised ones. Therefore, according to the respondents, it's of great importance to develop soft and communication skills and competences to help manage, lead, motivate, and encourage work teams that have to adapt to the new working reality. Emphasis is placed on the importance of the communication process within the team and between

the different teams in order for the work process to continue successfully according to the new rules of the COVID and post-COVID era.

Conclusion

Tracking the attitudes of the business representatives shows that they accept the changes as necessary and inevitable, and do not resist it. They recognize it as necessary for the stabilization and the business sustainability. The unfavourable situation that has arisen can also be seen as an opportunity for favourable and long-delayed ones to lead to process improvements. For this to happen, however, managers need to develop their own skills and competencies, leadership qualities, communication and soft skills. This will help to create favourable and conducive environmental conditions for the work process and to be a basis for normalisation of processes.

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