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## THE CHALLENGES AND OPPORTUNITIES OF HUMAN RESOURCE MANAGEMENT IN THE POST-PANDEMIC ERA

Radoica Luburić<sup>1</sup>, Milena Vučinić<sup>2</sup>

<sup>1</sup> PhD, Executive Director, Central Bank of Montenegro, Podgorica.

E-mail: [radoica.luburic@cbcg.me](mailto:radoica.luburic@cbcg.me)

<sup>2</sup> MSc, Special Advisor to the Director, Department for Financial Stability, Research and Statistics, Central Bank of Montenegro, Podgorica. E-mail: [milena.vucinic@cbcg.me](mailto:milena.vucinic@cbcg.me)

### Abstract

The COVID-19 pandemic has forced organisations to adapt quickly to a virtual and online reality and has speeded up the process of digitalisation and the transformation to new ways of living and working. The first part of this paper examines the various challenges human resource managers have been facing since the outbreak of the pandemic. In the second part, the paper deals with the potential challenges of human resource management in the post pandemic period, as well as the trends that will reshape work after the crisis. The authors describe how leaders and experts around the world see the trends of work in the future. In the third section, they focus on potential opportunities for improvements in human resources suggesting the necessity for effective and efficient post-pandemic change management including organisational culture, improved competence of people and encouraging more sensitive personal integrity. Therefore, a post-pandemic systemic and process approach require new approaches to leadership, people engagement and customer focus and the further development of interpersonal relationships. The authors conclude that the post-pandemic period not only concerns the economic recovery of the organisation from the crisis, but also to the physical and mental recovery of the people in it, based on new forms of behaviour, trust, respect, solidarity and the best human values.

**Keywords:** Human Resource Management, COVID-19 Pandemic, Post-pandemic period, Challenges and Opportunities

## **1. Introduction**

The coronavirus (COVID-19) pandemic and its rapid unprecedented impact on the world, has people at its core. Although primarily a health crisis, which has caused high death tolls around the globe, it has also brought about extreme social and economic consequences. Since the outbreak of the pandemic, governments have introduced a large number of extraordinary measures of virus containment, the protection of human lives and others aimed at reducing the devastating consequences on their economies. The roll out of vaccines has been the light at the end of the tunnel. At the time of writing this paper, many countries have eased containment measures with the intention of opening up economies and thus returning to a “new normal”. There is no doubt that we are already comparing our lives before, and during the coronavirus pandemic, as well as, what will follow it. The future will look very different given the spread of new technologies and remote working. It will be a challenge for human resource managers to respond to the new realities.

The digital era dictates new ways of working and job creation while COVID-19 has speeded up the transfer to a greater usage of technology. This technology brings with it many opportunities, and at the same time many risks. Since the outbreak of the pandemic, organisations have had to adapt in order to survive on the market. At the same time, human resource managers faced the great challenges of protecting people’s health and lives in the workplace and providing help and support to employees working remotely. Many organisations are assessing whether the practices and the ways of performing activities prior to the pandemic will last or be applicable in the post pandemic period. The latter implies that organisations need time to adapt and succeed in the post-COVID era (PWC, 2021).

Probably, the future of work will be some kind of hybrid model where people will work from home or in the office, or a combination of both. However, the majority of the workforce may have little or no opportunity for remote working while it is highly concentrated among highly skilled, well-educated workers in a handful of industries, occupations, and countries (McKinsey, 2020a).

## 2. Human Resource Management during the COVID-19 Pandemic

Coronavirus pandemic has significantly changed the operations of human resource management. If these changes are not managed appropriately, they have the potential to create disorder and a reduction in productivity. It is vital for human resource managers to be well equipped in order to be able to deal with the challenges as they emerge (Onwuegbuna, Nchuchuwe, and Adeyi, 2021).

When the COVID-19 pandemic broke out, the key challenges of organisations in order to help employees work from home included preserving business continuity (Collings et al, 2021). The latter required a fundamental digital transformation as organisations redesigned technology and work processes to perform jobs virtually, often for the first time, in addition to reskilling and upskilling employees. Those changes were challenging for the main areas of human resource practice, as organisations adapted, *inter alia* internal communications, recruitment, performance management, succession planning, leadership development and global mobility (Collings et al, 2021).

After the outbreak of the coronavirus pandemic, human resource managers positioned the workforce to respond to the pandemic by encouraging them to be more resilient and productive. The pandemic has led to many challenges for human resources managers, including the following: the achievement of organisational goals despite the restrictions of movement, the inability to hold physical meetings, appraising employees despite remote working, informing employees about the coronavirus and its effects, the maintenance of personal hygiene, and the psychological state of employees (Onwuegbuna et al, 2021).

According to Onwuegbuna et al (2021), the challenges experienced by human resource managers in organisations during the coronavirus pandemic included:

- *employees' motivation and well-being*, as before the pandemic working from home seemed an impossible task;
- *managing teleworking and maintaining a balance between work and family* as prior to pandemic, many organisations were not familiar with managing the workforce without on-site supervision. Following the onset of the pandemic, organisation had to go digital and change the dynamics of traditional work time and free time.
- *Limited number of staff working on-site*, which poses some uncertainties for human resource managers, whose responsibility is to ensure optimal utilisation of work force resources;

- *COVID-19 health hazards within the workplace* after it was identified as a major risk factor that could speed up the spread of the coronavirus;
- *Rapid policy modifications* in line with the ever-changing COVID-19 guidelines;
- *Managing employees' communication* while many are working remotely. It has been very challenging for human resource managers to identify effective communication methods suitable to each worker.

The SIGMA Program (2020), carried out jointly by OECD and EU, explored a number of measures and potential responses that public institutions could face during the coronavirus pandemic. It emphasized that there is a need for awareness that we are all in a learning process by doing, by trial and error, and by gathering data and feedback and by being prepared to react and amend as appropriate. In regards to that, human resource managers should be honest with employees regarding the uncertainties and ask them to be flexible and open to change. It is important to be positive because in the challenging coronavirus pandemic, this is essential in order to create positive changes (SIGMA, 2020).

### **3. Challenges of Human Resource Management in the Post-COVID Era**

The pandemic and its effect on businesses has emphasized the need for adaptability and resilience in the workforce, speeded up the shift towards a new, digital economy and highlighted the significance of people in the new normal (PWC, 2021). The crisis has accelerated the transformative forces of digitalisation and automation while many of the jobs lost are unlikely to return, requiring worker reallocation across sectors (IMF, 2021). The re-establishment of organisational culture will become the highest priority for human resource departments as organisations try to adapt to the post-pandemic world. Accordingly, there will probably be a major shift towards hybrid working models that take advantage of both remote and office working (PWC, 2021). The latter, although considered a positive change, brings with it the risk that this transition threatens the existing organisational culture. The social dynamic between employees will not be the same due to differing working conditions, including less face-to-face interaction and an increasingly dispersed workforce (PWC, 2021). This raises questions about how business leaders will guide the actions and decisions of employees at all levels. In regards to the latter, regular check-ins solely for social interaction or emotional support could be an effective tool to create a balanced structure appropriate to both managing a remote workforce and strengthening relationships. Therefore leaders and managers need to keep informed about

employee concerns through promoting open dialogue and building direct communication channels between all levels of an organisation. The introduction and promotion of diversity, equality, and inclusion policies could help strengthen organisational culture and create an environment that encourages trust, unity, empathy, and engagement (PWC, 2021).

Organisations are making efforts to investigate whether the ways of operating, that have served them well previously, will be fit for the future (Deloitte, 2021). Human resource management is in a unique position to lead enterprises as they recover and thrive in the new world of work. They must play an important leadership role in shaping the way enterprises recruit and develop talent, build on employees' experiences, and diverge from traditional operating models (Deloitte, 2021). The lessons from the past build the successes of the future.

Christine Lagarde (2021), the President of the European Central Bank, in live conversation held by the Aspen Security Forum and the Aspen Economic Strategy Group at the Aspen Institute, explained that there is probably move towards a hybrid model of working. This includes working from home or so-called teleworking, and working from the office, as well as a combination of both. The ECB was carrying out a survey of staff in order to find out exactly how they feel about the matter. Lagarde (2021) also added that during COVID-19 have been created some new skills not acquired before and experienced remote working relationships without losing much in terms of productivity. Speaking about in-person meetings, she explained that there is need for people to come together, talk to each other, look each other in the eyes, watch body language and gauge reactions. This greatly assists creativity, innovation, brain-picking and brain sharing which produce the best outcomes. Regarding the mental health impact of remote working, Lagarde (2021) stated that there is a need to guard against total enthusiasm for teleworking and doing everything remotely, because that raises issues about forming a community.

Martucci and Biu (2021) identify five human resource trends for the post-pandemic workplace. Those are:

- *More employees will work from home* - Although before the pandemic some managers thought that those who were not in the office were not really working, the pandemic has proved them wrong. On the contrary, companies have been reporting increased productivity from employees working at home, as long as they have the autonomy and flexibility to organise their schedule around the work. According to the “Harvard Business Review,” knowledge workers who did their jobs remotely spent 12 percent less time in large meetings and 9 percent

more time interacting with customers and external partners. Furthermore, the number of tasks judged as “tiresome” fell from 27 percent to 12 percent (Martucci and Biu, 2021). The potential for work from home is defined by tasks and activities, not by the occupation concerned (McKinsey, 2020a).

- *Collaboration and personal connections will become more critical* - A disadvantage of remote working is the lack of personal connections that comes from being in an office environment. As a result, it is expected that human resource specialists will create a diversity of new ways to gather people such as hybrid schedules which combine in-person and remote working; reimaged workspaces that enable better connections between people in the office; retreats and planning sessions where employees can come together and brainstorm for several hours or days.

- *The debate over location-based pay will continue* – During the pandemic, many knowledge workers moved to relatively lower-cost places to live, often far away from their offices as they no longer needed to commute and pay for transportation. The latter raises questions about workers compensation and whether if employees move to lower-cost areas, their level of salary should be cut. Another option is that for existing employees the salary should remain the same, although the pay of new staff from these areas doing the same jobs reduced to reflect the actual cost of living. However, there will be more discussion on this issue.

- *A globalised workforce will present new challenges and opportunities* – The world was interdependent prior to coronavirus pandemic and afterwards it will be even more so. Companies have to balance the need to maintain a company’s brand, identity, and vision with embracing a new variety of workplace cultures.

- *Companies will focus on employee growth and wellbeing* – Although efficiency will always be a goal for successful corporations, it is not enough anymore. The pandemic has shown that the needs of every person as an individual demand in a broader perspective. In this way, there can be a growth of opportunities, these designed to bring about more flexibility, more responsibilities and more trust all around. (Martucci and Biu, 2021)

According to McKinsey (2021), COVID-19 has accelerated three broad trends, which have the potential to reshape work after the pandemic. Those are the following: the likelihood that remote working and virtual meetings will continue although less frequently than at the pandemic’s peak; e-commerce development as long as a shift to digital transactions has driven

growth in delivery, transportation, and warehouse jobs; and the more rapid adoption of automation, artificial intelligence (AI) and digitalization.

The large increase in employees working remotely is the most obvious effect that COVID-19 has had on the workforce, and McKinsey (2020a and 2021) analysed how extensively remote working might persist in the post-pandemic period. The analysis consisted of 2,000 tasks in some 800 occupations in China, France, Germany, India, Japan, Mexico, Spain, the United Kingdom and the United States. The result showed that in cases where remote working did not lead to a loss of productivity, up to 20 to 25 percent of the workforces in advanced economies could work from home between three and five days a week (McKinsey, 2021). This included 22% in the US, while in India it applied to only 5% of the workforce (McKinsey, 2020a).

Following positive experiences with remote working during the pandemic, there are companies that already are planning to shift to more flexible and smaller office spaces (McKinsey, 2021). This involves removing fixed departmental spaces, introducing “hot-desking” and changing from individual to collective working areas. This will reduce the overall size of offices and bring in less workers every day. According to a survey performed by McKinsey (2021) in August 2020, using a sample of 278 executives, on average, they planned to shrink office space by 30 percent. The savings of a number of variable and utility costs have been an unexpected bonus for many employers.

Regarding the adoption of artificial intelligence, another global survey was carried out in July 2020 consisting of 800 senior executives who represented a full range of industries in eight countries whereas half of the respondents were based in the United States, and the rest in Australia, Canada, China, France, Germany, India, Spain, and the United Kingdom (McKinsey, 2020b). The survey included businesses of different sizes, with a quarter from companies with less than \$1 billion in revenues, and the rest split between companies with revenues of \$1 billion to \$10 billion and those with revenues over \$10 billion. The results showed that two-thirds of survey respondents had already begun investing in automation and AI to some extent (McKinsey, 2021, McKinsey, 2020b). During the pandemic, the use of automation technologies – including robotics, autonomous vehicles, and AI-driven software that can perform processing workflows has increased, although to a lesser degree than digitalisation.

Regarding future of work and labor force and the hybrid model that combines remote and office work, Tom Barkin (2021), the President of Federal Reserve Bank of Richmond, gives

a set of suggestions for companies. Firstly, companies will need to clearly define what the value proposition of in-person working actually is, communicate it properly and then turn that value proposition into reality. The latter implies balancing the interests of the institution and its people, which means creating a positive environment for people to improve their skills and develop their careers. It is the way to inspire people with connectivity, innovation and development, and translate all that into the company's objectives. Secondly, Barkin (2021) emphasises the necessity to set out clear rules so that employees understand the level of in-person working requirements and their responsibilities. The next suggestion implies the need to rethink the induction and integration of new workers because having less co-workers on site raises the challenge of introducing new employees into the company culture (Barkin, 2021). Fourth, a remote working model needs its own set of management practices. Lastly, Barkin (2021) emphasises that not every job can be done the same way. For example, relationship-oriented salespeople still need to be personally in front of customers, subject matter experts may be able to work remotely more than earlier, while some managers may need to be on-site, while others do not.

The more organisations accept remote working, the more they will require greater investment in software and technology as well as training to ensure that employees can use it. As long as investments in connectivity and training can be found costly, there is vast potential for savings on real estate that could be reinvested in the networks that make the “work family” functional (Barkin, 2021). Companies will have to restructure how and where people work and decide which employees and roles are the best fit for remote working. The reconfigured workplace will be more challenging to manage, as it involves a workforce partly working remotely and partly in person (McKinsey, 2020b).

#### **4. Potential Opportunities for Improvements in Human Resource Management in the Post-COVID Era**

In the post-pandemic period it is the most important to recognize, identify and implement what has been learnt from COVID-19 in order to raise awareness of the crisis and increase organisational resistance to any that may occur in the future. Primarily, it means that it is necessary to review, improve and innovate human resource management plans that were used during the pandemic, as well as business continuity plans that are especially important for successful crisis recovery.

In order for human resource management processes in post-pandemic conditions to be effective and efficient, changes in work and behaviour are necessary, not only for the management and employees of the organisation, but also for all stakeholders in that system. In addition to the lessons learnt from the crisis, these changes require new interdisciplinary knowledge, skills and principles, such as preventive management, quality management and “risk-based thinking” and “crisis-based thinking” (Luburić, 2021a).

All these changes require a new organizational culture, improved competence of people and more sensitive personal integrity. Therefore, effective and efficient post-pandemic change management is neither fast nor easy, but it calls for significant time and efforts for its stabilisation and integration in the system. For successful crisis and post-crisis management, it is essential to apply a systemic and process approach, which implies continual review, improvement and innovation (Luburić, 2021b). A systemic and process approach in the post-pandemic period requires a new approach to human resources management and a new approach to leadership, people engagement, and customer focus and the further development of interpersonal relationships.

Bearing in mind that numerous and significant visible and invisible changes impacted on people during the pandemic, both economically and socially, as well as in their physical and mental health, human resource management has become even more important. This applies in particular to the introduction and application of "soft management variables", such as more frequent meetings of those employees working from home with those still working in the offices, encouraging more frequent gatherings and socialising, joint planning and the preparation of new methods and ways of working, carefully balanced between the needs of organisations, individuals and families. The application of new technology has to be an opportunity and not just a threat to jobs. In the post-pandemic era, managers trained to meet the new reality will further increase their skills and potential to build the organisation into the future.

## **5. Conclusion**

The digital era has been gradually entering into many aspects of life, but the impact of technology on work has dramatically increased since the outbreak of the COVID-19 pandemic. Remote working has been one of the biggest changes during the pandemic and it has posed various challenges for employees and employers. Human resource managers have been trying

to find new ways to provide business continuity and protect employees' lives. What will happen once the pandemic recedes is very challenging. It is possible that a hybrid model of working will be the future, working from home or in the office or combining both. However, not all the jobs can be performed remotely while many that could, will require further investment in technology, infrastructure and employees' training. Even though remote working has positive sides, it endangers the important social dimension among employees and, as a result, human resource managers will face many challenges in order to handle this transition and create a work model that would fit both employees and employers. Although it is difficult to predict what could happen in the future, it is certain that the COVID-19 pandemic has forever changed and will influence the working habits and culture in organisations. The changes do have the potential to be of great benefit to both people and employers, but it is very important to assess when actually to start the changes, with which resources, as well as with which methods and techniques, to best prepare and implement it all. It should be borne in mind that the post-pandemic period refers not only to the economic recovery of the organization from the crisis, but also to the physical and mental recovery of the people in it, based on new forms of behaviour, trust, respect, solidarity and the best human values.

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