

Impact of Covid-19 on the Future of HR in India's Service Sector

N. Suresh Kumar¹; Dr. Shikha Kapoor²

¹Research Scholar, Ph.D in Management, Amity University, Uttar Pradesh, Noida, India.

²Professor & Area Chairperson - HR & OB, Program Director - Ph.D. Program, Amity International Business School, Amity University Campus, Noida, India.

Abstract

With the transition of working pattern from physical workplaces to remote workplaces amid COVID-19, there has been existence of imbalance in business organizations due to lack of effective communication channels. For continued importance and relevance in modern workplace, it is essential to upgrade the human resources management function such that these issues can be addressed. Thus, this study aims to determine the impact of COVID-19 on the human resource policies and practices in the Indian service sector. For this examination qualitative analysis has been conducted based on 10 HR managers of IT and hospitality industry in Bengaluru, India. Herein, it was observed that HR managers struggled to engage their employees in disciplined manner and there was high resistance in employees to cope up with the newly developed remote working culture of the firms. The interviewees affirmed that several online opportunities like hybrid approach or people centric working style can lead to better management of employees' wellbeing and derive effectiveness.

Key-words: COVID-19, HRM, Service Sector, Human Resources Policies.

1. Introduction

With the present scenario of COVID-19, the socio-economic condition of India has been greatly affected. Globally the economy had to undergo a turbulent phase with slowdown in profits and challenges for the businesses to sustain in the changing macro-environment (Zhu, 2020). The global pandemic not only influenced the functioning of businesses but also proved detrimental to the management aspect of such companies. Suspension of international flights, transportation and permits wreaked havoc in service sector especially hospitality industry which was highly dependent on entertainment values, tours, flight bookings, travel and tourism (Shetty, 2021).

Human resources management (HRM) practices helps businesses in gaining a competitive advantage by maximizing employee performance and productivity (Rakowska, 2014). In today's digitalized world, although HRM practices have been drastically upgraded, the outbreak of COVID-19 has forced organizations to accelerate the integration of digitalization in HRM too (Gigauri, 2020). HR professionals are an important facet in liaising, communicating, motivating and managing the workforce in an aligned manner for minimizing COVID crisis impact and maximization of manpower utilization. There has been a growing need for having emphasis on improving efficiency of HR different dynamics like recruitment, employee engagement, performance management and separation process (Yadav et al., 2020). Most of the firms have moved to remote working but long-term commitment in remote working is a challenge. Further, need of training for enhancing technical skills, and supporting organizations by directing their efforts towards business processes added more defiance (Gigauri, 2020).

Challenges exist in the form of lowered sense of belongingness of employees, difficulty in effective performance appraisal, indefinite working hours, uncertainty of business continuity, lack of effective training on digital skills, or isolation of employees contributed in degrading the efficiency of HRM practices (Benjamin, 2020). Due to the associated complexities and major influence of COVID-19 on information technology and hospitality industries as important constituents of India's service sector, their HRM function must be specifically examined. The associated dependency on other team members in IT industry and reduction of hospitality industry services resulted in huge losses and reduction in efficiency of employees. Moreover, these industries have faced the biggest setback as far as employment is concerned, with scores of employees becoming jobless or facing delayed recruitment or trimming of salaries. Thus, in order to overcome these issues and have the effective functioning without compromising on employee satisfaction level, there is a need to assess the impact of COVID-19 on HR practices in IT and hospitality industry. Therefore, the aim of this study is to examine the impact of COVID-19 on the future of the human resource in the service sector of India.

2. Literature Review

a) Key Functions of HRM that are Impacted Due to COVID

Work from home culture that developed extensively during COVID-19 has majorly affected the biggest resource of the organization that is manpower. Organizations faced great challenges in the

process of training, coaching or launching group meetings for work teams. As the working structure has changed, the major functions of HRM has been affected leading to major impact of COVID-19 on recruitment, performance management, and employee engagement function (Deloitte, 2020b).

Recruitment is one of the most imperative functions of HRM and HR managers put a lot of effort to recruit and select the correct and most suitable employees (Sundin, 2008). During the initial phase of COVID-19, most of the companies had to freeze their recruitment process as hiring would add to their costs and some positions became redundant in these tough times. Moreover, downsizing became a norm during these months; the human resources department were faced with the challenge of terminating the employment of many competent workers smoothly (Shetty, 2021).

Employee engagement is another key function in which role of HR manager is substantial. In multinational corporations and globally operating firms, employee engagement is considered as a pivotal function of HR as firms put lot of emphasis on engaging and motivating their employees for long term association (Osborne & Hammoud, 2017). Human resource management of various indigenous firms are yet to become digitalized. It becomes challenging to enhance the working pattern with a fast pace in remote working culture as communication channel is formal and there is a limitation of open communication among team members. With COVID-19 outbreak, organizations have consistently worked to develop suitable integrated software programs for employee engagement in order to keep employees satisfied and maintain work life balance (Wunderlich & Løkke, 2020).

Performance management is another key function that plays a vital role in keeping the workforce retained in the organization. Performance management system helps the employees to fulfill their individual goal while working in a firm and during COVID times, it was seen that remote working affected performance management of employees depending upon sector and nature of job (Brown, 2020). Some fields like IT and education saw optimum performance efficiency in remote working but some fields like hospitality which suffered huge losses did not have performance parameters for their employees that made the workforce to undergo pay cuts and lowered appraisal results (EFI, 2020).

Thus existing HR practices like complex recruitment process, formal communication system, lack of open communication portal, and absence of performance metrics are adding complications in remote working environment. Therefore these major loopholes need to be addressed soon for building COVID-19 and post COVID-19 supporting HR practices and narrow the gap between employer and the employee (Shetty, 2021).

b) Emerging HR Strategies to Manage Workforce Efficiently Amid Pandemic

In this global pandemic, the role of HRM became very substantial as they support and collaborate strategic planning with people management. They played the role of individual contributor in aligning the organizational strategies with managers of designated departments (Johnson & White, 2020). With changing management style in organizations across the globe, the role of HR got enriched and transformed wherein the task of HR is not limited to management of workforce but its role is widely strategic to shape the organization according to the key objectives and demands of the firm (Davahli et al., 2020).

The human resource department has focused on technology as well as produce standardized results for the digital age. Even organizations has taken the responsibility of producing a plan for the future where the business can accomplish goals by working together (Baykal, 2019). During the pandemic, the role of HR emerged as a helping body or a representative of the organization which can be approached in case of COVID or medical claim related issues or queries arise. HR also worked to create an open communication channel through mails, phone calls, video sessions, webinars and the focus was to satisfy the workforce and keep them assured for sense of belongingness from the organization (Gigauri, 2020; Lewis, 2020). Another strategy that emerged to cope up with the communication gap is having a people-centric approach towards human resource management wherein HR managers and different team leaders can have activity based sessions or open discussion forums to discuss the various types of psychological or social transitions that employee must be going through (UNDP, 2020; WHO, 2016). The organizations focus on employee benefits, rewards and recognitions, retention, performance management and the training of the employees (Deloitte, 2020a). The HR department during COVID-19 emphasize more on improving the employee experience on the job and acquiring quality talent. Future of HR practices post-COVID19 pandemic also depends on up-skilling of the employees to have better access to technologies and digital working (Agrawal et al., 2020; ILO, 2021). Thus, firms operating in service sector can create a range of opportunities by having industrial revolution fundamentally based on technology and artificial intelligence.

3. Research Methodology

Primary study through descriptive research design was used to gain a first-hand insight into the future of HRM in India's service sector as a result of COVID-19. As explained above, the

hospitality and IT businesses of the sector were severely impacted in terms of the HR function. They faced enormous challenges in the form of sudden digitalization, remote working environment, recruitment, retention and employee engagement. Therefore, companies in this sector were selected for a detailed examination. The companies were based in Bengaluru and were in the medium scale category, i.e. with employee count being 50-200. Only those firms were selected which have been in operations for at least 5 years. Initially 25 companies were identified in the Bengaluru region and after initial rounds of talks requesting their participation in the study, 10 firms agreed to share their experiences.

Qualitative study approach was chosen due to numerous benefits such as the possibility of a detailed examination of a specific objective, flexibility in answering interview questions, etc. A set of structured, open-ended questions were designed for all the participants. These participants were selected using the purposive sampling method. As the focus is on including the top-level employee and the study is about the HR practices, only HR managers from these companies were interviewed. The responses collected were qualitative in nature, therefore thematic analysis was performed. In order to observe ethical considerations, the interviewees' identity has been kept confidential and their names have been coded. Thus, the results derived from the analysis are free from biasness and are valid, reliable, and ethical.

4. Data Analysis

a) Impact of COVID-19 on Indian Service Sector

Service sector is a people centric sector where services delivered are the core product of any organization working in this sector but COVID has put a big halt in service sector of India. IT saw a growth whereas hospitality industry got a major setback during these tough times. Respondent A belongs to IT sector and said that "*IT sector reached new heights during Covid-19. We saw optimum flow of new aspirants in our firm as demand for online working increased rapidly*". Respondent I who was from hospitality industry stated that "*Service industry is highly sensitive to customer demands and needs but this COVID crisis brought a huge change in customer patterns and choices due to which the employee management and keeping them engaged also became very burdening*". Thus, IT sector got many opportunities to accelerate their business through effective talent pool but hospitality industry suffered huge losses and lack of virtual working opportunities that laid down some setbacks for them.

b) Changes in HR Practices Due to COVID-19

Among the other changes going on in organization, one major challenge which COVID-19 raised was on the HR practices. Initially having the culture of office-based working wherein there was enough space of management and interaction, remote working not only changed the working style but also created need of changing the mentoring and communicating patterns. With this Respondent G stated that, *“The hiring and recruitment procedure of our company is shifting towards adopting virtualization. It will cut out HR potential hassles in form of travel arrangement and instead recruitment experts could gauge candidacy of personnel by teleconferencing or videoconferencing platforms”*. Respondent F added to this by stating that *“Our organization prefers to opt for virtual recruitment process only for future. As it helps in providing wider reach to suitable candidates by providing larger access to population beyond barriers of location”*.

Respondent D was asked about changing HR practices and the difference that he has realized in remote working and he said that, *“I realized new employees lack sense of belongingness towards the firm as they have not visited the office and are virtually connected with the firm. Thus, we have adapted towards creation of emergency response team for sharing all ongoing changes in policies, risk associated with crisis, and strategies to manage work. Even communication system now has made to be more consistent, deliberate and proactive for building trust and ensuring confidentiality”*. Respondent C discussed about one important HR practice that is work life balance of employees on the job on which he had to say that *“Work life balance of employees has been affected as now mixing of work and family, the effectiveness of employees has decreased amid the new normal. Thus, we are working on creating virtual portal for managing employees schedule and having more participation in lives of employees to ensure employee emotional well-being and safety”*

Hence, in the IT and hospitality industry, new employees lack the belongingness towards the firm as they are virtually associated with their parent firm. Firms from IT sector are working to increase their effectiveness by building communication portal, creating emergency response team, having virtualization of recruitment procedure, and more involvement in employees' life to keep them motivated and enhance their productivity.

c) Associated Challenges Due to COVID-19

Employee engagement is very challenging for firms in virtual working process, but it is important to attain it in current scenario and for the future. With regard to the existing challenges

Respondent B said that *“my job has always been to strategically combine organizational goals and the employee’s individual goals but in COVID crisis the employees are not able to connect with the firm and their team leaders are on a very deep level which in turn is affecting the work efficiency and professionalism of employees”*. Respondent J pointed out other challenges i.e. *“There are several challenges of remote working like difficulty in analyzing employee’s performance under some parameters, in group projects, roles and responsibilities of employees are not effectively divided which was possible in traditional working culture and even employees have become less committed towards organization due to mixing work with family.”* Thus, organizations need to develop integrated software’s and non-traditional ways of developing an ecosystem wherein performance of employees can be closely monitored and accordingly appraisals and recognitions can be granted.

d) Recommendations

There are several ways to channelize the turbulence caused in an organization and firms work sincerely to find those solutions. Respondent H stated *“we have come out with several engaging strategies for the employees like increased medical benefits, easy access to some hospitals that we have done tie-up with to keep our employees motivated that their organization is doing enough to take care of employees and their families.”* Respondent E stated that *“companies should follow strict code of conducts for online working also like it used to be in traditional working pattern wherein they should have a fixed set of hours on the job and certain remote working protocols like office set up at home, regular meetings, video meetings, offering online training, recording meetings for further audits and scrutiny etc. this way, a complete virtual workplace environment can be created and the challenges can be overcome.”* Thus, the measures to provide medical aid and long-term security in pandemic situation can curb the insecurities of employees and it can motivate employees to be a part of the organization and work efficiently.

5. Conclusion

COVID-19 has brought the growth trajectory of most industries to a standstill. IT sector though is sustaining with efficiency and higher stock but still the associated complexities in working and dependence of working on other team members led to complexities in the management procedure. HR managers worked for rapid and quick transformation from office-based working to remote working pattern. There was focus on strategically aligning day to day operational work with

effective workforce management and highly engaged team. Similar to other countries, India also witnessed drastic influence of COVID-19 on its socio-economic condition. Hospitality industry, considering the COVID-19 situation of travel restrictions, many hotels and tourism businesses had to do job cuts and lowered pay structures for employees in order to manage their losses.

During this pandemic, HR managers have emerged as a major catalyst in relieving and reinforcing high morale in employees. The analysis of 10 respondents in this study suggested that due to COVID-19 IT sector got many acceleration opportunities but hospitality industry had borne huge losses due to lack of virtual working opportunities and restrictions on travel. Even shifting to virtual environment results in lack the belongingness feeling, difficulty in maintaining work-life balance, or detachment of employees from organizational goals. Thus, HR managers of organizations upgraded their practices and worked on creating emergency response team, building communication portal, involvement in employees' life for ensuring their wellbeing and virtualization of recruitment procedure to keep employees productive and motivated. Hence, by providing long-term security and medical aid in pandemic can help in reducing employees' insecurities and anxieties. HR managers must also work on highly integrated methods to minimize remote working loopholes and create friendly, interactive, and productive platform for managing employee productivity.

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Questionnaire

A. Demographic profile

1. Name-
2. Industry -
3. Designation-
4. Years of experience-

B. Impact of COVID-19 on Indian service sector

5. How do you think that the COVID-19 pandemic has affected the Indian Service Sectors?
6. According to you, how this pandemic has changed the aspects of the human resource management system in India?

C. Changes in HR practices due to COVID-19

7. Do you think your organization has done enough recruitment during Covid time? What was the pattern of recruitment during this global pandemic that you observed in your firm and your sector?
8. Has your firm gone for job cuts due to effect of COVID crisis? If yes, can you briefly tell the separation process in your firm and the settlement that employees get?
9. As per your profession, how the engagement process in your firm changed during remote working?
10. How the assessment procedure of performance has changed amid pandemic?
11. How the HR practices evolving in your organization to support the entire virtual environment based working?

D. Associated challenges due to COVID-19

12. How are you currently dealing with the scenario of COVID-19 hitting this particular department?
13. What are all challenges that you are bearing due to these ongoing changes and COVID-19?

E. Recommendations

14. What do you think is an important code that must be followed in your organization to manage workforce in a more positive way in remote working culture?
15. What suggestions would you like to give as HR professional to align the workforce more efficiently in the remote working culture?