



COVID 19 IMPACT ON WORK FORCE MANAGEMENT AS PER THE ECONOMIC PURVIEW OF SRI LANKA

Ayodya S. R. Dahanayake

Doctoral Student, University of Kelaniya, Sri Lanka

Abstract

The Covid 19 has given an opportunity for many organizations to rethink and reframe their work force management. The pandemic has opened the eyes of many employers for look for more feasible working patterns for both the organizations and its employees. With the corona pandemic a massive hit happen to the Sri Lankan economy due to the lockdowns and slowdown of the workforce in many industries. If we take the government sector, most of the departments of the government sector did not function almost for three months. The private sector also didn't fully function during the first wave and this became a major hit on Sri Lankan economy and there was a stand still on the revenue generators of the country. During the lockdown the Business owners had to rethink re-aligning the work. New strategic imperatives were introduced during the lockdown and continued carefully observing the situation in the country. Many organizations have faced challengers managing their workforce with the Covid 19 guild lines imposed by the government. Staff limitations, health measurements, hygiene and safety precautions were imposed by many organizations. This paper provides an opportunity to understand how Covid 19 impacted on the work force management and how it should thoughtfully managed by the organizations to overcome economic crisis in Sri Lanka. Included are reviews from different articles reviewing the global impact and the impact within Sri Lanka. The literature review highlight the empirical discussions taking examples from Sri Lankan industries giving examples of the challenges that the organizations had and the suggestions to overcome the issues. The important practices that could be implemented to overcome the situation is discussed in the paper. The paper will give you an idea on how the Covid 19 pandemic affected on the work force in Sri Lanka and a general view on how this has impacted on the economy of the county. Finally the paper concludes discussing on the overall reviews and giving suggestions which could be implemented to overcome the situation in the long run.

Keywords: Covid 19, Economic Impact, Industry Impact, Sri Lanka, Work Force Management

1.0 Introduction

The Covid 19 pandemic has opened the eyes of the whole world by affecting many countries, economies, lifestyle of people. Even the world economy dominating countries economic activities has come to a standstill. Covid 19 recession has been discovered as the most significant damage happened to the world economy since 1990. As per the World Bank estimations the advanced economies have shrink by 7% in the year 2020 and this will roll over the emerging markets and the developing countries as well. It will take at least five to six years to be back to normal.

Many industries hit from Covid 19 pandemic and the businesses have found difficulties adopting to the new normal situation. With lockdowns people were asked to stay at home and certain businesses have not functioned properly. This will affect many businesses in a massive way, due to the borrowing costs, bankruptcies and with no sales returns. The World Bank estimate that the global growth have shrink by 8% in the year 2020. (World Bank, 2020)

People have lost their employments with the pandemic situation. Except health care and several other sectors most of the businesses have down sized their business operation. With this most of the organizations have freeze their recruitments. Industries such and Tourism and Apparel too were affected. With the pandemic and the travel restrictions the tourism industry is highly affected. With the Covid 19 guide lines managing the workforce in the apparel industry was challenging. Especially in production sector, operating factories with full labour force is a daunting task.

With this situation most of the companies had issues managing their workforce. They had to rethink and reframe their working patterns. Globally we have seen many new concepts and strategic alignments in many organizations. Even though Sri Lanka is not a highly technology driven country, still many organizations in Sri Lanka have adopted new technologies and concepts. Managing workforce to achieve the revenue was a challenging task for most of the organizations with the ongoing situation. However most of the practices have become new normal with the pandemic situation.

In this paper we are discussing on the work force management in Sri Lanka considering the countries' economy. How it has impacted on the economy due to the Covid 19 pandemic and the solutions which the organizations has come across to face the situation.

If we take a third world developing economy like Sri Lanka, the Covid 19 has made a holistic impact on the economy of the country. The borrowings have increased due to the current situation of the country and this will be highly impacted on the future growth of the country. Government has given certain benefits to the private sector prior to the outbreak which supported many industries to survive at least up to a certain extent. The Value Added Tax was reduced to 8% from 15% % for all business sectors (excluding financial services) and the Nation Building Tax (NBT) was eliminated. The Economic Service Charge (ESC) was cancelled. The legally responsible limit for VAT registration was increased to LKR 300 million per annum. (Pwc, 2020)

As per the Central Bank of Sri Lanka (CBSL) estimations prior to Covid 19 pandemic, Sri Lankan economy was expected to grow at 4.5% to 5% with a slow recovery due to Easter Sunday attack which was happened in April 2019. However due to the consequences of the Corona pandemic Sri Lankan economy has dropped again starting from the first quarter of 2020. In the second quarter of 2020 Sri Lanka's GDP has gone down in 16.3%. This was the steepest drop in GDP in Sri Lanka's history. However this has gone up by 1.5% in the third quarter as per the statistics of the department of census and statistics. During the first three quarters of 2020 Sri Lanka's GDP had contracted by 5.3%. The agriculture was contracted by 5.9%, overall industrial downfall was happened by 23.1% and the services was hit by 12.9%. Due to the government tax reductions and due to the other amendments made supporting the industries the GDP was increased by 1.5% during the third quarter of the year 2020. (Economynext, 2020)

1.1 Impact on Workforce Management

With the Covid 19 pandemic situation many organizations around the globe faced difficulties managing their staff and the routine work. Most of the countries have enforced lockdown and the people were asked to stay indoors. This has become a major hit on many industries reframing their routine work. Certain organizations have started rostering their staff with the current conditions and to carry out the work using minimum staff strength. If we take the world many industries have downsized their business operations and cut down the overheads.

However the situation was profitable to the online marketing channels around the world. Most of the online business platforms have widen their business during the pandemic situation and have strengthen their work force.

If we consider how this has impacted on Sri Lankan context, we have seen many loop holes with the current system. Government sector many departments have totally stopped functioning during the lockdown. This has become a major impact to the industries like apparel, tea, tourism and many more. Apparel, tourism, tea are major income generators of Sri Lanka and the situation has highly impacted on the economy of the country. The exports were held due to the lockdowns and the demand of the supplies have gone down in the year 2020.

However the industries such as Information and Communications Technology have come up with new concepts like telecommuting with the new normal situation. Working from home was not popular in Sri Lanka. However with the lockdown situations the industry have given the autonomy for the employees to do their office work remotely. When it come to the IT industry the pandemic is kind of a game changer which opened the eyes of the business owners realizing that telecommuting is more cost beneficial to the owners. Many industries have functioned the work by rostering their staff as per the government guidelines.

As per the Sri Lanka's labour force statistics the total economically active population was around 8.4 million with the start of the Covid 19 pandemic. Out of this 66.3% were males and 33.7% were females. Out of the total population about 8.3 million are economically inactive and 26.4% of that are males and 73.6% are females. If we consider the direct input to the Sri Lankan economy its less than the half of the total population in Sri Lanka. Even though people have employed in public sector there is a very less input for income generation to the country.

If we consider the employment statistics of Sri Lanka in the years of 2019 & 2020, we could see that the total number of employments during the second quarter of 2019 was over 8.2 million. However with the Easter Sunday attract which happened in Sri Lanka in April 2020 there was an income drop happened in tourism and hospitality sector. With this many temporary and contract basis employees in the tourism sector have lost their jobs. As per the government statistics about 50,000 people have lose their jobs in the third quarter of 2019. The total number of employments have gone down from 8,203,018 to 8,155,341. If we check the statistics in the first and the second quarters of 2020 we could see that the employment

rate has even gone down. The total employments in the second quarter of 2020 was 7,977,000. One main reason for the drop of employments in the year 2020 is the Corona pandemic. The corona pandemic has impacted on many industries and the workforce. During the lockdown period almost all the hotels were not functioned. The garment factories have not functioned due to the covid restrictions. The pandemic has impacted highly on the workforce and the workforce management in many sectors. We have seen many people who were employed in sectors like tourism have started doing odd jobs due to the pay cuts and job losses. By the government statistics what we could understand about the industry impact, the people in private sector industries and services have lost their jobs. But there is an improvement on the agriculture. The number of employments have increased in agriculture from the second quarter of 2019. (ISSN 1391- 3050, Issue no 89)

2.0 Empirical Review Work force Management during Covid 19 pandemic and Impact on Economy

The corona pandemic has done a considerable impact to the labour markets around the world. The estimations have identified that the total number of hours worked by employees at different sectors in the world will fall by 14% by the number of hours during the second quarter of 2020. This is about 400 million cuts of full time jobs. The reduction of the hours indicate unemployment's due to close down and downsizing of businesses, limited no of working hours due to the pandemic situation. As per the data it has identified that female employees are more likely losing their jobs than the male employees. The gender also has impacted on the jobs during the pandemic period. (Madurawela, 2020)

Most of the organizations in Sri Lanka have faced great difficulties managing their work force during the covid 19 pandemic with the lock down, isolated area and due to the covid 19 guidelines. As per the government guidelines the organizations were requested to function with the minimum staff, which is 30% from the total staff strength. This was a quite a bit of a challenge for many industries as there were deadlines to meet. Due to the standstill of the work we have seen income drops in many industries.

Apparel industry is one of the main income generators in Sri Lanka. This industry has faced huge income loses due to the delay and cancellation of orders. If we take apparel industry there are more than hundred thousand employees employed in the specific sector. The covid 19 second wave in Sri Lanka has started from a garment factory in the apparel industry which

widely spread among the community in a rapid pace. This caused to halt the operations of many garment factories in Sri Lanka. Due to this situation many garment factories had to come up with new working structures and had to consider about the hygiene of employees than before. Infact they had to implement new safety precautions as a result of Covid 19 pandemic. (Kodippili Arachchi, Premaratna & Maurice, 2020)

Sri Lankan economy is affected in few ways due to the covid 19 pandemic. One is the standstill of the global market growth, China slowdown and through the lockdown situation in Sri Lanka. Sri Lanka had a strong economic relationship with China over the last decade. The local economic dependency on China operation affected Sri Lanka in various ways during the Covid pandemic. China was the second largest source market of Sri Lanka in terms of imports and tourist arrivals. The high dependency on china has highly impacted on Sri Lankan economy in many ways. The manufacturing industry also had issues having days in arrival of materials. This has highly affected many industries in a massive way. (Deyshappriya, 2020)

The global economy hit indirectly impacted on Sri Lankan economy. With the Covid 19 pandemic the USA market and the European market has slow down. Sri Lankan export market is highly depending on USA and the European markets. If we take the USA textile market the economists have identified a downfall of 50% in 2020 and in the year 2021 the industry is likely to contract by 25% to 35% due to the economic slowdown and the low capacity of production due to the lockdowns. (Dilip Kumar Jha, 2020). This has been affected many employments in several industries. Many organizations have cut down the staff and gone for VRS processors during the pandemic as a result of the Covid 19 recession.

Sri Lanka GDP growth rate has gone down by -4.6% in the fiscal year 2020. The government have taken the decision to limit the imports as a result of Sri Lankan rupee dropping against the US dollar. This also affected many organizations and the employments. The ministry of finance informed relevant authorities to suspend facilitating 156 categories of import items. As reported by the Central Bank, imported consumer goods only amount to 19.8% of total imports, while 57% of imports are intermediate goods for production. (Kariyawasam, 2020). As a result of import controls of vehicles many organizations have to pay the penalties & demerge. The vehicle importers have lost their income revenue since the restrictions were imposed. The leasing companies which are highly depending on the vehicle market too have faced issues due to import restrictions. Most of the employees on these

industries have lost their jobs during the past few months. The unemployment rate of the country has increased over the last few months.

The government action against the Covid 19 first wave in Sri Lanka did a damage to the Sri Lankan economy vastly. The lockdown started from early March 2020 went up to 52 days. Many Sri Lankan workers lost their jobs immediately after the lockdown imposed. The statistics highlight that over 160,000 people have lost their jobs in the first quarter of 2020. The total unemployment rate increased above 6% during the second quarter of the year 2020 and the unemployment percentage remain the same during the last two quarters of the year 2020, as 6%. (De Mel & Perera, 2020)

The employers have faced many challengers paying monthly wages to their employees without getting 100% output from the employees. Many organizations have gone for salary reductions to almost 40% employees in private sector had their benefits reductions. And to retain in jobs with the new normal situation some of the employees had to upskill their performance. Employers had to reframe their work force by cutting the additional overhead. The working pattern of the employees were reframed as per the arising needs at each sector. Some organizations employees were on rosters. A set of employees are on operation for 14 days while the other set working from home during that period. Organizations tried minimizing the risk by these rosters, incase if a Covid 19 patient find only the staff who were on roster can be tested and the impact on the workforce is minimum if there is an issue. (IFC, 2020)

The telecommuting concept were adopted by many organizations in this corona era. However it is questionable on the employee productivity. Working from home could be a serious blockage to the quality & productivity of work such as, balancing work and home life, lack of team work, connectivity issues, lack of motivation, confidentiality of the information and etc. In-fact the sectors such as apparel has faced lot of difficulties since hundreds of employees were working on open floor very close to each other. It was not easy to move the equipment's as per the corona guild lines with the space allocated in factories. Even though working from home concept can be adopted to the office workers, the physical workers like factory workers the same scenario is not practical. The employees should physically come to the work place to perform their jobs. During the lock down period bring down the staff to the factories was a very difficult task. Due to the lockdown situation the ordinary transport system of the country did not function normally. Many industry workers including health care sector employees

have faced lot of difficulties on their daily transport. Even the factories has to take extra effort to bring down their employees to the factories by providing transport to all the staff.

When it comes to ICT sector corona pandemic was an eye opener in Sri Lanka. Many organizations have realized the benefits of telecommuting. Such as they could reduce the utility, building costs by giving employees a chance to work remotely from homes. It has become a new normal situation in ICT industry now. Only few organizations function by bringing their full work force to the office. Others have given autonomy for the employees to function from home. However there could be a long term impact on employees by working from home.

3.0 Discussion

At the initial stage of the Corona pandemic, during the time only China had the issue the rest of the world has functioned normal without thinking that the virus will spread around the world rapidly. However the virus had spread around the world very fast killing over two million lives and spreading over hundred million people.

The organizations around the world functioned normal since this is something new to the whole world at the initial stage. However with the help of the technology the organizations changed their business operations remote workforce models. The top management and the HR professionals had to work behind the scene addressing the challengers by changing procedures and by adopting a practical working environment depending on the tasks each employee do. This made the organizations to rethink and adopt new scenarios to their business operations, for a more productive and connected work place. The organizations had to come up with new strategic decisions to overcome the issue. (Gujrati, 2020)

The organizations have changed their business models depending on the situation to gear the workforce. Some organizations have upgraded their digital infrastructures supporting the staff to access working platforms remotely. Infact certain organizations such as banks has gone for fully digitalization. As a result the new recruitment processes also have gone half way digitalized. Many tasks have moved in step with today's virtual world. Also the training and performance management of employees also have digitalized. Of course we have seen large enterprises using digital platforms for the measurement of these HR related activities even before covid pandemic. But it was not popular since people were used to face to face meets

and discussions. With the pandemic many organizations have realized on the necessity of the online platforms. Many organizations consider implementing long term flexible working models that gives opportunity for workers for telecommuting.

To adopt the new normal situation the organizations will have to prioritize the work with minimum overheads. Sometimes the employees will have to multitask to overcome the situation in organizations. The organizations had to focus on the best practices on revenue generators. Sometimes difficult decisions such as staff cuts, salary cut were adopted. Certain organizations have freeze their recruitments until the situation is overcome. The employees were directed achieve one common goal to overcome the crisis situation.

The organizations have delegate the autonomy of decision making to the middle level managers to avoid the delays during the process and to expedite the workflow. To minimize trust issues due to the lack of face to face communication, organizations have adopted online meeting via digital platforms. The periodic checks, meetings were conducted with the help of the technology. (Locklear, 2020)

Also in the long run telecommuting with little personnel interaction will harm the employees mind set. They will not feel any change in office and home life. This will highly effect on the motivation of employees. In certain organizations the employees work with reduction on their pays. So these situations could highly impact on the thinking pattern of the employees and frustrate them. The organizations should focus on interactive sessions once in a while at least in small groups adhering to the covid guidelines to prevent the isolation.

Proper communication method across the organization hierarchy is very important while people are working from home. With the new normal situation the organizations will be unable to gather the staff and do the meetings. As an alternate option the organization could get all the employees to participate online meetings, at least once a month if the management should address them and update about the current organization situation, achievements and etc, then it will be able for the employees to get a clear picture. Miscommunication within the layers of the hierarchy can damage the employee trust with the organization. This will lead to many mal practices and incorrect information about the organization can reach even the customers of that particular organization.

The HR personnel in the organization will have to recognize the employees who will have the biggest impact on their work. Also certain employees are worried about their job security with the pandemic situation. These people should be identified as a precaution to the productivity of the organization in the long run. By setting up feedback channels for employees who have concerns and questions would help the organization to smooth functions. If employees having difficulties performing their work with the current situation, the organizations should look for better options. Also can identify the less productive jobs and move them to different sectors with the consents of the employees and can secure the jobs of the employees. It is always better to keep the same employees rather than adding new recruits, which will minimize new hire training cost.

Supporting the infrastructure is one of the key components to support the economic growth in Sri Lanka. The quickest way is to give a start to the ongoing and suggested infrastructure projects. At the sometime some mechanism has to be implemented supporting the private sector business. Such as providing loans at low rates, revise loan rates of the ongoing loans and etc. Giving fast approvals for the projects and providing better finance schemes would support to expedite the executions. These projects will support to eliminate the unemployment in the country. Even those who lost their jobs due to Corona pandemic will get opportunities for employments.

By targeting sectors which could bring revenue to the country will support the economic growth in Sri Lanka. For an example IT industry is booming in the world. IT is an unforeseen revenue generator for any country. Infact during a pandemic situation like this, some of the revenue generators are not fully functioning due to covid restrictions.

4.0 Conclusion

Managing the workforce during the covid era is a challenge to many industries and sectors. This is an unexpected situation and lifestyle of the people have totally changed with the Covid 19 pandemic. The Sri Lankan organizations should seriously consider the future issues which could arise and try to bring the gaps. The current business models need to change as per the new normal situation in the country and as per the arising market needs.

In the paper I have discussed the importance of reframing the workflow of the organizations depending on the work done by employees at different sectors. Also discussed how Covis 19 Pandemic has impacted on the economy of Sri Lanka.

The organizations should correctly identify the need of new hires and the best practices managing the current work force. We have seen specialized jobs in many sectors in the past however it is no more best way to go. The organizations will have to look for individuals with different skills and qualifications to cater the existing customer needs. Providing employees to multitask and do few different jobs may help the organizations to survive in the industry.

Also certain organizations will have to take difficult decisions such as VRS and pay cuts. However best practice is to get the best out of employees. The organizations should strategically plan not limiting to a disaster or a pandemic situation identifying the strengths, weaknesses, opportunities and threats.

The organizations should have periodical work monitoring platforms and fast decision making processes to avoid any contingencies which could arise. Also doing the customer satisfaction surveys may help to manage the workforce in a proper order. This will help to identify the lope holes and focus on the business plans.

Many technological initiatives were introduced in many industries. This is a very good initiative. If we take the banking industry, they have tried fully automating the process. Infact the organizations have started doing online transfers instead of chques and other transaction methods. This save both the time and effort.

Anyway it is not possible to predict the implications which would arise in the long run. But corona pandemic has open the eyes of the employers, that they have identified new methods of working practices which is much cost effective and feasible for the employees. The Business leaders will have an even more important role to play in modelling the future where we can come together to connect, work productively and be inspired.

Further studies and further investigations could be carried out to see how the new normal situations adopted successfully in many industries or even could see how the organizations could adopt new practices focusing on the future. For an example we could see that telecommuting has become very popular in many organizations. While considering the

infrastructure and utility costs many organizations have shown interested on working from home concept. However we could research more and see whether this is really effective and productive for the organizations as there can be other drawbacks due to many other reasons. Also we could research and see how technology could be improved in a positive way in the public institutes to fast track work and to do a better service to a society. Also research can be carried out how the situation has impacted on the tourism industry and find out new methods to overcome this issue. There are many research areas which we could focus in relation to this topic.

References

01. Bolonne H., (2020). The Effect Of Covid-19 To Apparel Sector, Sri Lanka
02. Care International UK, What is the impact of Covis 19 on the global garment industry.
<https://www.careinternational.org.uk/what-impact-covid-19-global-garment-industry>
03. De Mel N. & Perera M., (2020 October 01), Impact of COVID-19 Response on Unemployment in Sri Lanka: <https://www.cipe.org/resources/impact-of-covid-19-response-on-unemployment-in-sri-lanka/>
04. Deyshappriya R., (2020). Economic Impacts of COVID-19: Macro and Microeconomics Evidences from Sri Lanka.
05. Department of Census and Statistics Sri Lanka (Quarterly Bulletin Q2 2020):
http://www.statistics.gov.lk/Resource/en/LabourForce/Bulletins/LFS_Q2_Bulletin_2020
06. D.L.&F. De Saram, Sirimanne M, Covid 19 and certain challenges for employers in Sri Lanka: <https://www.desaram.com/covid-19/covid-19-and-certain-challenges-for-employers-in-sri-lanka.php>
07. ECONOMYNEXT (2020 December 15), Sri Lanka 2020 GDP shrinks 16.3-pct in 2Q in Covid-19 hit, grows 1.5-pct in 3Q: <https://economynext.com/sri-lanka-2020-gdp-shrinks-16-3-pct-in-2q-in-covid-19-hit-grows-1-5-pct-in-3q-76931/>
08. Epidemiology Unit, Guidance for workplace preparedness for COVID-19
https://www.epid.gov.lk/web/images/pdf/Circulars/Corona_virus/guidance%20for%20workplace%20preparedness%20for%20covid%20version%202.pdf
09. Erandi K. K. W. H., Mahasinghe A. C., Perera S. S. N. & Jayasinghe S. (2020) Effectiveness of the Strategies Implemented in Sri Lanka for Controlling the COVID-19 Outbreak
10. Gujrati R.,(2020 August), Covid-19: Impact on Global Economics

11. Hettiarachchi D, Noordeen N & Gamakaranage C, (2020 Nov 03), Ethical responses to Covid 19 pandemic – Lessons from Sri Lanka.
12. IFC, (2020 October), Gendered Impacts of COVID-19 on Employment in the Private Sector, Sri Lanka
13. Kodippili Arachchi P.S., S.P Premaratna & Maurice, D., (2020). Impact of COVID 19 on Garment Sector Workers in Sri Lanka
14. Madurawala S, (2020 Sep 07), Covid 19, work from home and female labour force participation, a lesson from Sri Lanka.
15. PricewaterhouseCoopers (Private) Limited, (2020 Apr 08), COVID-19 Outbreak Impact on Sri Lanka and Recommendations: <https://www.pwc.com/lk/en/assets/COVID-19-Impact-on-Sri-Lanka-PwC.pdf>
16. Rathnayake U., (2020). COVID-19 and Sustainability of Sri Lanka
17. Roshana M R, Kaldeen M & Banu R, (2020). Impact Of Covid-19 Outbreak On Sri Lankan Economy
18. R G Ariyawansa, (2020). Is COVID -19 a Challenge or an Opportunity for the Real Estate Market and Economy of Sri Lanka
19. Shujan S, Manamperi M S, Gowtham P, Gooneratne J M & Sooriyaarachchi N A., (2020). Impact Of Covid-19 On Stock Market And Growth Of Sri Lanka
20. The world bank (2020 Oct 08): <https://www.worldbank.org/en/country/srilanka/overview>
21. The world bank, (2020 June 08), The Global economic outlook during the Covid 19 pandemic: A changed world: <https://www.worldbank.org/en/news/feature/2020/06/08/the-global-economic-outlook-during-the-covid-19-pandemic-a-changed-world>
22. Training Journal (2020 June 16), Addressing everyday management challenges in a post covid 19 world: <https://www.trainingjournal.com/articles/features/addressing-everyday-management-challenges-post-covid-19-world>
23. United Nations Sri Lanka (2020 June), Tackling the COVID-19 economic crisis in Sri Lanka: Providing universal, lifecycle social protection transfers to protect lives and bolster economic recovery:
<https://www.unicef.org/srilanka/media/1366/file/UN%20Brief%20Social%20Protection%20Response%20Sri%20Lanka%20Summary.pdf>
24. University of Ruhuna, faculty of humanities and social sciences (2020 August), Covid-19: The Socio-Economic Impact on Sri Lanka.