

## COVID-19's Impact on Human Resource Management strategy: A Review Study

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### Abstract

*The COVID-19 outbreak poses challenges for organizations as many external environmental objects are changing. It raises the importance of Human resource management (HRM) strategy as the HRM strategy works to motivate the employees and develops the workforce. The methodology used in this research is general literature review which shows the analysis of most recent articles, research papers and scientific study. The aim of this research is to identify HRM activities during COVID-19 pandemic and the way HRM develops their strategy to match their strategy with the organizational strategy to shove the business towards their goals. In the light of COVID-19, employee anxiety is increasing due to the deterioration of economic conditions, as well as an increase in the unemployment rate, and the number of businesses is congested. COVID-19 pandemic situation modify the Organizational strategy and HR strategy, and organizational critical goals are transform by COVID-19 pandemic situation.*

**Keywords:** COVID-19; Employees' mental health; Human resource management; HRM; HRM strategy; Physiological relations; Remote work.

### 1. Introduction

The main task for human resource management (HRM) is to deliver an appropriate workforce for the organization. Employees work as the heart of the organization because the workforce's talent can drive the organization towards success (Vermeeren *et al.*, 2014). Other resources, like financial or intangible resources, can make things possible, but the motivation of appropriate employees can make things happen (Cooke *et al.*, 2020). During the outbreak of COVID-19, HRM proved its importance again as the employees failed to focus on their tasks and HRM took rapid steps in order to overcome the situation. During the pandemic, employee performance was negatively affected, and at that time, HRM revised the organizational policies, systems, and practices in order to develop the employee's attitude, behavior, and performance (Collings *et al.*, 2021).

HRM policies are designed to control the employees at the workplace and develop work-related employee skills by providing training at the workplace (Abdullah *et al.*, 2021). In addition, Human Resources (HR) encourages employees to develop their work-related skills to drive the employees towards the employee's own goals, which drives the employees to work better for the company in order to achieve the organizational goals (Sulaiman, 2020). Hence, HRM approaches the employee's needs, and the organization needs to be modified because of the demands of the situation. The outbreaks of COVID-19 restrict the organization and the employees from working according to their daily habits. Government legislation and the effect of COVID-19 demand HRM develop their policies in order to manage their employees. Therefore, HRM needs to include new techniques in their strategy that they have never used before, such as allowing employees to do remote work, developing the workplace environment, supporting employees to create a positive impact in their minds, and introducing virtual training, in order to overcome the critical period of the pandemic. The main objective of this research is to find out the present conflict situation between the HRM and the employees because of the pandemic and HRM steps in order to control the situation. Secondary objectives of this research are as follows:

1. To identify the main concerns for the employees.
2. To identify the concerns for human resource department.
3. To find out suitable strategy to be adopted by the HRM in order to control the situation.

This research was created by conducting a general literature review that included journal articles, researcher papers, and scientific studies in order to identify the current state of human resource management during COVID-19. The methodology of this research is mainly to look at secondary data in order to determine the way HRM at the organizations responded during COVID-19 and the condition of the employees' mental health.

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For this article, the research engines were used which were approved as the science source such as Research Gate, Wiley, SSRN, Google Scholar etc.

### **COVID-19 effects on employees**

COVID-19 is the disease that the novel Corona virus causes. This virus primarily spreads through discharge from the nose when an infected person coughs or sneezes. The novel Corona virus is a new strain of virus that has never been seen before (WHO, 2022). The COVID-19 disease may lead a human towards death, and therefore, people become scared. Multiple levels of impacts on the business sector take place because of COVID-19 all over the world (Abdullah *et al.*, 2021). According to Fana *et al.* (2020), COVID-19 can impact employees in multiple ways. These may include their mental health and well-being, financial stress, physical health, productivity, and engagement. It is not necessary for the employees to be affected by the Corona virus. As a result, the pandemic has a variety of external mental effects on the employees. The pandemic situation led the employees to implement changes in their daily work habits (Fana *et al.*, 2020). Overall, COVID-19 has an impact on an employee's motivation, work habits, and attitude, as well as their mental health, which has an impact on their professional life.

### **Government legislation**

The novel Corona virus compels governments to enact new rules and regulations in all sectors of the country (Cormacain and Bar-Siman-Tov, 2020). The government implements lockdown, restrictions on travel, restrictions on export and import, and in some situations, the government puts restrictions on the employees' ability to go to work. In addition, the government pushes the organizations to ensure safety at the workplace for the employees, and the government controls work timing for the employees during the pandemic situation (Oulkhouir, 2020). On the other hand, employment laws are affected by COVID-19. Changes in federal regulations and employment laws have an impact on the overall outcomes of the organization's workforce (Corporate Wellness Magazine, 2022). Changes in government laws and regulations shape the principles of the organization. Moreover, employees expect changes in the organization during the COVID-19 situation. As a result, positive effects come when the organization changes the work environment and policies to develop safety at the workplace. In contrast, negative effects come when the organization implements new rules for the employee during the pandemic situation.

### **Macro-Economics**

Financial markets all over the world are responding abruptly because of the pandemic situation. Waves were used to explain the COVID-19 crises, and the fifth wave resulted in lower trading volume, declining prices and indexes, more sellers than buyers in the market, and lower firm value of listed companies (Barua *et al.*, 2021). Ahmed, (2020) has shown that, The global economic growth forecast for 2020 is -4.9%. It is due to the slowing of global economic growth and the fact that the figure has now turned negative due to the COVID-19 pandemic. As a result, the unemployment rate all over the world is increasing as the creation of new job sectors is on hold because of the economic crisis (Ahamed, 2021). Many employees worry about their job security, and the management of the organization struggles to maintain its normal business sustainability because of the economic crisis. If organizations do not create new job opportunities, the country's unemployment rate rises. In this situation, fear of losing the job, fear for the future, and financial safety issues take place among the employees.

### **Top issues on employees' mind**

The survey conducted for this research has been analyzed in order to determine the top issues on employees' minds right now. The researcher used a bar chart to display the survey results, and the bar chart shows that the primary concern in employees' minds right now is financial and economic recovery, which received 81% of respondents, and the second highest percentage is 56%, indicating that employees are concerned about their health and well-being. According to the researcher of this study, employees are more concerned about financial and security issues than other issues as a result of economic volatility and an increase in the unemployment rate. In addition to that, they also have concerns about their health because of the outbreaks of COVID-19. The research revealed the top issues on employees' minds, with the researcher identifying 12 different issues. However, in this case, the researcher did not consider the employee's issues with new organizational policies, lockdown, and future financial security that also might moderate the employee's mind.

**Top issues on HR department’s mind**

Jose Bersin (2020) also runs the same type of survey among HR employees to find out the top issues on HR department employees’ mind during the COVID-19 situation. Fig. 1 shows the survey outcomes of the result. Fig. 1 shows that, main concerns of HR employees are about the health and well-being of the employees. The percentage is 41. On the other hand, 39% have shown their concerns about managing the employees in the remote areas.

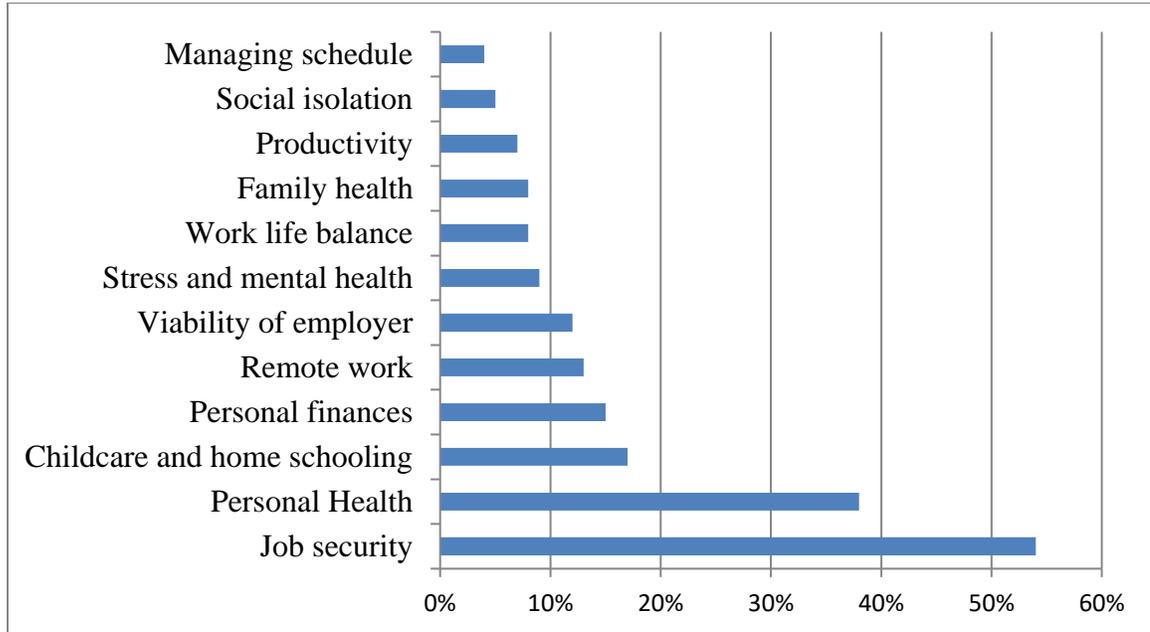


Fig. 1: Top issues on employees’ minds Source: (Bersin, 2020)

**HRM steps to control COVID-19 effects**

In this section, issues that come to the HR department’s mind are shown. However, the researcher ignored the issues that arise as a result of their efforts to implement changes in the organization, implement developed policies, and continue the business with a sustainable workforce.

**Employees’ mental health**

Fig. 2 shows that, The health of the employees is the first priority of the organization's HR department. 26 percent of HR professionals have stated that the health of their employees is their top priority. Furthermore, improving workplace safety is a top priority in order to reduce COVID-19 threats. Employees require mental satisfaction from organizational activities related to their health and safety issues in order to be motivated at work. Employees need mental support during the pandemic situation as uncertainty about their job security, personal finances, and unknown stress take place in their minds. In this situation, HR needs to observe the employees individually and provide mental support in order to get full focus from the employees (Hamouche, 2020).

As a matter of fact, many businesses in all over the world are closed down because of the pandemic situation (Sraders & Lambert, 2020). Moreover, many companies reduced their workforce due to unhealthy situation of the business (Bartik et al., 2020). It increases the mental anxiety of the employees to lose their jobs (Giorgi et al., 2020). Organization can develop training model, meeting with the employees and keep in close touch with the employees of motivate them towards work and mentally support them. Following Fig. 2 is the bar chart that shows the survey outcomes:

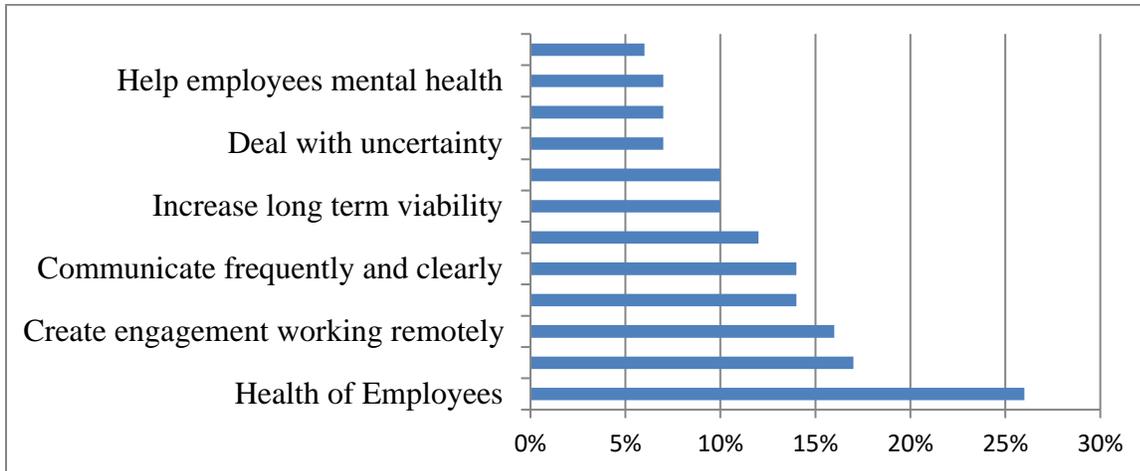


Fig. 2: Top issues on HR departments' minds (Bersin, 2020)

### Employee retention model

Employees of the organization are one of its most valuable assets and the backbone of the organization. It is because employees constantly improve their knowledge and skills through training and experience. Therefore, employee retention plays an important role for an organization (Degbey *et al.*, 2021). Fig. 3 shows employee retention model where four dimensions can help the HR department to develop the employee retention model during COVID-19 pandemic situation. According to Weralupitiya and Jayarathna (2016), the study on Physiological contact between the employees can help to build bonding between the employees and the organization which increases possibility to retain the employees. Furthermore, appropriate HR strategy in order to control the employees can also help to retain the employees (Weralupitiya and Jayarathna, 2016).

The brand of the organization in the job market can increase the rate of employee retention. In order to develop the brand in the job market, HR needs to provide proper training to the employees, judge them appropriately, and provide a developed work environment in order to gain goodwill in the job market (Bindhya and Harikumar, 2020). It can create the brand of the organization. With the help of the organization can retain the employees as well (Jenitta, 2020). Moreover, the development of the employee's mental health can create opportunities to retain the employee as well. During the COVID-19 situation, employees need mental support in order to reduce anxiety, increase enthusiasm, increase focus, and decrease depression (Wrox, 2021). Therefore, following employee retention model would be helpful to retain the employees,



Fig. 3: Employee retention model

**HRM model to overcome the COVID-19 crisis**

Pandemic has changed the pattern of work for vast majority of the employees. It forced organizations across the globe to adapt the new work style and job design (Collings *et al.*, 2021). HRM accepted the challenges of COVID-19 and they also implemented many changes in their organization in order to overcome the situation of COVID-19 (Butterick and Charlwood, 2021). Fig. 4 shows HRM model to overcome the COVID-19 crisis. According to Fig. 4, Eight entities can help HR to develop HRM model to overcome the COVID-19 crisis. Roy (2021) has shown into his research that, many organizations increased technological uses during the lockdown and HRM started to practice Artificial Intelligence (AI) as well. The uses of virtual training increased during the pandemic situation (Bhagat, 2021). In addition, the organizations are developing new talent in their employees in order to mentally adjust with the changes (Roy, 2021).

HR departments are developing their strategy by focusing more on health issues (Jenitta, 2020). Moreover, organizations allow their employees to work from home which is called the remote work. It mainly depends on the rank and responsibilities of the employees (Venusamy *et al.*, 2020). HR professionals observe the employees continuously during the pandemic situation. Their main aim is to identify the ways to motivate the employees and provide mental support during COVID-19 (Lewis, 2020). In addition, HR analysis their existing reward and other policies to develop the monetary reward (Oak & Schoeffler, 2020) and bonus policies in order to emphasis financial wellness (Mohindru, 2022).



Fig. 4: HRM model to overcome the COVID-19 crisis

**HRM strategy linked to organizational strategy**

**The 8-box model of Paul Boselie**

The core of this study is "COVID-19." COVID-19 is an external factor for the organization, but it forces the HR department to develop a strategy. Therefore, the 8-box model of Paul Boselie has been chosen for this research. Fig. 5 shows the 8-box model of Paul Boselie. The core of this model is to show how external environmental factors affect HR strategy and how HR managers take steps to develop the strategy by considering external environmental factors (AlMala, 2020). This model depicts the internal and external factors that influence an organization's human resource activities. This model considers the macroeconomics, the legislation, the market share, and many other objects that are part of the external analysis (People Hum, 2021).

Fig. 5 shows the 8 box model of Paul Boselie Paul. In this model, the configuration drives the six basic parts of the 8-box model. Those are the intended HR practices, the actual HR practices, the perceived HR practices, the HR outcomes, the critical HR goals, and the ultimate business goals (Vulpen, 2022). As the new challenges has taken place because of the COVID-19, therefore, all parts of the model need to be adjusted according to the situation.

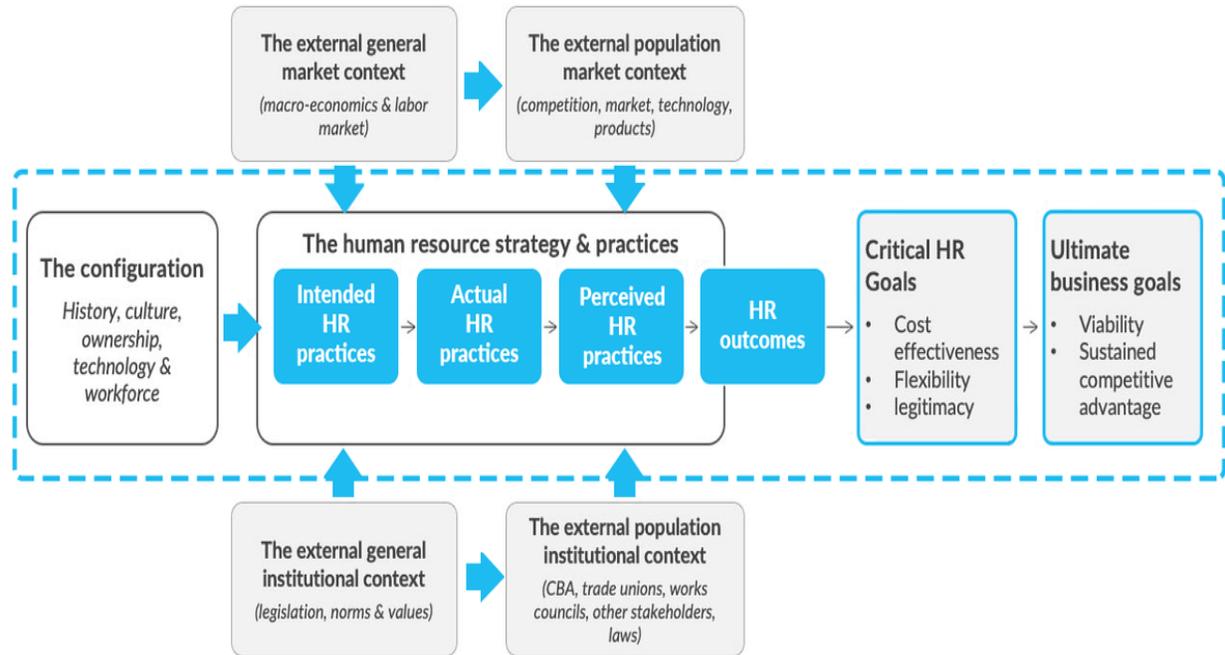


Fig. 5: The 8 box model of Paul Boselie Source: (Vulpen, 2022)

## 2. Findings and discussions

The objective of this research was to identify the latest strategies that HRM has adopted to overcome the pandemic situation. The research focused on the challenges that HR professionals and employees are facing during the pandemic situation. The research also reviewed employees' mental health and the employee retention model.

Literature review and general updates help to develop the finding, and the finding shows that the employees were worrying about financial security on top of their own health and safety issues and their families' health and safety issues. It is because the countries' economic conditions were deteriorating and many businesses were closing or reducing their workforce. It causes employees to become anxious, and it becomes a mental issue for them. Especially for those employees who need to leave the job because of the COVID-19 outbreaks Looking at the situation, HRM should consider and develop an employee retention strategy in light of the COVID-19 outbreak. HRM also needs to consider the challenges that they will face in implementing the new changes in the organization.

The following model was developed by considering the situation, which represents external factors such as the COVID-19 pandemic, government legislation, and micro-economics, and their effect on company and HR strategy. It also describes the way HR can develop the strategy and HR goals in order to relate to the organizational strategy and push the organization towards their goals.

## 3. Theoretical implication

This research has contributed theories in a variety of ways. First of all, employees' mental health, government legislation, and the pandemic lockdown affect HRM strategy. This study used an 8-box model by Paul Boselie to support the concept. This study's findings confirm that employee mental health, government legislation, and pandemic lockdown have an impact on HRM strategy, as HRM strategy is directly related to employee health. If the employee's mental health condition remains according to normal life, then HRM can develop their strategy by

considering the normal situation. However, during the COVID-19 situation, external situations were not normal. In this situation, HRM needs to develop their strategy by considering employees' mental health, government legislation, and the pandemic lockdown situation, and they need to include activities in their strategy in order to develop employees' mental health.

Secondly, this study has shown the employee retention model in Fig. 3 which could be suitable during COVID-19 situation. In this section, four different entities were shown in the employee retention model. Appropriate HR strategy, studying the psychological contracts, the brand of the organization, and the employee's mental health play an important role in retaining employees. This study shows the importance of retaining employees during the COVID-19 pandemic, as many organizations are losing suitable employees. Particularly, the finding of the moderating effect of the employee retention model was consistent with the 8-box model of Paul Boselie. The 8-box model of Paul Boselie shows that the configuration of the company, which could be counted as the goodwill of the company, impacts HRM strategy. In addition, intended HR practices can help the organization retain its employees as well.

#### **4. Practical implication**

In general, COVID-19 pandemic situation effects on HRM department strategy and organizational strategy. Fig. 6 shows that, The HRM department developed the strategy while keeping the organizational strategy in mind. HR departmental goals, on the other hand, are related to employee activities such as flexibility, safety, and communication, which may be the primary consideration when developing an HRM strategy. During the pandemic situation, employees care about their job security, personal health, children, and homeschooling, whereas HR professionals care about the employee's health, transitions to remote work, and engagement while working remotely. Therefore, when setting up the HRM strategy, HRM needs to consider both employees' and HR professionals' perceptions. Furthermore, when developing organizational strategy during the pandemic, top management needs to consider HR strategy as well. In this case, HR strategy needs to consider employee retention models in order to retain their existing employees, which could be considered an asset for a business.

Finally, the HRM model could be considered to develop the HR strategy to overcome the pandemic situation. Human resource management (HRM) can incorporate artificial intelligence (AI) in the workplace to reduce employee workload and increase workplace safety. Organizations can seek outside assistance to develop AI in the workplace. They can also arrange for virtual training to support their employees mentally and increase productivity by developing their skills through virtual training. Moreover, organizations can allow employees in certain positions to do remote work. In this case, organizations need to ensure that they can monitor the employees after allowing them to do remote work. In addition, the organization needs to support their employees financially and ensure job security during the pandemic period.

According to Fig. 6, Organizations set their critical goals by looking at internal and external environmental factors. The pandemic situation influences the management of the organization to set their goals by considering flexibility, safety, and developing communication among the employees. The organization can achieve its objectives by providing adequate facilities for its employees. They must use developed technologies to improve their communication processes and capitalize on the benefits of remote work by allowing employees to work from home.

#### **5. Limitations of the study**

The outcomes of this study are unique and powerful as the HRM strategy and the organization strategy require changes during the pandemic period. However, some limitations of this study also occurred at the time of collecting data and doing research. This study did not consider the challenges that HRM may face during the post-pandemic period. Therefore, the strategy development needs to be for a short-term period. Moreover, this study only considered published journals and secondary data. Because primary data collection was risky and may have violated government restrictions during the COVID-19 pandemic.

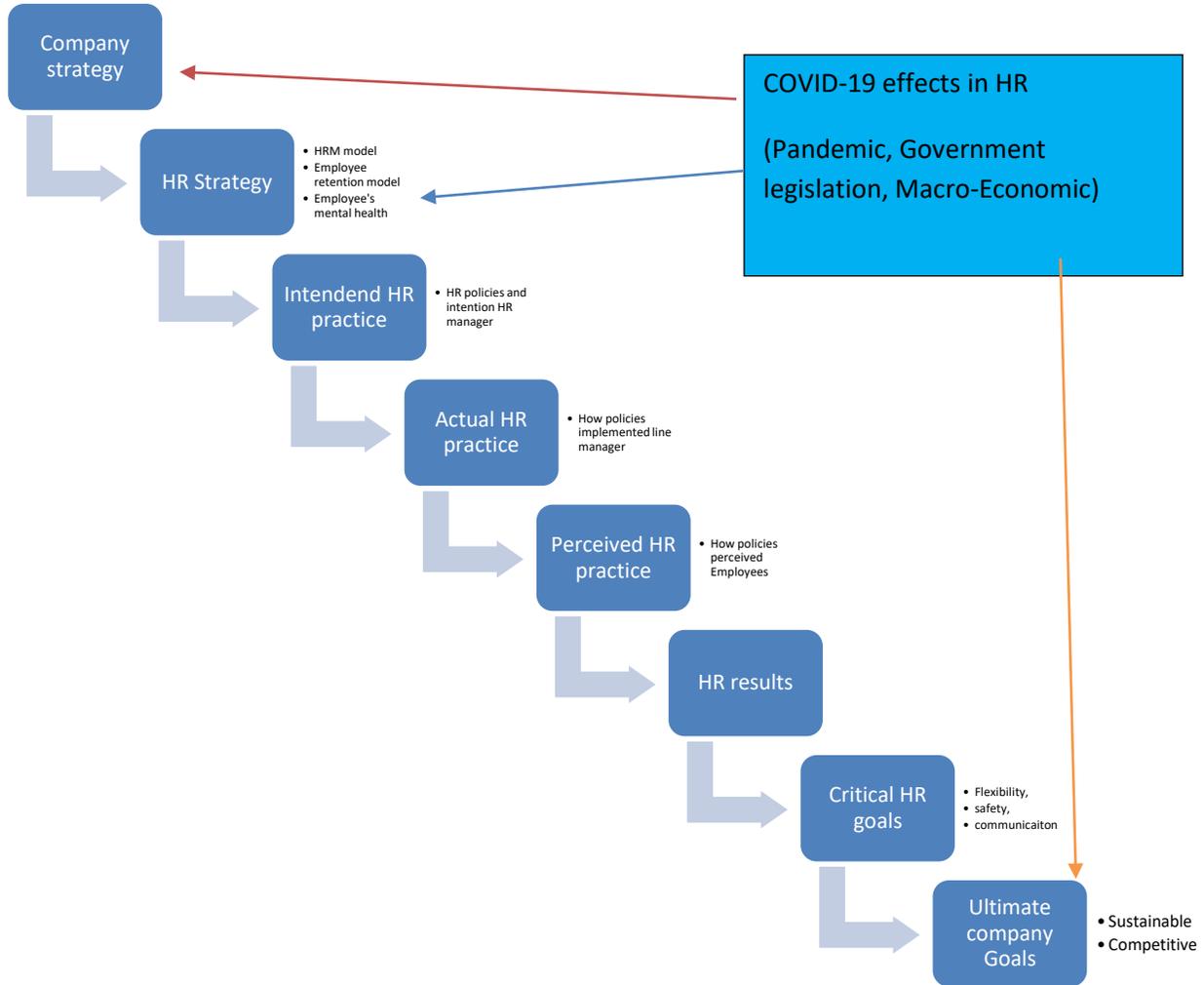


Fig. 6: COVID-19 effect in HR strategy and Critical HR Goals

## 6. Conclusion

The main target of this study was to identify the HR activities needed to overcome the pandemic situation. The research was done by finding out the way the HR department developed its strategy to control the employees and the challenges that they faced. The challenges faced by the employees during the pandemic have also been considered in this study. Moreover, the mental health of the employees, the model of employee retention, and HR approaches to overcoming the COVID-19 situation were also reviewed in this research. By considering the overall scenario, an HR model was developed that considers the effects that the company and the HR department of that company face because of the COVID-19 situation and the way those effects affect the ultimate goals of the company.

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