

**The 4th International Conference on Economics and Social Sciences
Resilience and economic intelligence through digitalization
and big data analytics**

June 10-11, 2021

Bucharest University of Economic Studies, Romania

Restarting COVID-19-Affected Economies

Andreea-Teodora IACOB¹, Silvia Elena IACOB², Sorin NASTASIA^{3*}

DOI: 10.2478/9788366675704-028

Abstract

During our road through life, the economy accompanies us, showing us that it cannot be controlled, only understood and, in a way, predictable. This could be applicable for cyclical crisis. But how could we say the same about non-cyclical crises? Did the history show us patterns? Did the history give us predictive instruments? Could we say that we could act predictively, not just correctively upon this kind of crisis, as economists and economic agents who use economics as a component of our life?

The actual crisis, the non-cyclical crisis caused by the COVID-19 uncontrollable spreading, showed us, once again, that its kind of crisis cannot be predicted.

A non-cyclical crisis, such as the COVID-19 crisis, involves fast and precise corrective instruments, but, paradoxically, also gentle and diffuse corrective instruments. The analysis of the best mix of policies and actions, in the current context, has the potency to exploit the socio-economic mechanism in its true beauty. On the other hand, predictive instruments cannot be put in place in such a context.

Taking into consideration two important hypotheses, this study will seek to identify, propose and debate possible directions for restarting the economy, with a special focus on actions related to human capital.

The target of the study will further bring in discussion the potency of socio-economic actions, in the entire new world mindset, considering especially the actions related to Human Capital.

The study will consider the Romanian context, but not separated from international / global / European effects.

Keywords: COVID-19, human capital, work from anywhere, opportunities, strategies, mix of corrective actions.

JEL Classification: J24, J28, J81, H12, I30.

¹ Bucharest University of Economic Studies, Bucharest, Romania, tia.iacob@gmail.com.

² Bucharest University of Economic Studies, Bucharest, Romania, silvia.iacob@economie.ase.ro.

³ Southern Illinois University, Edwardsville, USA, snastasiaro@yahoo.ro.

* Corresponding author.

1. Introduction

The World Health Organization (WHO) confirms, in March 2020, the state of pandemic, caused by COVID-19. The most severe pandemic of the last century was in 1918, during the Spanish flu. About 500 to 3 million people were infected, a third of the world's population at that time. Worldwide, 50 million people died.

Many voices say that the whole context, as well as the crisis that results from it, caused by the COVID-19 pandemic, is the most aggressive shock of the world economy. Although in the context of a premature state, we can already discuss some main arteries that will make the body of the COVID-19 crisis a strong and solid one.

On one hand, we can discuss direct and indirect effects.

On the other hand, we can discuss effects on the social system, on the economic system, on political welfare.

We can also discuss the effects on national production, the effects on the labour market, the effects on the real estate and construction market, on the business environment and on all the economic markets that drive a nation's economy.

The opening or not of the economy, quantifying them or at least understanding their possible effects are also aspects with huge potential to take the analyses further.

We can discuss short, medium and long term effects, or impact on a time scale.

The categories of effects represent a fertile field of expertise, and their combination depicts economic thinking, in its most complex valences.

Regardless of the mix of characteristics considered, in the study of the impact of the period we are living globally, in view of the spread of the pandemic caused by COVID-19, one aspect is certain.

There can be no bad decisions, as long as action is taken in this direction. Economic systems must be monitored, analysed and supported by a mix of economic, political and social actions, which have the power to reach beneficial effects even in the short term, for the population.

The main objective of the paper is to bring a contribution, in the literature, on the analysis of the impact of the COVID-19 period on Romania, in a global context.

The secondary objective is to identify, propose and debate possible directions for restarting the economy, with a special focus on actions related to human capital.

The main difficulty in dealing with such objectives is that we are still living in the epicentre of the problem. The direction can be changed at any time. The consequences can change from one second to the next, as well, in line with the direction of the crisis. The aspects presented in this paper may lose their significance, through the interaction with the future reality.

The proposals and analysis in this paper have the characteristic (risky for the author) of being built under the rule of extremely perishable information. But even in this context, the analysis must exist. Proposals must exist. Actions must not be delayed. Only in this way will we be able to overcome - not only in terms of time - this crisis.

2. Research Methods

From the range of existing research methods, this paper was made by documenting in the literature, by going through some of the most relevant papers from the main flow of national and international publications, by identifying and comparing some examples of current practices and through a quantitative analysis in the form of a questionnaire.

Hypotheses

A. The Impact of Human Capital on the Labour Market

In terms agreed by the literature, human capital encompasses those capabilities of individuals that are in a certain mix in each individual, which remain the same or increase in complexity, in any social environment the individual is placed and that can be capitalized on the labour market, in exchange for economic resources of any kind.

But to what extent is the labour market influenced by human capital?

We can bring even more precisely the definition of human capital to the calculation realm. According to the literature, the most agreed option of human capital aggregation would be that which designates a part of educational capital (formal, school and connected school training) and a part of biological capital (abilities of individuals, representing their biological endowments; biological endowments are one of the most important factors influencing the individual's ability to adapt).

Going in more detail with the two measurable components specified above, we can already draw some aggregate indicators, which also represent the measurement directions of the respective components.

Thus, educational capital, as part of the major component of human capital, can be measured by the following indicators: Preventive health; Formal education, from the point of view of the results of compulsory in-institutional schooling; formal education, in terms of results of optional study documents; Financial culture - measurable by the allocation of financial resources among different areas of consumption of goods and services; Proactive health culture; Formal education, from the point of view of the cult of continuous study.

On the other hand, biological capital, as a major component of human capital, can be measured by the following indicators: social skills, cognitive skills, practical skills, adaptive skills, corrective health and others.

Obviously, each of those discussed above, in turn, have different other indicators, at different levels, but still very relevant.

As the purpose of this paper is not to study and demonstrate the strong link between human capital and the labour market, this section will only be a hypothesis of the paper and will not highlight, through any quantitative or qualitative method of work, how the cause-effect relationship between human capital and the labour market is measured.

However, according to the literature and to economic intuition, we can say (and we can use this statement, below, as a working hypothesis): Human capital is one of the factors with the strongest influences on the labour market.

For example, we take the aggregate indicator of cognitive ability. We assume an employee in the field of IT & Telecommunications. The way they relates to their lucrative activity, from the point of view of accumulating new information and processing it, can be defining for the way they will develop, both professionally and financially, in their career.

At every step, new technologies appear, both reactive and proactive to reality. Constantly, our employee in question must be anchored both to the needs of society and to the technical tools for work (new programming technologies, new devices, etc.). In turn, our employee in question must also inspire the clients to whom their work is addressed, to increase their degree of receptivity and cognitive abilities, in order to ensure the resilience of their work over time. Inspired by knowledge, adaptation, they will provide clients with long-term benefits, will know them and will guide them through the applications they create.

It is easy to understand that their cognitive skills will increase the quality and complexity of their work and, implicitly, the impact on the company. Through this, normally, professionally and financially they will grow. Extrapolating, for the entire IT and Telecommunications labour market, the impact of cognitive skills (or, rather, their measure) will decide the meaning and scope of the labour market in that field (Mincer, 1981).

In the current context, in which much of the implications for reality go back to the pandemic caused by COVID-19, the valences of human capital on the labour market are becoming even more stringent. The main motivation was that in this whole context of reality, the individual is assiduously required to adapt their characteristics.

At this level, we can discuss both about adaptation in the sense of basic functions and about adaptation in the sense of regaining a certain level of well-being.

In the category of adaptation to the functions required for life, we can provide the following examples: maintaining the workplace, maintaining personal health and that of the beloved ones, maintaining the health of others, community care, maintaining civic safety, maintaining the ability to procure food and goods, and of basic subsistence services, etc.

In the category of adaptation in the sense of regaining a certain level of well-being, the discussions have, however, increasingly fine valences. We can discuss here about different values such as: satisfying the need to socialize, satisfying the need to belong to a group, satisfying the needs of recreation, travel, knowledge, etc. Among them, as others authors suggest, the most important investments in Human Capital are education and training (Becker, 1994).

In this category, especially in terms of the pillars that underlie the changes in people's daily lives, we can introduce the newly increasing concept of working from home and, further on , working from anywhere - a concept that, in order to maintain

correspondence with the international specialized literature, will be referred to as "Work from anywhere".

Given the impact that human capital has on the labour market, which, in turn, shows incredible direct and indirect effects on the entire economic system, next we will discuss a possible strategy to improve the current situation caused by the existence of the COVID-19 epidemic, especially through instruments directly influencing human capital.

One of these is the exploitation and use for all of the "Work from anywhere" tool.

B. The Concept "Work from Anywhere"

Factor of Major Influence of the Human Capital

The concept of work from anywhere is a concept derived from the concept of remote work, which, however, before the pandemic was reflected, in most cases, in work from home.

The concept of working from home, remote work, or, even more, the concept of working from anywhere, represented, before the pandemic, a great benefit of the sector of activity or even of the employer granting it to the employee. Employers were in no hurry to offer these types of benefits.

The costs seemed easy to guess. Many companies did not trust that employees would comply with their work obligations, in the sense of efficiency and effectiveness.

Working from home is, therefore, a good thing to be hunted by employees. This fact has been preserved throughout the pandemic (and is still preserved in certain sectors of activity, especially in terms of the security it gives to the individual, in the current context). However, at the level of the labour market, the saturation of remote work is beginning to be established.

The motivation was that distance work deprives the individual of a wide range of activities that provided both the basic functions necessary for cognitive resonance with the environment and activities that provided certain levels of well-being.

The most relevant way in which these issues can be discussed is to interrogate reality - or a relevant component of it. Therefore, the basic body of the paper is a quantitative research, in the form of a questionnaire. The questions chosen in the questionnaire refer, for the most part, to questions regarding the characteristics of the concept of "work from anywhere" felt by the sampled population, as well as to their context.

The number of respondents to the questionnaire was 44 respondents, all employees, in areas such as: IT & Telecommunications, Education and Culture, Public Institutions, Engineering. The data of the questionnaire were collected between October 1, 2020 and October 30, 2020, so that we can consider relevant the answers for the period of the COVID pandemic-March 2019-October 2020.

About 80% of the respondents said that during the pandemic they did not feel threatened by job loss. A share of 10% of the respondents confessed that they felt threatened by losing their job, mainly due to the COVID-19 pandemic, and another

10% confessed that they could not realize at this time whether or not they felt threatened by job loss in the context of the COVID-19 pandemic.

All respondents who stated that they felt threatened by job loss in the context of the COVID-19 pandemic stated that they had intrinsic reasons to fear and were aware of this threat; they said they feared considerably. All respondents who stated that they had not noticed this threat so far, said that at this moment they perceive this threat more in a superficial way, largely influenced by offline and online news.

A proportion of 36% of respondents stated that their work was affected by the existence of the COVID-19 pandemic. The rest of the respondents stated that they did not feel any change in their work, due to the onset of the pandemic.

However, 55% of respondents said that they work in the field of IT & Telecommunications, an area that, pragmatically, has folded very well in the context of the COVID-19 pandemic. The activity flourished in the field of IT & Telecommunications, especially in view of the digitalization needs imposed by the new pandemic context and the concept of “social distancing”, which strongly impregnates all solutions in order to stop the spread of the pandemic. Another 27% of the respondents stated that they work in Engineering, and another 9% of the respondents stated that they work in Education and Culture, respectively that they carry out their activity in Public Institutions.

About 90% of respondents said they worked from home, even for a day, at the initiative of the employer, during the COVID-19 pandemic. The same respondents, 80%, also stated that they worked from home, even for a day, on their own initiative, during the COVID-19 pandemic, until this moment.

All respondents who stated that they either did not have the option to work from home, at the initiative of the employer, during the pandemic, or that they were not given the opportunity to choose whether to work from home or not, stated that they wanted to shout this desire to work from home.

Using a scale from 1 to 10, respondents answered, in a fairly large proportion (37%) that they were extremely satisfied with working from home (10/10), from March-October 2020. Another 27% of those respondents answered with a measure of 8/10, and 18% of them answered with a measure of 9/10, regarding the satisfaction of doing paid work at home, during the COVID-19 pandemic, until October 2020. Around 9 percent of respondents stated that working from home was unsatisfactory (6/10) or even unpleasant (3/10).

To this, the respondents who answered in negatively to the question about working from home, for at least one day, in the past period, were asked to avoid answering this question.

A majority of respondents said they would like to work / work longer at home.

Among the reasons why respondents were satisfied with working from home, the strongest argument was that working from home, insofar as it was experienced during the COVID-19 pandemic, gave respondents the advantage of eliminating time spent in traffic in order to get to and from work. A share of 81% of respondents was firm about the benefit of working remotely.

The majority of respondents said that working remotely gave them a sense of security in the context of the pandemic. They consider this to be a major argument for being satisfied with working remotely.

Also, the possibility to organize their work schedule (in terms of efficiency) in a much more personalized way and the fact that working remotely gave respondents the opportunity to work from anywhere, were classified as secondary reasons for the arguments for which respondents said they were satisfied with the remote work.

A relatively high percentage of respondents (36%) stated that they felt, in the context of working remotely, that they had saved on various costs (transport, lunch, etc.). They said that even this fact can be considered an argument in favour of working remotely.

In a proportion of 18%, respondents stated that reasons such as feeling a sense of security, regardless of the context of the pandemic (flu epidemics, colds, trafficking, etc.), the pleasure of spending more time with family, increasing efficiency through the fact that time is no longer wasted with work-related activities are arguments in favour of working remotely.

On the other hand, when asked why they might be dissatisfied with working from home, a large proportion of respondents (81%) said that being with colleagues helps them to be effective (questions are answered faster meetings are much easily managed).

Also, 63% of the respondents stated that they are dissatisfied with the fact that they no longer move and that this condition guides them to feel, from a physical point of view, with a much lower efficiency.

Another relatively high percentage of respondents confessed that they are dissatisfied, in the context of working from home, with the fact that they end up having a chaotic lifestyle. I can no longer distinguish between office and home. Likewise, the respondents are dissatisfied, in the context of remote work, with the fact that they do not have the necessary working conditions, similar to those of the office of the employing companies (desk / good chair / monitors / quiet).

Other arguments, such as the fact that they do not feel comfortable with online meetings - both logistically and in terms of the commitment of different colleagues in the meeting, and the fact that they have high expenses with consumables (water, electricity, etc.), represent to a smaller extent, but to be considered, arguments due to which respondents may be dissatisfied with working from home.

As can be seen, most of the responses of the participants in the questionnaire guide the conclusions to some of the perceived benefits of working from home, including, most prominently, working from anywhere.

Most of the respondents stated that they wanted / would have wanted to carry out their activity, during the work period, from the sea, renting an apartment / villa (72%). Another relatively large part of the respondents (36%) stated that they wanted / would have wanted to carry out their paid activity not from home, but from different relatives.

Another large part of the respondents (27%) stated that they wanted / would have wanted to carry out their remunerated activity either from the mountains or from abroad, renting an apartment / a cottage / a villa.

A relatively small proportion of respondents (9% each) stated that they wanted / would have wanted to carry out their paid work either from the Hubs or from various other spaces intended for work in conditions of "shared resources".

Asked to measure, on a scale of 1 to 10, the extent to which the first benefits of working remotely is the ability to work from anywhere, 55% of respondents said they agree with this statement in considerable proportion (10/10; 9/10; 8/10).

Asked to measure, on a scale of 1 to 10, the extent to which they agree with the statements that Remote Work still offers the advantage of increasing labour mobility / flexibility in the long run, respondents said they were rather undecided. In a proportion of 70% they opted for sizes of 7/10 and 8/10.

A considerable part of the respondents, approximately 80% of them, stated that, if they could afford it, it would be a strong advantage of remote work to be able to work alternately from different places than from home (mountain, sea, hub, parents, other relatives, abroad).

Similarly, a considerable part of the respondents who experienced, even for a day, working from home during the COVID-19 pandemic, stated that they raised the issue of remote activity from places other than home (72%).

Asked (on a scale of 1 to 10) whether, in the current context, the possibility of working from anywhere is one of the aspects with great potential, so that the consequences of the COVID-19 pandemic, in terms of working conditions, are tamed, the respondents did not hurry to position themselves firmly / agree with it. Only 37% of respondents agreed with this statement. (7/10, 8/10, 9/10, 10/10).

Also, asked to what extent do they agree with the statement that from certain points of view, the new world order, in the context of the pandemic caused by COVID-19, may be a start to renegotiate how we relate to digitization, the phenomenon of digitization becoming the new normal, the respondents did not agree as strongly as expected. Most respondents moderately considered that they agreed with this statement (55% of them gave 6/10 and 7/10 marks to this statement).

In the context of the current pandemic, caused by the emergence of COVID-19, remote work can be used against or for the benefit of the employee. Even from this point of view, the individual is required to activate the instinct to adapt and to model their context, as far as possible, so as to be on the winning side of the barricade. Remote work is a reality today. A reality with a strong impact, but also with various effects, at all levels.

As others studies have shown, most of the interviewed agents, as related to the discussed topic, have shown interest in this type of activity, i.e., fully remote. Most of them have shown interested especially because it gives them the possibility to spend more time with children/ grandchildren (Chung et al., 2020).

The extent to which from the multitude of variables we will be able (both at Community level and at individual level) to choose the opportunities and to take advantage of them, in order to increase, to some extent, the satisfaction in this

uncertain and unhappy period, depends on how we will understand, regardless of the level at which we discussed (public, private, physical, legal) that we are dealing with a constantly changing situation, and that adaptation and survival instinct require us to be receptive, open and learn to embrace better or worse things.

3. Findings – Tools for Positive Management of Human Capital and Possible Directions of Intervention

In the context in which the concept of "Work from anywhere" seems to have resonated well with the perceptions of individuals, how can it be preserved further and used in a mix that is prolific to the economy and to the well-being of the population?

Rules on social distancing have not only revealed new economic concepts, but have revealed new values of human capital, which we can preserve and shape in the future in the interest of the same economic system.

The pandemic caused by the existence of the COVID-19 virus and its assiduous spread, showed another face of Romania. A girl from Romania who, beyond the certain problems regarding the human capital and the way of sustaining it with public money, is able to adapt in the context of social distance. She is able to withstand a new world order, oriented towards an era of digitization, of remote automation, in which the individual can still exist, even if the most important pillars of their previous life have changed.

Its newly identified valences must continue to be used, as a real gain today.

In the educational system, considering that we manage, slowly but surely, to continue the teaching and educational activities 95% online, we could reach an even finer digitization.

There could be dedicated applications that not only facilitate communication between the two camps, but which, moreover, act with viable and predictive tools of the learning process.

These applications may have interactive components that allow the learner to become emotionally involved with the subject in learning. It could be, in the same sense, that these interactive components allow the broadcasters to propose related learning methods, which will bring apprentices with a global image on the learning process.

A great lack of remote activities is the social component.

In this regard, no argument can be made to sweeten the negative effects on the emotional side of the individual, in view of the lack of social activities and the longing for socialization.

But, in the medium and long term, once the situation of spread will stabilize, we can discuss about a hybrid system, unconditioned and unforced, which is recommended by its competitive capabilities compared to the previous system, fully physical.

Secondly, as history has shown, automation was never a bad idea. Digitization and automation do not mean depriving individuals of the right to work, by replacing them with equipment, while reusing the resource in a more important area and

involving it more and more. Thus, the evolution should be sustained not only by the appearance of machinery, but also by the fact that the human resource will be able, in time, to be built in an even more qualitative resource.

Therefore, the current context of working from home not only shows its beneficial values in presenting tools that can make real changes in the field of learning. However, it also shows its valences in the fact that, willingly or unwillingly, individuals were forced to develop and digitize the socio-economic system even more intensely.

The public institutions were obliged to put forward quickly the development processes of the information systems, meant to print a new, digitized and automated character of the institutions, in relation to the persons and groups of persons to whom they address.

Private companies have also been forced to quickly put forward the development processes of the information systems in the pipeline and to renew or adapt the old ones.

The IT industry has prospered during this period and will continue to do so in the future, and the effects of this will generate even more diligent involvement in the labour market, which will be beneficial to everyone. First,, for the population actively involved in the IT market - because there will be a demand for work - and second, through the fact that the consumer population of the IT market will develop more and more in various directions.

Thirdly, and with great importance, we cannot give full importance to entrepreneurship. Indeed, direct damage is boundless. Here we are talking about small, medium or even large-sized companies that operate and produce services with a 100% physical component – both production and consumption. We are obviously discussing about tourism, HORECA, entertainment, culture (theatres, exhibitions, etc.), and many other aspects directly related to man, both to be produced and to be consumed.

On the other hand, we are talking about identifying new entrepreneurial areas. Need teaches us and pushes us to grab new paths and new ways. The need for the pandemic has revealed many topics with huge entrepreneurial potential. The extent to which the damages and gains will be balanced depends on the one hand on the economic and fiscal measures, meant to sweeten the suffering of the companies affected by the COVID-19 pandemic, and, on the other hand, on the openness of the population with entrepreneurial inclinations and capacity. Economic and fiscal policies provide them with a suitable framework to manifest.

The possibilities, in this direction of analysis, are unimaginable. The power of subject analysis and policy action is immense. It is up to the literature to bring them to the light of the public and to the decision makers to give them due importance.

4. Conclusions

In the current context of the pandemic caused by the emergence of COVID-19, developments are uncertain. The advantages, disadvantages, fears, benefits, are in a continuous oscillation, both in terms of directions and in terms of content.

The community opinion is depressive, in a permanent state of panic and fear of the future. Which, to some extent, seems natural in the light of the current experiences.

However, the stages of pandemic manifestation offer, at every step, new opportunities for adaptation – both for the individual and for community; both private and public; both viewed at the level of individual and at the level of economic agent.

Among these opportunities, in the direction in which social distance affects the labour market, is the new concept of "Work from anywhere". The concept of "Work from anywhere" is becoming more and more a reality in the context of digitalization more and more necessary.

The extent to which from the multitude of variables we will be able to choose the opportunities and to take advantage of them, in order to increase, to some extent, the satisfaction in this uncertain and unhappy period, depends on how we will understand, regardless of the level at which we discuss (public, private, physical, legal) that we are dealing with a constantly changing situation, and that adaptation and survival instinct require us to be receptive, open and to learn to embrace better or worse things.

References

- [1] Becker, G. S. (1994). Human Capital Revisited, January 1994, available online at <https://www.nber.org/system/files/chapters/c11229/c11229.pdf>.
- [2] Chung, H., Seo, H., Forbes, S., Birkett, H. (2020). University of Birmingham; Working from home during the COVID-19 lockdown: Changing preferences and the future of work; available online at <https://www.birmingham.ac.uk/Documents/college-social-sciences/business/research/wirc/epp-working-from-home-COVID-19-lockdown.pdf>.
- [3] Mincer, J. (1981). Human Capital and Economic Growth; Cambridge 1981, available online at https://www.nber.org/system/files/working_papers/w0803/w0803.pdf.