

► Research Brief

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Implications of the COVID-19 crisis for enterprises' human resource management policies and practices*

Key points

- The COVID-19 crisis has amplified existing global challenges for enterprises and presented further challenges in itself.
- This brief provides examples of how enterprises have tackled the crisis by adopting people management approaches, policies and practices in the areas of organizing work and recruitment, selection and retention.
- It also gives examples of how cooperation between managers and employee representatives can help to find good solutions.

Background

The ability of an enterprise to make its employees motivated, skilled and committed is one of the critical determinants for its competitiveness. This can only be achieved in a workplace environment characterized by a spirit of social dialogue, mutual trust and respect, non-discrimination, and the absence of violence and harassment.¹ Global challenges increase the importance of human and social capital for enterprise success. In 2019, when the ILO celebrated its 100th anniversary, it was already clear that the world at large, and the corporate world in particular, was facing global challenges

related to rapid technological changes and artificial intelligence, environmental degradation, the uneven pace of globalization, inequality, demographic shifts, and migration.² Not only has the COVID-19 pandemic amplified these challenges; it has also presented further challenges in itself.

In this research brief we look at how the COVID-19 crisis is making enterprises adjust their human resource management (HRM) policies and practices, and at the role of employees and their representatives in this regard. We define HRM as a system of enterprise-level policies and practices that address the relationships between

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¹ Such a spirit coincides with the philosophy behind international labour standards. Although these standards are not addressed to managers directly, the enterprise values demonstrated by corporate champions mirror the values upon which they are based. International labour standards can guide managers in making important corporate decisions.

² These challenges and some of their implications are highlighted in the ILO Centenary Declaration for the Future of Work (ILO 2019a) and the ILO's report *Work for a Brighter Future* (ILO 2019b).

employee and employer throughout the whole period of employment.

Evidence from previous crises suggests that social dialogue can play a key role in absorbing shocks and preserving employment, contribute to improved enterprise performance and productivity gains, and facilitate adjustment to and recovery from an economic crisis (ILO and OECD 2019). We will therefore examine how social dialogue can help to make virtual and hybrid teams work successfully, ensure a safe and orderly return to work, avoid discrimination in virtual recruitment and selection practices, and minimize layoffs.³

Organizing work

Perhaps the most noticeable HRM response so far, in particular with regard to office workers, relates to the new ways in which work has been organized during the COVID-19 crisis. Teleworking, previously a fringe work arrangement in many cases, had to be adopted quickly and widely.⁴ The immediate challenge was to introduce teleworking rapidly to individual workers, while keeping them together as virtual teams. Managing a virtual team is and always has been a difficult task that requires not only careful planning, but also an ability to learn and adjust constantly. What can be done to improve the performance of virtual teams?

First, continuous communication about business and office developments is needed. Managers must monitor team dynamics through group conversations and perform frequent checks. Such checks are particularly important if an employee starts to show signs of self-isolation (sending no or fewer e-mails, missing meetings, etc.). Employee representatives can play an important role in making sure that these communication channels work. They can also establish their own communication channels with employees.

Second, tools aimed at supporting workers' mental health, including online meditation sessions and fitness classes, might be necessary. Teleworking can lead to serious mental health problems, in particular among those office workers without adequate work space at home. Moreover, due to the closure of non-essential businesses, workers

have been unable to use alternative office spaces away from home (cafes, libraries, bookstores, co-working spaces, etc.). The closure of schools and childcare centres has further blurred the lines between the private and business domains. While this situation is particularly challenging for workers with children, one should not underestimate the negative consequences for single and childless workers, who may be at greatest risk of feeling lonely or lacking in purpose (Carnevale and Hatak 2020, 183).

Third, more flexibility is needed when it comes to working hours. For many parents with children, maintaining normal working hours might be difficult while working from home. Their family responsibilities might require them to work early in the morning or late at night but to take longer lunch or afternoon breaks. Of course, introducing more flexible working hours is only possible in teams and organizations with a culture of trust and mutual respect.

Fourth, remote employees must be provided with the proper corporate technical equipment to ensure that they are using tools compatible with IT requirements, that poor connectivity will not force people to drop out of important online meetings, and that security is not compromised.

While we have seen a partial return to the workplace,⁵ working from home continues. This results in "hybrid" working: some staff stay at home, others return to the office, and many combine the two. Managing this arrangement involves many considerations, from ordering proper equipment to developing appropriate rotation schedules. These tasks are usually performed by the same managers as before the COVID-19 crisis, in addition to their traditional responsibilities. This creates new managerial challenges and requires managers to acquire new skills, allowing them to choose the right technologies, order the most appropriate ergonomic office furniture, and learn new ways of establishing a collaborative culture and helping people who struggle emotionally with being alone at home. Close collaboration is required with employee representatives to ensure that workers' voices are heard, with governments to introduce new safety and health requirements properly, and with management support units, such as IT and HR departments, to ensure

³ The key role of social dialogue in addressing the COVID-19 crisis is described in the ILO's policy brief on the topic (ILO 2020a).

⁴ For more on teleworking during the COVID-19 crisis, see *Teleworking during the COVID-19 pandemic and beyond: A Practical Guide* (ILO 2020b).

⁵ The International Organisation of Employers (IOE) and the Society for Human Resource Management (SHRM) have developed a detailed guide on returning to work, which includes key questions and relevant resources (SHRM and IOE 2020).

better operational support. Some high-tech companies have even created the position of “head of remote” to address the needs of virtual teams (Clark 2020). Many of these “heads of remote” are working from home themselves.

Managers tend to agree that hybrid working is difficult both for those who come back and for those who stay at home. People working from home may suffer when it comes to career advancement or financial rewards. These are often based on a “command and control” management approach: visibility in the workplace is considered a central aspect of a worker’s performance and commitment to the organization. In this regard, the COVID-19 crisis has created an opportunity to revisit corporate HRM policies with a view to ensuring that pay and promotion decisions are based on objective, performance-related measures.

Management should also focus on the emotional dimension of returning to work after lockdown. Returning to the office or worksite after weeks or months of isolation is not easy. It would be wrong to assume that things will immediately go back to “normal”. It takes time to re-establish informal relationships with colleagues, to relearn work practices that may already have been forgotten and to adjust to new health and safety requirements.

In introducing return-to-work policies, employers can benefit from the views expressed by employees. Employee surveys may be very useful in this regard. A recent corporate survey by The Conference Board (2020) showed that, while many enterprises were making appropriate investments in anti-COVID measures such as purchasing safety equipment and creating new workplace arrangements, desirable measures often became obvious only after employees were asked about their concerns. This included implementing safety policies specifically for workers taking public transportation, revising work-from-home policies to allow more employee choice over returning to work, and opening additional communication channels to better address health and safety concerns for workers returning to the office or worksite.

Recruitment, selection and retention

As a result of the COVID-19 crisis, enterprises are having to adjust their recruitment and selection procedures towards heavy use of virtual tools. This situation requires great care in using tools such as virtual assessment centres and interviews, which aim not only to evaluate candidates’ technical skills, but also to understand how

they might fit in with the organization’s values. An increased number of “hiring mistakes” could lead both to lower productivity and, in the longer term, to the erosion of organizational culture (Carnevale and Hatak 2020, 184). Online recruitment also risks introducing bias by excluding candidates who lack sufficient access to technological equipment or are not skilled in its use (unless, of course, these skills are a critical requirement for the job). Employee representatives can play an important role in ensuring that virtual recruitment and selection policies and practices are not discriminatory, especially when it comes to internal candidates.

When a crisis hits, many enterprises believe that they cannot avoid layoffs. This time, however, most employers seem to have done their best to protect jobs. For example, a recent survey of more than 4,500 enterprises across 45 countries, conducted by the ILO Bureau for Employers’ Activities, showed that in the middle of the COVID-19 crisis around 80 per cent of corporate participants had retained or planned to retain their staff (ILO 2020c). Moreover, employee involvement can help to ensure that people do not lose their jobs (Tarki et al. 2020). There are many ways of saving jobs that management and employee representatives could agree on, including alternative work schedules (part-time work or job sharing), flexible leave, reskilling and mobility.

What next?

As the number of employees working from home grows, experts predict changes in the workplace, with a more profound shift from time-based management to results-based management and with organizational networks replacing traditional hierarchies, which in turn will lead to growing demand for retraining and career changes (Kuzminov 2020). The pandemic is also shifting individual priorities towards health and well-being, building pressure on the State to ensure security and stability in society.

It is to be hoped that the COVID-19 crisis has taught enterprises to be prepared for challenges of this magnitude in the future. To this end, building enterprise resilience and putting in place business continuity strategies to be activated in times of crisis should be integral components of enterprises’ business models. The Boston Consulting Group’s research on the effectiveness of organizational responses to dynamic crises indicates that successful responses are usually based on preparation and pre-emption (Reeves et al. 2020). Preparing for new crises in advance is likely to be more

effective than the largely reactive response seen in the early stages of COVID-19. Successful preparation and pre-emption will depend to a great extent on how well enterprises analyse and document their experience during this crisis. This task requires collaborative efforts among various corporate functions, mainly HRM, internal

communications and knowledge management. Most importantly, every single employee should be given an opportunity to share individual lessons learnt throughout the pandemic. This should be ensured by both employers and employee representatives.

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