



Reflections on the Involvement of Managers in Supporting Romanian Companies during the Pandemic COVID -19

George Bucăța¹

Abstract: The wide spread of COVID -19 in Europe, which also affects Romania, and the increasingly stringent measures taken by experts to prevent negative consequences for citizens and the economy, raise a number of questions about the activities that need to be undertaken by companies to ensure compliance and those who are in a position to take these measures. Many businesses in Romania have already made a conscious effort to guard against the threat of COVID -19, whether by stopping movement altogether for an indefinite period of time, changing the way in which activities are carried out (e.g. only online now), or by working with notable safeguards to mitigate the threats

Keywords: crisis management; health management; crisis communication; COVID-19 management; human resources management

JEL Classification: I10; M12; M14; M38; M54

1. Introduction

In an environment where the legal framework changes on a daily basis, with sometimes unclear wordings that can be explained by the speed with which they are adopted, but in areas that are extremely important and vulnerable to the business environment, such as social protection, the prohibition of activities or the continuation of measures that affect business partners - especially when the company operates in a supplier-distributor chain - management is required to make quick and momentous decisions. In all the above hypotheses, the company behaves in accordance with and on the basis of the decisions taken by the management, which implies high liability risks for the latter. It is crucial that the company's management - administrators/directors/board members - are aware of their responsibilities and

¹ PhD, "Lucian Blaga" University, Sibiu, România, Address: Victoriei Blvd. 10, Sibiu 550024, Romania, Corresponding author: george.bucata@yahoo.ro.

duties. The management of a company must ensure that the company complies with all legal obligations and implements the measures required by professionals by taking and enforcing appropriate measures. Furthermore, as part of its obligations to be tireless and to ensure the company's interface, the administration is obliged to evaluate, in the context of the specific circumstances, whether it is essential to follow the recommendations of the authorities and, if necessary, to take the necessary measures to implement them.

Failure to take such steps or improper implementation of such measures may result in both liability of the company and personal liability of the members of the management for the damage caused. To the extent that management fails to comply with obligations or measures imposed by law or governmental authorities, it also risks criminal liability in certain circumstances. One such example is when the administration decides to continue economic activities that are prohibited by special laws, such as the recent military order on some emergency measures regarding crowds and cross-border movement of goods, where there were only a few hours between the effective date and the decision to continue certain types of economic activities, during which the administrative bodies could decide whether to continue, restrict, modify or stop their activities. It is important to emphasize that because of the obligation to monitor the activities of the company and the persons to whom the management delegates various tasks, the management's liability for possible damages is not eliminated simply because it delegates tasks and appoints persons or teams to perform certain tasks. Prudent and informed positioning, complemented by the adoption of concrete measures by management that can ensure results, and the assignment of persons or teams to implement them, could therefore carry important weight in a possible action to impose liability.

2. COVID and Managers Involvement in Safe-Practices.

Given the turbulence that characterizes the COVID -19 situation on the ground, both in Europe and globally, an update on the progress of the pandemic and the actions and notifications of the authorities is essential. Official information channels should be regularly reviewed whenever the situation requires, and rapid and efficient communication with key individuals with appropriate responsibilities is an essential requirement. Therefore, a first step that management should take is to proactively obtain information on a regular basis, from official / verified sources, about changes in legislation, actions or instructions from the authorities to ensure that all necessary actions are taken and that the company complies with internal policies that are up to date and fully reflect the applicable obligations.

Management should continue to review (or, if necessary, evolve) and update applicable regulations /plans/policies in light of new events to reflect current societal needs while ensuring the safety of employees and workers and meeting the pressing

needs of society. Actions taken should broadly include preparedness and prevention, management of the impacts that have already occurred and mitigation of the impacts of COVID -19 and could include:

- Regular investigation and consultation of official sources of information;
- Appoint specific individuals or teams responsible for implementing the new legislation, monitoring the flow of legislation and communicating with the authorities, updating guidance as necessary and ensuring compliance as far as possible;
- Establishing an action protocol in the event that management, key individuals within the company, or a large portion of the workforce are unable to perform their duties;
- ensuring efficient communication channels within the company, but also outside it, in order to be able to manage the impact on operational activities in the best possible way;
- Organizing staff effectively in relation to actual workloads and the company's specific obligations in relation to ongoing contractual commitments with clients;
- Appointment of a team to deal with IT disruptions or potential malware threats;
- Establishing an action protocol in the event that any of the staff or employees suspect or test positive for COVID -19 or have had to isolate or quarantine themselves;
- Consulting with professionals (tax advisors, risk consultants, lawyers) on specific issues that cannot be managed internally or where a specialist needs to be consulted to ensure that the course of action is appropriate;
- Ensuring a hygienic and clean working environment by providing all necessary products and regular disinfection.

Management must ensure that these internal policies or regulations do not violate legal requirements and do not restrict the rights of individuals, unless specifically authorized by competent authorities in limited situations. For example, increased attention should be paid to compliance with personal data protection, consumer protection or competition regulations.

Management has a duty to act with care and loyalty. This means that management must make every reasonable effort to ensure that operations continue in a manner that does not expose the company to undue risk or loss, and that if losses cannot be avoided, necessary and contextual mitigation measures are taken. Of course, the test of reasonableness and necessity will be heavily influenced by the evolution of COVID -19 and the reactions of authorities and other stakeholders (employees and contractors) to it. In the context where the epidemic COVID -19 significantly affects

companies (suspension/reduction/cancelation of activities), efficient and prompt communication is also essential towards the company's shareholders, i.e. management must, on the one hand, regularly and transparently inform them whenever necessary on aspects of interest or changes in the factual situation and, on the other hand, consult them in order to agree on instructions and, in the case of multinational companies, act congruently with the group.

Therefore, as asset managers, management must ensure that it acts responsibly and professionally in the best interests of the company to minimize the negative impact of COVID -19 on the company. In addition, management must continue to ensure that certain measures (e.g. contractual notices, declaration of force majeure - article linkage - measures following a possible bankruptcy of the contracting parties, obligations under personal data protection legislation) are complied with. In light of the above, it should be noted that the role of management in the Company during the pandemic COVID -19 must be considered from a new perspective, taking into account the obligations in force and the measures required to effectively manage the situation. As a result, management cannot excuse itself with a lack of knowledge or experience and, in certain situations, has the possibility of invoking the corporate decision-making rule, which is analyzed in the context of each situation.

3. Leadership – the Key to Overcoming COVID 19 Crisis

Leadership is a combination of a leader's vision and clear strategy for their company, and their ability to communicate it correctly and clearly to their employees and those who follow them. Therefore, the definition of leadership combines complex qualities typical of introverted visionaries on the one hand, and charismatic extroverts on the other, who create communities that people believe in and even place their hopes in. In this way, the qualities of a leader build something new that works while providing a common identity to a well-coordinated team.

In 2020, managers face many questions about how to handle this crisis among employees. The first and most important question is how to put epidemiological measures and legal regulations into practice by a company that is in the recovery phase. The biggest challenge at this time is to find a balance between precautionary measures and business considerations. This first requires a full risk analysis in terms of office space, interactions and workflows. If the business does not already have a solution in place to support health and safety, designing and implementing these measures can be a serious task for those in charge. These tasks may include establishing internal rules (e.g., measuring entry temperature, distance, reporting suspicious cases) and communication channels, as well as implementing and promoting the use of information measures. These systems can not only reduce

health risks, but also ensure that signs of infection or breaches of regulations are reported as quickly as possible to the person responsible for making decisions.

It is important for all businesses to acknowledge that their partners or suppliers have been through the same, as with major business disruptions. Due to the sharp increase (or decrease) in demand, they may have had or are having problems with the supply or quality of raw materials, components and semi-finished products, or with the human resources used. Surprisingly, the companies that have faced the most supply chain challenges in the current pandemic context have made this component as efficient as possible in recent years. Companies that have minimized inventory, implemented just-in-time systems, and outsourced basic services must now rethink business continuity.

Returning to the office certainly does not mean that everyone will pick up their work where they left off: Changes in rules and the work environment, additional tasks and problems that need to be solved urgently test employees' resilience. In such circumstances, special attention should be paid to informing and motivating employees, i.e. providing them with all the information and tools they need to complete their tasks and reorganize their work. Companies that have not yet moved their HR processes to the cloud and have not digitized or automated them are in a much more difficult position in a crisis situation. The fundamental changes in the labor market are irreversible, so developing a more flexible and digitally driven workforce system will be inevitable for innovative companies in the future.

With the gradual return to work, forward planning will increasingly replace ad hoc crisis management tasks. Changes in the marketplace are forcing almost all companies to rethink their performance scenarios. The lucky ones can look forward to an unchanged new era or even better prospects, but still most companies will see more modest revenues in the near future. Under these circumstances, it is even more important for companies to cover the fixed costs of the products and services they sell in the first phase. One of the interesting contradictions of the crisis is also that the prices of many raw materials or semi-finished products are rising compared to the usual prices during the economic boom.

This is precisely because fixed costs are allocated to fewer products sold, which also has a greater impact. Therefore, profitability needs to be recalculated for all companies and if necessary, the cost segment needs to be restructured to stay on a sustainable course despite the current market environment. One of the determinants for the reorganization of business processes after the crisis can be to be as close to the customer as possible, with a double objective: on the one hand, a better control of the ideal quality of service and product and, on the other hand, the saving of surcharges for the mediation. for the product, which could lead to discounts for customers.

There are important differences between business interruptions caused by natural disasters, human intervention, technology and pandemic. The most important differences are the regularity, intensity, and duration of a pandemic. Unlike traditional resilience planning strategies, this one necessarily has a unique approach. To ensure a comprehensive response and continuity of critical products and services, organizations must incorporate pandemic planning into existing resilience management activities. Managers must ensure that specific policies and methods are developed by achieving better communication skills among staff.

Due to the length of the pandemic, the impact on employees in the regions taking on additional workloads should be considered an important factor from the beginning of the pandemic until a few weeks after the end of the pandemic when contractor resources can help. This is very important the size can also vary, and so far regions with some global significance have been focused on. So far we have not seen a pandemic that affects the whole world, although this possibility cannot be ruled out.

Below we describe in the table the main difference between traditional and pandemic business failure:

Table 1. The Discrepancies between Business Failure and Pandemic Failure.

Size	Activity Interruptions	Pandemic caused interruptions
Scale	Localized: Affects a specific company, geographic area, production unit and employees	Everyone is targeted, including employees, customers, competitors or even causing a broke between the company and its suppliers
Velocity	Limited and isolated after determining the root cause of the disruption	They spread rapidly in the form of market contagion in a given geographic region or even worldwide and have serious cascading effects
Duration	In general, the interruption is shorter, for example less than a week.	Longer and longer lasting; They can take up to a few months.
Lack of workforce	Workforce repositioning shortage	Severe labor shortage, affecting more than 50 % of the workforce.
External Coordination	It requires collaboration with the wider population, the government, law enforcement, and health workers.	Coordination with government, health agencies, enforcement agencies, provincial authorities.
Infrastructure Availability	Public availability of infrastructure that should be used to replace primary business strategies.	As the size and severity of the event change, you can limit or limit the availability of public infrastructures, especially if other companies are experiencing the same problem.

Source: KPMG, December 2020

During a pandemic, the safety and well-being of workers must be a top priority. Employees cannot concentrate on their work tasks if their own safety or that of their colleagues is at risk. Therefore, at the onset of a pandemic, safety is of paramount importance to organizations, which may or may not be available for critical purposes. Organizations should be able to monitor the situation and provide employees with a safe place to work and support.

Examples of this include access to internal and external services such as extended childcare, late night transport and recognizing the benefits of staff working in other areas. Organizations must ensure that systems for emergency communications and for monitoring and distributing critical information are implemented and tested regularly. When the communication capacity of communication networks is streamlined, other communication channels can be used, such as social media. To improve preparedness and address issues, companies need to train their employees on pandemics. Pandemics can have a serious impact on many geographic areas over long periods of time. Identifying and interdependency between the chain of operations, functions and associated impacts as input data for the purposes of potential prevention should be an element of business impact analysis. Companies should pay greater attention to the geographic concentration of key activities and functions and their segmentation for relocation of business from one pandemic to another. As a prudent risk management measure, companies, customers, and outside vendors should seek diversification and, to the extent possible, avoid loss accumulation in one area and increase their exposure to regional disruptions in multiple geographic areas, such as geopolitical events.

During a pandemic, employees should stay home to prevent or delay the spread of the disease. A pandemic could cripple the entire operation in a given area and result in a large number of employees having to work remotely for extended periods of time, as opposed to a rare weather event. As a result, there may be capacity constraints, overcrowding, or accessibility issues as more traffic occurs on remote networks. Working from home offers the employee the advantage of being able to set their own hours, without the employer's approval, which requires a degree of flexibility. Since the work is done at home, the efficiency in solving tasks is much higher, the employee no longer wastes time on the way to the office and is no longer distracted by his colleagues. As for the disadvantages, working from home can be difficult for some employees who prefer to be coordinated by their supervisor, precisely because there is no well-designed and organized program and they do not have all the resources in the office at their disposal. This fact can lead to the fact that the ability to concentrate decreases and delays the solution of tasks.

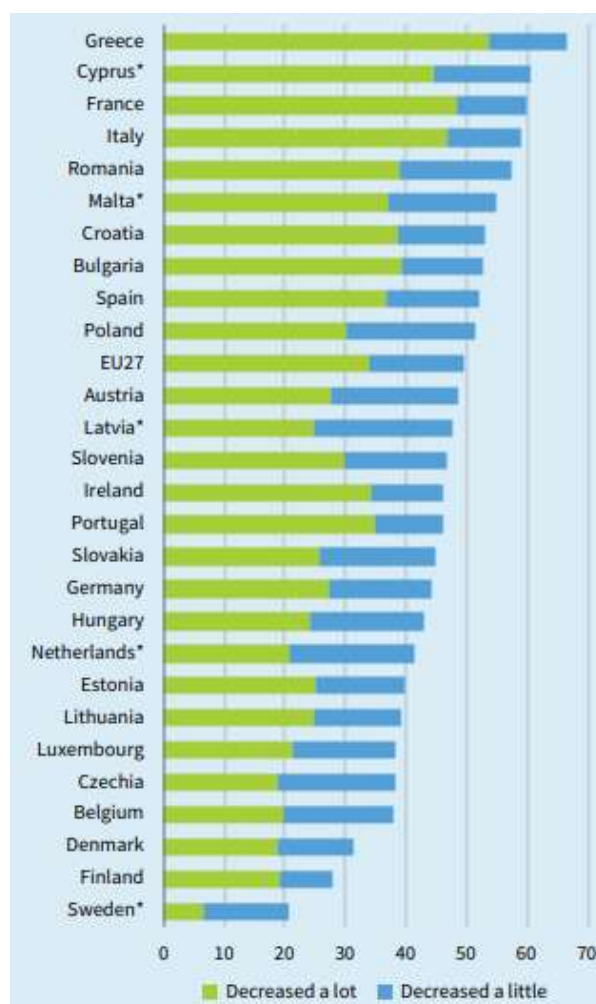


Figure 1. Changes in working time during COVID-19 Pandemic by country (%), 2020
Source: Eurofond, February 2021

Romania is the EU country with the lowest proportion of workers who have worked from home because of the risk posed by the new coronavirus. This is according to a report by Eurofound, which presented the first results on the labor market in the Union during the Covid 19 pandemic. It is the only Member State where less than 20% of all workers work from home, despite the fact that Romania ranks first in the world in terms of Internet speeds.

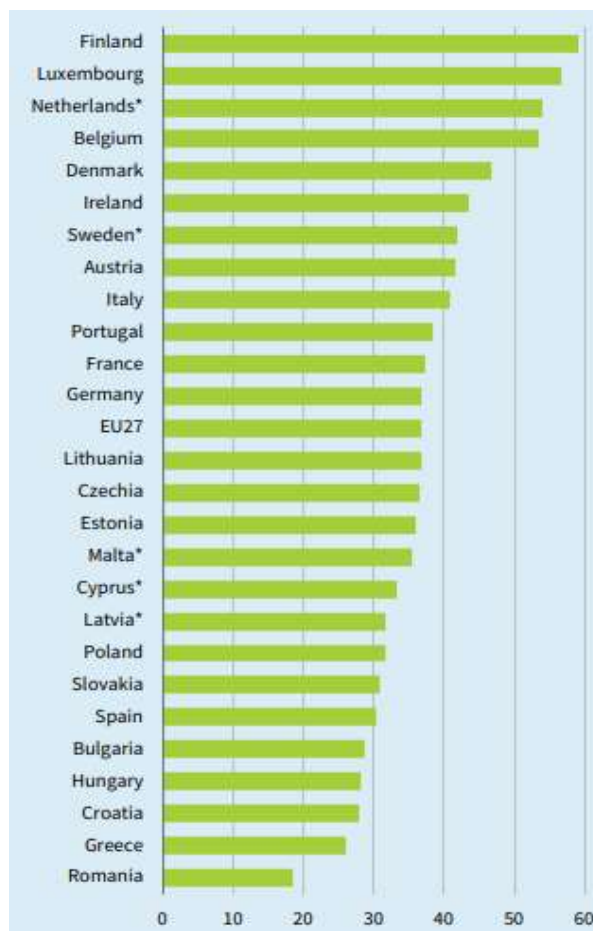


Figure 2. Proportion of Workers who Started Teleworking as a Result of COVID-19 Pandemic by Country (%), 2020

Source: Eurofond, February 2021

Eurofound finds an inversely proportional relationship between quarantine and reduction in working hours through telework. Romania was among the countries with a high proportion of workers with a very low proportion of teleworking caused by a coronavirus and with a significant reduction in working hours: Romania and Bulgaria ranked fifth after Greece, France, Italy and Cyprus. Reduced working hours also led to a reduction in income for 50% of workers in the EU. Working hours were reduced "a lot" for more than a third (34 per cent) of workers and "a little" for 16 per cent. More than 1.2 million technically unemployed workers are employed in Romania for a variety of periods, with the number of workers released after Monday, May 18, reaching 362,520. As for the technical strike and wholesale and retail trade, the manufacturing sector was the most affected in terms of contracts signed.

Businesses need to take a hard look at their traditional disease prevention plans. Some standard strategies during a pandemic such as relocating the business to another site, relocating employees and increasing headcount may not be appropriate as this can significantly affect employees and the rest of the sites. Development of plans and strategies may be hampered by deterioration or limited access to key facilities such as public transport, telecommunications and the internet. Companies need to carefully develop different strategies. For example, to overcome these problems, contracts between subsidiaries and alternative supply chain suppliers and plans for areas where significant manual intervention is required and where there is a risk of concentration, including damage, in one area.



Figure 1. Leadership Dilemmas: Complex Decision points Leaders face During a Crisis

Source: Deloitte, May 2020

Companies must validate the existence of contracts in each country between affiliates to reduce uncertainties about contract terms, fees, payment terms, and regulatory requirements. Contracts must include data sharing arrangements (for example, General Data Protection Regulation requirements). And the necessary approvals for the additional work must be in place, as required by the regulated industry. Any subsequent dependencies must also be considered. For example, if contractors are operating in the affected area, capacity must be held that can be quickly mobilized elsewhere.

Companies need to test traditional resilience plans to prepare for pandemics. Certain standard strategies, such as relocating the business to other locations, reassigning employees, or increasing headcount, may not be practical because employees and deputies may be severely affected in the event of a pandemic. In preparing for the event. Impaired or limited access to critical infrastructure, such as public transportation, telecommunications, or the Internet, can also complicate the implementation of plans and strategies.

Companies must carefully develop multiple approaches. For example, to address these barriers, outsourcing between subsidiaries or alternative providers in the supply chain and plans in areas where significant manual intervention is required is likely. Companies in different countries should validate the existence of contracts between affiliates to address uncertainties around contract terms, fees, payment terms, and regulatory requirements. Contracts must include data sharing arrangements (for example, General Data Protection Regulation requirements). And the necessary approvals for the additional work must be in place, as required by the regulated industry. In addition, the following dependencies should be considered. In the event that contractors are initiated in the affected region, for example, capacity must be preserved that can be quickly mobilized elsewhere. Certain critical exceptions must be incorporated into existing HR, financial, legal, manufacturing, and business processes, as well as revised policies, criteria, and processes, so that these exceptions can be implemented quickly. Any changes to existing policies should be thoroughly reviewed by the risk management, compliance, and legal departments before final adoption, including in terms of tolerated risks and legal or judicial nuances, including unusual hourly legislation in various areas.

Managers must increase their efforts to develop strategic vision, monitoring, and insight while aligning their activities, financial conditions, and stakeholders to mitigate the impact of COVID 19 on their operations. They fulfill their duties in both the short and long term:

- To definitely communicate the important tone of the top management, to model the desired attitudes and performance and to confirm that crisis decisions, actions and communications respect a corporate purpose, culture and values;
- Maintain appropriate protocols and information flows for management and consulting, and provide board members for flexible working and schedule, so that the board receives timely information, allowing for open communication, effective advice and control;
- Foster the growth of transparency and communication of the company with its stakeholders, monitor decision making, maintain the level of confidence in the company and maintain its reputation;

- Ensure adequate communication with financial intermediaries when the Financial Scenario planning and stress test are intended to evaluate liquidity, loans and capital requirements at appropriate intervals;
- As management focuses on health, safety and morality for employees and clients, this acknowledgement of the adequacy of emerging legislation, regulatory and administrative development, incentives and practices;
- Ensure that management, legally and practically, takes the appropriate action to identify and manage contractual obligations, insurance contracts, obligations and others;
- Provides strategic guidance and management support for short-term economic and social welfare initiatives that offer long-term value through improved corporate social outcomes and trust and reputation;
- The scope, composition and decision-making of the Company's crisis management team are constantly reviewed to improve its capabilities and efficiency. Confirm that the team's work is adapted between short-term, medium-term and long-term crisis initiatives;
- Assess your business continuity and contingency plans in order to determine right redundancy values, supply chain resilience and the effective maintenance or restoration by third-party suppliers of critical business functions;
- When firms switch to alternative remote working systems, re-evaluate their IT resilience, cyber security and privacy key communication systems, operating systems, and financial Systems to ensure key controls function as intended;
- Conclude the management's continued monitoring of the effectiveness of external financial information controls, information and control procedures (and events or factors that may cause significant changes in the reporting and financial information) in enabling the company to comply with the requirements of regulations. The requirements for financial statements and other information for the public and the needs of the broader group of stakeholders seeking meaningful information;
- Consider whether these changes offer new opportunities, efficiency and long-term operational performance, if business models are adapted for short-term shock treatments. Following crisis management, perform an ex post analysis, assess the results, including the operation of the company's business continuity plan and actions to prepare the company for future events.

One of the most serious disasters of the world in the century is the COVID-19 pandemic. Countries have focused on population security strategies to prevent the spread of the disease and on measures such as quarantine, containment and physical separation. This affected ordinary lives around the world and had to take drastic measures to protect jobs.

4. Conclusions

It is important that leaders from all sectors find ways to unlearn, relearn and adapt to the new pandemic standard and national public health mandate. In the coming months, organizations in all sectors and countries will need to grapple with the new reality and find ways to deal with the changing conditions to emerge stronger. Flexible organizations as well as improvements can provide managers who are able to deal with threats and take advantage of crisis management opportunities at the individual, group and organizational levels. Therefore, I think crisis management personnel will play an important role in improving organizational learning and restructuring the crisis system. Managers urgently need to respond to the psychological, physiological and socio-technical challenges arising from COVID - 19.

References

- *** (2020). *Leadership in the times of COVID-19*, 2020. <https://www2.deloitte.com/content/dam/Deloitte/in/Documents/human-capital/in-hc-Leadership-in-the-times-of-Crisis-noexp.pdf>.
- *** *Redesigning the future of work, Considerations for asset managers as they adapt to the new reality*, KPMG. <https://home.kpmg/xx/en/home/insights/2020/08/redesigning-the-future-of-work.html>.
- *** Remote work is radically reshaping how we work. KPMG. <https://home.kpmg/au/en/home/insights/2020/05/predictions-after-covid-19/remote-work-reshaping-ways-of-working.html>.
- *** *Six things I have learned about leadership during COVID-19*. <https://www.daghammarskjold.se/six-things-i-have-learned-about-leadership-during-covid-19/>.
- *** What Nom/Gov Chairs Think About the Impact of COVID-19 In the Boardroom. 2020. *Spencer Stuart*. <https://www.spencerstuart.com/research-and-insight/what-nom-gov-chairs-think-about-the-impact-of-covid-19-in-the-boardroom>.
- Anderson L. (2018). *Leadership during crisis – navigating complexity and uncertainty*. <https://onlinelibrary.wiley.com/doi/abs/10.1002/ltl.20389>.
- Bowers, M. & Hall, R. (2017). *Organizational culture and leadership style: The missing combination for selecting the right leader for effective crisis management*. <https://ideas.repec.org/a/eee/bushor/v60y2017i4p551-563.html>.
- Brownlee, D. (2020). 7 Leadership traits for the post COVID-19 workplace. *Forbes*. <https://www.forbes.com/sites/danabrownlee/2020/05/07/7-leadership-traits-for-the-post-covid-19-workplace/>.
- Carnevale, J. B. & Hatak, I. (2020). *Employee adjustment and well-being in the era of COVID-19: implications for human resource management*. <https://www.sciencedirect.com/science/article/abs/pii/S0148296320303301>.
- Eurofound (2020). *Living, working and COVID-19 dataset Dublin*. <http://eurofound.link/covid19data>.

EY Americas, 2020. *COVID-19 and the pandemic planning: How companies should respond*. https://www.ey.com/en_us/covid-19/covid-19-and-pandemic-planning--how-companies-should-respond (accessed January 2021)

IW Staff (2020). 9 Trends impacting the future of work. *Industry Week*. <https://www.industryweek.com/covid19/article/21130761/9-trends-impacting-the-future-of-work>.

Joly, H. (2020). A time to lead with purpose and humanity. *Harvard Business Review*. <https://hbr.or/02//time-to-lead-with-purpose-and-humanity>.

Li, J.; Ghosh, R. & Nachmias, S., (2020). *In a Time of COVID-19 Pandemic, Stay Healthy, Connected, Productive, and Learning: Words from the Editorial Team of HRDI*. <https://www.tandfonline.com/doi/full/10.1080/13678868.2020.1752493>.

MacGregor, H. et. al. (2020). *COVID-19 – a social phenomenon requiring diverse expertise*. <https://www.ids.ac.uk/opinions/covid-19-a-social-phenomenon-requiring-diverse-expertise/>.

Management during COVID-19. *Brief guide to organizational crisis management for entrepreneurs and managers*. <https://revistacariere.ro/leadership/contributori/managementul-in-vremea-covid-19-ii-scurt-ghid-de-gestionare-a-crizei-organizationale-pentru-antreprenori-si-manageri/>.

McNulty, E. J. & Marcus, L, 2020. Are you leading through the crisis ... or managing the response? *Harvard Business Review*. <https://hbr.or/02//re-you-leading-through-the-crisis-or-managing-the-response>.

Onofrei, Mihaela; Cigu, Elena; Gavrilita, Anca-Florentina; Bostan, Ionel & Oprea, Florin (2021). *Effects of the COVID-19 Pandemic on the Budgetary Mechanism Established to Cover Public Health Expenditure. A Case Study of Romania*. <https://pubmed.ncbi.nlm.nih.gov/33525330/>.

Renjen, P. (2020). The essence of resilient leadership: Business recovery from COVID-19. *Deloitte* <https://www2.deloitte.co/loba/nsight/conom/ovid-1/uide-to-organizational-recovery-for-senior-executives-heart-of-resilient-leadership.html>.

Sibley, C. G.; Greaves, L. M.; Satherley, N, et. al. (2020). *Effects of the COVID-19 pandemic and nationwide lockdown on trust, attitudes toward government, and well-being*. <https://psycnet.apa.org/record/2020-39514-001>.