

MODELING ECONOMIC RECOVERY IN THE WAKE OF COVID-19: THE ROLE OF HR AND SOFT SKILLS

Oleh Sokil^{1*}, Yana Sokil²

¹Lviv Polytechnic National University, Lviv, Ukraine

²Dmytro Motornyi Tavria State Agrotechnological University, Zaporizhzhia, Ukraine

*Corresponding author: oleh.h.sokil@lpnu.ua

This paper presents a comprehensive analysis of economic recovery strategies post-COVID-19 pandemic, focusing on the role of human resource management (HR) strategies and communication skills. Drawing on recent research trends, it identifies key areas of interest, including the emphasis on flexibility and adaptability in work conditions, the evolving role of HR departments, the significance of effective communication skills, and the necessity of continuous skill development. The analysis underscores the importance of innovative HR strategies in navigating crises and fostering sustainable company development. It also highlights the critical role of communication skills in enhancing internal cohesion and facilitating organizational innovation. By synthesizing recent studies and case studies, this paper aims to explore how HR strategies and communication skill development can contribute to effective recovery and sustainable growth in the post-pandemic era. The findings provide valuable insights for policymakers, HR professionals, and business leaders seeking to navigate the challenges of economic recovery and foster resilience in the face of future uncertainties.

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Introduction

The COVID-19 pandemic has caused extraordinary economic and social upheaval worldwide, leading many countries to face an urgent need for rapid economic recovery. A key issue is the resumption of sustainable economic development that takes into account changes in global economic dynamics and new market realities. Recovery strategies must focus on adaptability and innovation, necessitating the development of new skills and approaches in human resource management. In this context, HR (human resource management) plays a crucial role, not only as a unit responding to crises but also as an active participant in shaping company recovery and development strategies. Communication and interpersonal skills, in turn, determine the effectiveness of internal interactions in organizations, fostering team cohesion and the implementation of innovative changes.

Adapting to new conditions requires HR professionals to be able to quickly analyze changes in the working environment, anticipate business needs, and develop corresponding competencies among employees. The role of effective communication is critical here, as it helps to minimize uncertainty and reduce stress levels, while simultaneously encouraging active employee engagement in decision-making and innovation processes.

Based on these premises, this article aims to explore how HR strategies and the development of communication skills can contribute to effective recovery and sustainable development of

companies in the post-COVID era. Through the analysis of recent research and case studies, we seek to identify optimal behavioral models and strategies that could adapt companies to the new economic reality.

The analysis of research trends on the topic of economic recovery post-COVID-19, particularly from the perspective of human resource management (HR) and communication skills, reveals several key directions that have become subjects of scientific interest:

Focus on Flexibility and Adaptability: Research emphasizes the importance of flexible working conditions, including remote work, flexible schedules, and adaptability of work processes. These elements are considered crucial for maintaining productivity and workforce retention during uncertain times (Afam et al., 2024; Alamarat et al., 2024).

Changing Role of HR: The role of HR departments has become more strategic, as they play a key role in developing employee support programs, implementing health and well-being strategies, and planning resources to ensure business resilience (Suvarun et al., 2023; Sokil et al., 2023).

Communication Skills as a Foundation for Effectiveness: The importance of effective communication has increased, as it helps ensure clarity and reduce stress among employees in uncertain conditions. The ability to communicate effectively aids in managing changes and improves employee engagement (Hamlin et al., 2024).

Skill Development and Training: Many studies highlight the need for continual learning and skill development in response to changing job requirements. Investments in employee professional development are deemed critically important for sustaining innovation and long-term competitiveness [Vasilidou et al., 2023; Sokil et al., 2022].

Health and Well-being: The emotional and physical health of employees has become an essential part of corporate programs. Companies that actively implement health support programs show better results in engaging and retaining talent (Makhado et al., 2024).

These trends reflect overall changes in management and communication approaches in the corporate world in response to the challenges posed by the pandemic. They indicate a rethinking of many traditional aspects of the work environment and a shift in focus in HR policies and corporate culture. Research from Harvard Business Review shows that companies that quickly adapted to remote work and altered their work processes were able not only to maintain but also to increase employee productivity, confirming the importance of flexibility and adaptability as responses to the crisis. According to a study by Forbes, the strategic importance of HR has significantly increased during the pandemic, as HR departments have taken an active part in developing employee support programs and implementing strategies focused on health and well-being (Harvard Business Review, 1999).

A report by McKinsey & Company demonstrated that the effectiveness of communication within organizations is directly linked to employee engagement and their ability to adapt to changes in uncertain conditions, highlighting the importance of communication skills in crisis management. LinkedIn Learning's report found that companies investing in the professional development of their employees show higher rates of innovation and competitiveness, emphasizing the importance of continuous professional development in response to changes in the workplace (Fan et al., 2023).

Finally, research from the World Health Organization has shown that companies actively implementing health support programs achieve better results in engaging and retaining talent, underscoring the importance of health and well-being in corporate programs. These studies can serve

as a solid foundation for your article, affirming the role of HR and soft skills in recovery post-crisis (World Health Organization, 2024).

Research Methodology

To investigate the impact of improving employees' soft skills on the sustainable development of companies, a comprehensive approach can be employed, involving several methodological elements:

1. Identification of Key Soft Skills: initially, it is necessary to determine which soft skills are critically important for a specific economic sector. These could include communication, critical thinking, creativity, collaboration, conflict resolution, etc. Market trend analysis, surveys of industry experts, and the study of professional standards can be utilized for this purpose.

2. Development of Training Programs: based on the identified key skills, training programs are developed which may include workshops, master classes, webinars, interactive courses, and simulations. It is crucial that these programs are tailored to the needs of specific employee groups and are focused on the practical application of skills.

3. Implementation and Evaluation of Effectiveness: after the implementation of the programs, their effectiveness should be evaluated. Methods that include collecting feedback from participants, analyzing performance indicators before and after training, as well as long-term monitoring of participants' career progression can be applied.

4. Case Studies and Comparative Analysis: for a deeper analysis of the impact of the programs on the sustainable development of companies, case studies can be conducted in several companies across different industries. A comparative analysis can also be useful to identify which programs were more effective under different conditions.

Impact on Sustainable Development: the improvement of employees' soft skills can significantly impact the sustainable development of companies and industries by:

- Enhancing Work Productivity: improved communication and teamwork skills contribute to more effective problem-solving.

- Reducing Employee Turnover: employees who feel valued and invested in are more likely to remain with the company.

- Innovativeness: the development of creative and critical skills fosters innovation, which is key to long-term competitiveness.

- Adaptation to Changes: in an environment of constant industry and market changes, the ability to quickly adapt is indispensable.

These aspects collectively help industries not only to survive but also to thrive in a dynamic economic environment, ultimately contributing to the overall economic development of the country.

To assess, forecast, and plan for economic recovery post-COVID-19, a comprehensive economic model can be developed that includes several key components:

1. Model of the Impact of COVID-19 on the Economy

The model should determine which economic sectors were most affected by the pandemic and assess the depth and duration of their impact. Primary data for the model can be obtained from statistics on unemployment, production, consumer demand, investment activity, etc.

Indicators:

- Change in GDP (percentage from the previous period)
- Unemployment rate
- Industrial production index
- Retail sales index

Formulas:

- Change in GDP: $\Delta GDP_t = \frac{GDP_t - GDP_{t-1}}{GDP_{t-1}} \times 100\%$ (1)
- Economic Activity Index (composite index): $UnemploymentRate_t + w_2 \times IndustrialProduction_t + w_3 \times RetailSales_t$

2. Recovery Measures Model

This model should evaluate the potential effectiveness of various governmental and private recovery measures, such as stimulus packages, tax reliefs, subsidies, business loans, employment support programs, and others. The model must consider the timelines for implementing measures, their scope, and direction.

Indicators:

- Impact level of fiscal measures (sum of stimuli as a percentage of GDP)
- Employment level before and after the introduction of measures
- Growth in investments in key sectors

Formulas:

- Stimulus Effect: $StimulusEffect_t = \frac{IncreaseInGDP_t}{StimulusAmount_t}$ (2)

- Change in Employment Level:

$$\Delta Employment_t = \frac{Employment_t - Employment_{t-1}}{Employment_{t-1}} \times 100\% \quad (3)$$

3. Economic Recovery Forecasting Model

This model should allow for predicting the pace and volume of economic recovery in both the short and long term. It should include variables such as the inflation rate, Gross Domestic Product (GDP), employment level, consumer demand, and others. It is also important to consider potential risks, such as new waves of the pandemic or changes in the global economy.

Indicators:

- Projected GDP
- Inflation expectations
- Projected employment level

Formulas:

- Projected GDP: $GDP_t = GDP_{t-1} \times (1 + \frac{ExpectedGrowthRate}{100})$ (4)

- Autoregressive Model (ARIMA or other):

$$GDP_t = \alpha + \beta_1 GDP_{t-1} + \beta_2 GDP_{t-2} + \dots + \varepsilon_t \quad (5)$$

To enhance the empirical approach on modeling economic recovery post-COVID-19 with a focus on HR and soft skills, we can adapt econometric models to integrate qualitative assessments of

HR strategies and soft skills. Traditionally, econometric models rely heavily on quantitative data, but they can be enriched by incorporating qualitative elements transformed into quantitative proxies.

It could start by developing scales to measure the impact of soft skills such as communication effectiveness, leadership, and teamwork. This can be achieved by utilizing employee surveys and 360-degree feedback, which provide a rich data set that can be quantified into indices. Additionally, including HR metrics like employee engagement scores, turnover rates, and training effectiveness as variables in the models would help indicate the contribution of HR to organizational resilience and recovery.

To collect and analyze data effectively, it should implement regular assessments to track the development of soft skills across the organization. Analyzing this data will help identify correlations with key economic performance indicators such as productivity and profitability. Furthermore, conducting longitudinal studies could provide a dynamic view of how enhanced HR strategies and soft skills development impact economic recovery over time.

For practical applications of these models, we can use them to simulate different recovery scenarios based on varying levels of investment in HR and soft skills development. This can aid in forecasting the potential impacts of these investments. Also, simulating specific HR interventions like increased training in soft skills or enhanced employee support programs can help analyze their potential effects on accelerating economic recovery and improving organizational adaptability.

A quantitative approach could involve developing composite indices that measure the collective impact of various soft skills and HR practices on economic performance. These indices can be tracked over time to evaluate how HR contributes to economic recovery. Applying econometric techniques such as regression analysis would help understand the relationship between these indices and key economic outcomes, quantifying the impact of soft skills and HR strategies on the overall economic recovery process.

This integration of qualitative aspects into econometric models offers a comprehensive framework that not only forecasts economic recovery post-COVID but also underscores the strategic role of HR in driving this recovery. This approach provides a practical tool for organizations to strategically plan their post-pandemic recovery efforts, aligning empirical research methods with practical organizational needs.

4. Scenario analysis

It is important to apply scenario analysis to assess different possible future scenarios of economic recovery. This will make it possible to assess the reaction of the economy to various recovery measures and to forecast both optimistic and pessimistic scenarios.

Indexes:

- The scenario is optimistic, basic, pessimistic
- Probabilities for each scenario

Formulas:

- Weighted average of forecasts:

$$\text{WeightedForecast}_t = p_1 \times \text{Forecast}_{opt} + p_2 \times \text{Forecast}_{base} + p_3 \times \text{Forecast}_{pes} \quad (6)$$

5. Model of impact on sustainable development

A separate part of the economic model should be an analysis of the impact of restoration measures on sustainable development. This includes environmental impact assessment, social justice, equality of opportunity and other aspects of sustainable development.

Indexes:

- Index of sustainable development (includes ecological, social, economic indicators)
- Changing the carbon footprint
- The level of social integration and equality

Formulas:

Index of sustainable development:

$$SDI_t = w1 \times EnvironmentalIndex_1 + w2 \times SocialIndex_1 + w3 \times EconomicIndex_1 \quad (7)$$

Changing the carbon footprint:

$$\Delta CarbonFootprint_t = CarbonFootprint_t - CarbonFootprint_{t-1} \quad (8)$$

To implement such a model, methods of econometric modeling, machine learning and statistical analysis can be used, which allow the integration of large data sets and ensure the accuracy of forecasts.

Application of this model will allow us to assess not only the speed and efficiency of economic recovery after COVID-19, but also contribute to the development of strategies that will ensure sustainable development in the long term.

For each of the models described above, a number of specific indicators and formulas can be used for analysis and forecasting. These indicators and formulas can be adapted and modified depending on the available data and the specifics of the study. It is also important to apply appropriate statistical and econometric methods for hypothesis testing and data analysis.

Discussion

In the context of the COVID-19 pandemic, the role of HR has transformed from traditional administration and personnel management to a more strategic and dynamic function, which helps companies quickly adapt to changed working conditions and ensure business sustainability. Implementation of innovative HR strategies has become critical for overcoming the crisis. Several innovative HR strategies that have proven effective in crisis conditions are described below:

The pandemic has accelerated the shift to remote work, forcing HR departments to provide technology tools and develop policies that support flexible working. The implementation of effective tools for communication and collaboration, which allowed to maintain the productivity and engagement of employees, was of great importance. Companies that have been able to quickly adapt to this new way of working have seen increased overall satisfaction and lower costs.

In response to rising levels of stress and anxiety, many companies have implemented psychological support programs, including access to counseling with psychologists, online seminars on stress management and health. Initiatives aimed at improving the physical health of employees, such as virtual training and competitions, have also become widespread.

In times of crisis, effective leadership and communication skills have become even more important. HR departments focused on trainings on the development of leadership qualities, conflict management skills, and the ability to empathize. An important aspect was the management's ability to communicate effectively with teams, especially in distributed environments.

Innovative HR departments used data to better understand the impact of the crisis on various aspects of the business. Data analysis allowed HR professionals to forecast staffing needs, adapt training and development programs, and optimize internal resources. The use of advanced analytical tools contributed to more efficient allocation of resources and planning of recovery measures.

During the crisis, the ability to retain key talent and attract new ones became important. Innovative HR strategies included developing flexible compensation packages, creating opportunities for career growth in conditions of uncertainty, and implementing loyalty programs that take into account the individual needs of employees.

These strategies demonstrate how HR can act not only as a support, but also as a key strategic partner in managing the challenges that arise during crises and periods of great change.

Conclusions

The COVID-19 pandemic has revealed the critical role of human resources (HR) in the recovery and resilience of companies. The response to rapid and radical changes in the working environment has shown that adaptability and innovation in HR strategies are crucial for overcoming crises. Remote work, flexible schedules, improvement of soft skills, as well as psychological support have become the foundation for ensuring productivity and well-being of employees.

HR departments that implemented strategic planning, used data to better understand the needs of the business and employees, showed higher effectiveness in managing change. Investments in skills development and training have fostered innovation and increased competitiveness. Health and wellness programs have also played an important role, helping to reduce stress levels among employees and support their engagement.

In general, the study confirms that HR not only reacts to crisis situations, but also actively forms strategies for recovery and development of companies. The pandemic has become a powerful stimulus for rethinking the role of HR, which now acts as a key strategic partner in the recovery and sustainable development of companies. Given the dynamic changes in the global economy, modern HR strategies should be aimed at ensuring flexibility, adaptability and innovation, which will be a means of achieving long-term success in the post-war period.

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Conflict of interest

The authors state no conflict of interest.

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