

# **The impact of COVID 19 on Romanian Employees and Companies from the Agri-food Sector**

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2020 is a reference year for humanity, with major changes for both citizens and companies around the world and implicitly in Romania in light of the 2019 Covid pandemic. The way it impacted us, both at the citizen level and at the company level, the way we approached it and adapted to it made the difference between adapters and misfits, between winners and losers, between job or unemployment, between profit or loss or even bankruptcy. I will analyse this behaviour with 2 instruments, Maslow's Pyramid and the Change Curve (Kübler-Ross), using both data delivered by official authorities and qualitative information obtained from my interviews, proposing models of success, good practice.

Keywords: Maslow, change, Company, Employment, COVID -19, Human resources, Agri-food

## **1. Introduction**

2020 is a reference year for humanity, with major changes for both citizens and companies around the world and implicitly in Romania in light of the 2019 Covid pandemic. The way it impacted us, both at the citizen level and at the company level, the way we approached it and adapted to it made the difference between adapters and misfits, between winners and losers, between job or unemployment, between profit or loss or even bankruptcy.

## **2. Brief literature review**

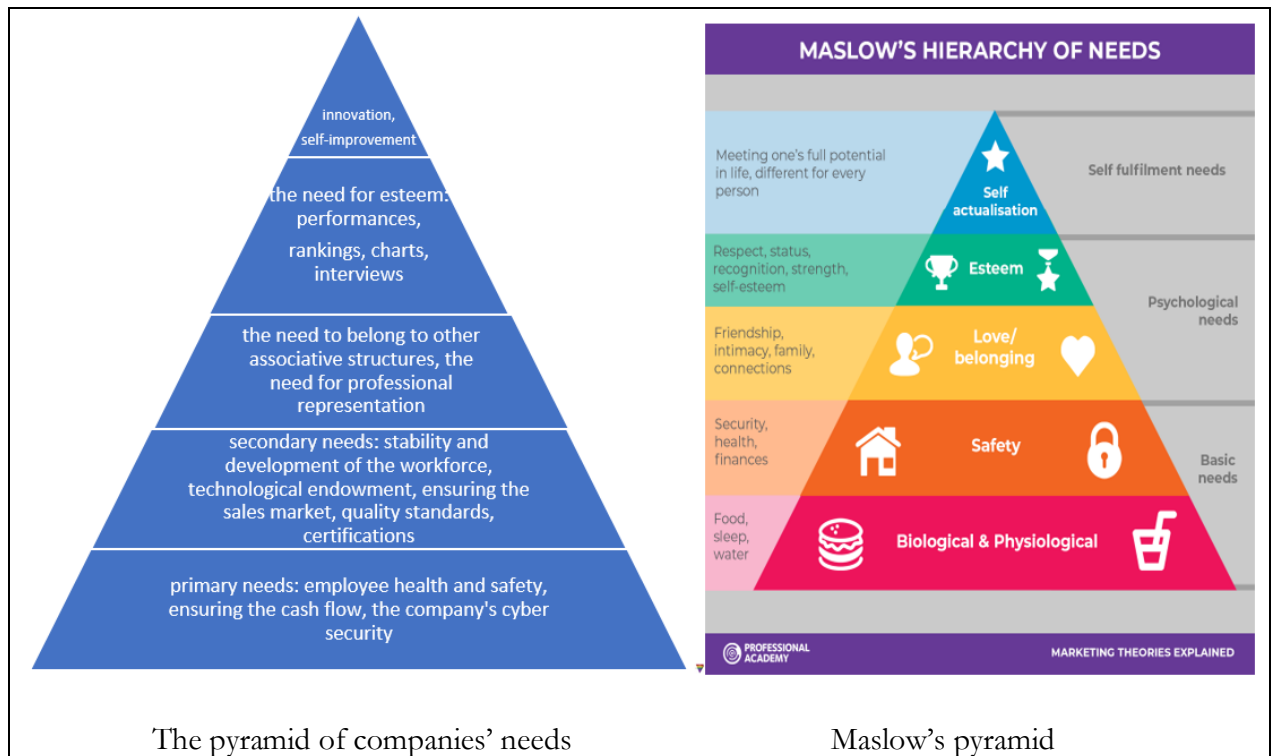
Before starting and in order to observe the change during Covid 19, I want to introduce two concepts to be used in this analysis: Maslow's Pyramid and the Change Curve (Kübler-Ross).

Maslow's pyramid was and is a benchmark in psychology, sociology, management and especially in human resources management.

Regarding the structure and composition of the categories of needs that make up Maslow's pyramid, they are ranked according to their importance in people's lives: physiological needs, the needs for security, belonging, esteem, self-development.

Physiological needs are the first category, which includes: the need for food – food and drink, the need for shelter – a place to sleep, the need for a comfortable environment – cool / warm, the need for health.

The needs for security represent a second category and include: the need for order, the need for justice, the need for stability, the need for job security / financial security, the need to stay away from dangers.



The need for belonging is based on the social character of man and includes: the need to have a family, the need to have friends, the need to join groups, ideas, the need to be accepted, the need for affection, the need to love and to be loved.

As we ascend socially and psychologically, we move to the next level of needs, namely the need for esteem, a category that includes: the need for self-respect, the need to achieve something / to achieve certain goals, the need for attention, the need for recognition, prestige, the need to build a reputation, the need to achieve the highest possible social status, to obtain a dominant position.

The need for self-realization is the upper segment of needs, the one that defines both a part of the inner and outer needs of man. This segment of needs contains: the need for knowledge and wisdom, the need for aesthetics and beauty, the need for truth and justice, the need for self-development, the need to reach / exceed the personal potential, the need for fulfilment.

If we extrapolate a hierarchy at company level based on Maslow's Pyramid, then we can segment: primary needs, secondary needs, needs for belonging, esteem needs, recognition needs, self-development needs.

The primary needs include the health and safety of employees, ensuring the cash flow necessary for the current activity, the cyber security of the company.

Secondary needs include the stability and development of the workforce, the technological endowment of the company, ensuring the sales market, quality standards, certifications, investment capital.

The need to belong to other associative structures, the need for professional representation, relies on the desire but also on the need for association based on common problems and, implicitly, on common solutions. Thus, representativeness in the economic and political environment becomes easier when a company is part of an associative structure. But, taking into consideration the fact that the members of the associations are people who also have different individual interests and personalities, then some structures do not work in the long run, sustainably.

The need for esteem is reflected in the performance of the results obtained by companies, found in rankings, charts and even interviews given to specialized publications, in the involvement in the preparation of the new generations (coaching, mentoring), or education, development projects.

The need for self-development is represented by the company’s capacity for innovation, market forecasting, self-improvement and periodic reinvention.

The change curve or the Kübler-Ross model shows that, when facing a major change, people go through four stages: denial, resistance, exploration and commitment (Iurcu., V, 2017, [www.managerexpress.ro](http://www.managerexpress.ro)).

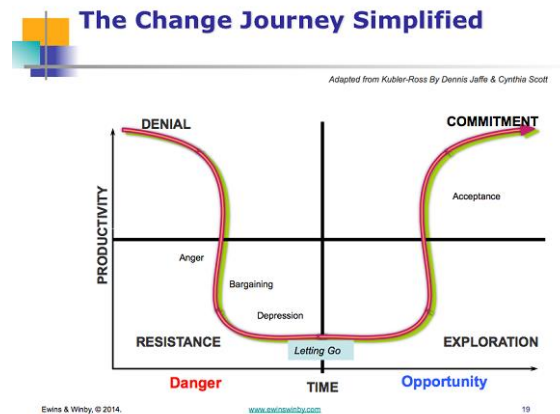


Fig.1-The change journey

Thus, in the first stage, of denial, we meet a state of shock, of denial, which on the part of the organization implies intense activities of communication, argumentation, clarification.

In the second phase, of resistance, employees struggle between accepting or not the change, oscillating between the 2 states, the negative and the positive. At this stage, it is recommended that the company representatives explain and encourage the change, show and demonstrate the benefits of change for each person involved in the process.

In the third phase, when the employee accepts the change and enters the commitment phase, then he has a slightly confident, positive tone, still keeping his reserve, his pessimism. The first effective actions, the first attempts and implicitly the first positive results appear. At this stage, the company encourages and offers permanent support and feedback.

In the last stage, that of exploration, people understand and become aware of the importance of change, see and enjoy the benefits of change, thus acquiring new skills, new abilities, positive results.

### 3. Aims

Using the 2 concepts, I will analyse the behaviour of employees and companies in the agri-food sector during the Covid 19 pandemic; we practically follow chronologically the evolution of Covid and, in parallel, the behaviour of the population and the measures taken by the authorities.

### 4. Methodology

To achieve the aim of the research, the authors conducted an exploratory survey among 150 respondents. This was based on direct personal interviews, between March and June 2020.

Secondarily, in order to dynamically monitor the evolution of Covid 19 and the measures adopted by the government at national and international level, we used press monitoring, attendance at various specialist conferences, official press releases.

## 5. Results

In order to do this, I propose to describe the scenario of the Covid 19 pandemic in Romania.

In December 2019, COVID 19 appeared in China, Wuhan, far from us, far from Europe. Many people viewed the information only as news, as something that was not possible in Europe. January-February 2020 – the first outbreaks appear in Europe: Italy, Spain, France.

On January 22, 2020, the Romanian Government announced several preventive measures, including the designation of six hospitals where patients who will be screened for the new coronavirus 2019 will be hospitalized. It was ordered to install thermal scanners in all airports, to detect passengers whose body temperature exceeds 38°.

On January 31, it was requested to supplement the stocks at the level of the Ministry of Health for biocides used for hand and surface disinfection and protective equipment necessary for medical staff, including the purchase of kits for the rapid diagnosis of suspicious cases.

These measures are found in Maslow's pyramid on the level of security, health. The population is calm.

February 28. The first case of Covid 19 appears in Romania. The Strategic Communication Group is established. The President of Romania has a public speech on COVID 19. The first false, confusing information appears.

Thus, it is tried to address the need for security in Maslow's Pyramid by call for calm, through a stable, permanent, open and reliable communication of the authorities.

March 2020 – the situation in Italy is escalating, with an increasing impact on the population. Quarantine appears for those who come from the affected countries. Authorities opened a TelVerde line.

At this time, the population is already acting according to Maslow's needs, by conserving its existing financial resources, stockpiling food and limiting contacts.

Companies initiate protection measures for employees, the first payment delays, the first suspended orders, the first supply and transport blockages already appear. Inevitably, there are chain delays in the economic circuit.

The companies in the agri-food sector protect their production units by limiting the access of external staff, by working in 2 shifts with an interval for disinfection. Thus, companies secure their business lines, implicitly human resources. Some companies announce technical unemployment measures, requesting state aid and thus protecting their human and financial resources.

Regarding the analysis through the prism of the change curve depending on the way it was impacted, each person or company had behavioural reactions within its limits. For example, employees of the affected companies either became unemployed or were fired, generating reactions of denial, frustration. It is premature to say that at this point the acceptance or performance part is clearly defined and stabilized.

The technical-scientific support group set up at the governmental level is established, which carefully monitors the situation in Romania and the National Committee for Special Emergency Situations. Schools are closed, the number of participants in various joint actions is limited. Fairs, public events, concerts are suspended.

Already, at this time, both the population and the companies act at the primary level of needs, there are blockages at the level of companies, the normal flow of activity is affected. Companies begin to study in detail countries that have already been impacted and take inspiration from their actions. Both companies and local, European and world authorities work with multiple scenarios.

The scenarios of the evolution of Covid 19 begin to appear. The force majeure, emergency state appears, where the population is isolated at home.

March 16, 2020. Romania enters the state of emergency. The authorities take measures, the population partially respects them. There are coercive measures, blockages, fines, lockdown.

Measures are taken for the population regarding the postponement of the payment of bank installments, of tax debts, including by offering bonuses for the advance payments.

On March 18, 2020, the first death in Romania caused by COVID 19 appears. This certifies the deadly impact of the virus, with reference to the security needs of Maslow's pyramid.

The population storms the supermarkets. There is panic, fear, there is a tendency to “overconsumption” in order to create food reserves for the family. Thus, there is a relatively positive impact on agri-food production in the context of an increased initial demand which determines an increased production, an increased profit for both producers and resellers. New sales channels are being developed, the online one being the most requested, generating an increased demand downstream to the online trading solution providers and implicitly to the IT sector.

There are blockages in the financial-banking sector through non-payment of installments, requests for deferral, the population conserving its financial resources.

Only the primary sectors work. Work at home is intensifying, which generates an impact on companies and employees, by changing the employee's behaviour, endowment with computing, which means investments for employers and profit for IT solution traders.

The secondary need of companies vs. the willingness to invest in IT solutions, even if they are small, makes the difference between moving on, adapting or not.

Apparently, everyone is considered a winner, both employees and employers, by decreasing monthly expenses and increasing labour productivity, reducing transportation time home-job. However, the working time increases and the difficulty appears, within the families with children, in managing the working time-time with the family balance, to the detriment of the family. The first frustrations appear as a result of the late and long online meetings, moments that negatively impact the family life, but, in time, these aspects self-regulate.

As travel restrictions are still in place, employees change their behaviour, develop new orientations, redecorate their homes to use them both as offices and as places of leisure with the family. All these have a positive impact on the market of construction materials, decorations, gardening, but also a negative impact on HORECA or the offline entertainment industry.

The population supply activities are programmed according to the risk of each age category. Cases in Romania and in other European countries occur, where the population remains without primary resources (food, shelter). Humanitarian gestures appear as responses from the people and companies that have not been affected: companies donate food, which means using another need in Maslow's pyramid.

In some countries, the medical system fails, regional outbreaks appear, with the impossibility of resolving them without victims. Human errors occur.

Thus, throughout this interval, we encounter a fluctuation of the population's orientation towards different levels of needs, depending on the external environment, this becoming the “new normality”.

APRIL 2020. The Ministry of Health confirms the first death from infection with the new coronavirus among the medical staff. Additional financial resources are allocated to the medical sector, including rewards for the medical staff.

Several criminal cases have been opened for foiling disease prevention, which means the access to another level of needs.

On April 14, 2020, the decree to extend the state of emergency by another 30 days was signed.



There are situations regarding the payment of rents both by inhabitants and by companies, with a predilection for economically impacted companies.

Governments begin to announce various aid schemes, to seek financial reserves, but the ability and speed are relative. Partly, political divergences seem to be disappearing, with governments oriented towards solutions. The first cases of illness also appear among public figures. Travel restrictions appear. Even so, there are situations in which the population does not believe. There is pressure from religious institutions and believers in terms of the organization of religious services on the occasion of the Easter holidays. Different treatment schemes are tried, with or without results, under the coordination of WHO. There are solitary approaches to prevention methods, namely Sweden. There are global political divergences, China is seen and blamed by the US as a generator of Covid. European financial institutions give free rein regarding healthy credit and indebtedness limits.

Thus, the companies are dependent on China in terms of production, looking for alternative solutions in Asia and Eastern Europe, but they encounter slight difficulties. The governments of the countries concerned are open to these opportunities, which can bring an infusion of capital into their economies.

The degree of spread decreases, the population gets used to the pandemic, the fear of infection still exists, which in the change curve coincides with reaching the acceptance threshold.

Companies implement work at home as a measure of adaptation, there are already positive signals in the change curve vs. employees, but the size of rents in workspaces or the adaptation of spaces in the new working context remains unclear.

The situation of office space is still unclear, with a negative impact on revenues and their stock market quotations (e.g. the shares of Globalworth Real Estate Investments, the largest owner of office space in Central and Eastern Europe, recorded a decrease of 42.2 from the beginning of the year), but it can represent an investment opportunity for certain capitalized investors.

The state of emergency ends; the law on establishing the state of alert for 30 days on the territory of Romania is passed on Friday, May 15, 2020, which implies a relaxation of the conditions and an acceptance on the change curve.

Companies emphasize their digitization activity; courses, web conferences, digital service providers, various applications appear – for example, PwC Romania announces the launch of an online tool that helps companies perform simulations of the impact of recent legislative measures recently applied in Romania in the context of the COVID-19 pandemic on labour costs.

During all this period, the only sector that was growing was the food sector, especially food retail and indirectly food production units. Retail networks have benefited from this momentum and have continued their plans for territorial expansion at national level, being a favourable period for them in attracting the available labour force.

The construction and construction materials sector is growing both due to the continuation of the activity and the transformation of housing into offices or due to the desire for modernization / adaptation / relocation in the urban environment. The migration to rural areas increases. Seasonal workers in the agri-food sector return to Romania for a while, mainly from Italy, Spain, France, Germany. Nevertheless, for financial reasons, most of them return to Germany, in special conditions, with charter flights, but also in minimum health security conditions, many of them becoming infected. There is a battle of German farmers for human resources in Romania and Bulgaria. Other countries such as Poland and Hungary have turned to Ukrainian workers.

Thus, in the pyramid of needs at the level of companies, there is a need for labour force, the employers being willing to make additional efforts not to lose their agricultural production and implicitly the sales market.

Certain activities are partially opened, with special operating regulations. Foreign holidays are cancelled, the tourists are looking for alternatives in Romania, with the afferent sanitary limitations. Thus, an external limitation or the increased costs of the tests necessary to enter other tourist countries (Greece) determined a new consumption behaviour, namely a domestic tourism, putting positive pressure on accommodation capacities in Romania, especially on the coast.

New remote jobs appear, the demand for IT specialists increases. The agricultural and food sectors are growing but there are no prospects based on unemployment and low incomes. There are changes in consumption, perceptions. Home delivery companies are growing (Foodpanda, Glovo, Bolt), and implicitly the related logistics activities, etc. The first signs of decline already appear, including in the field of food trade, while the foreign capital invested in Romania decreases by 62% in Q2 / 2020 compared to Q2 / 2019, according to the National Institute of Statistics.

A new trend in retail is identified, in generation Z; labels such as “made in Romania” or “eco-friendly product” count in the purchase decision, as shown by a study conducted by the organization Romanian Business Leaders, survey conducted between June 26 - July 2, 2020, on a sample of 969 Internet users and 142 small and medium companies in Romania.

Tech companies such as Google and Microsoft have announced either mixed work programs (50-50) or work programs entirely from home in order to reduce the risk of infection, adapting to both GDPR and information security rules.

Working from home becomes the new way of working, both in a hybrid system and in an integral system. New opportunities are emerging in terms of communication platforms (Google Meet, Zoom, etc.), as well as computer protection solutions. By default, there is an increase in computing technology. In Europe, paying partial rent for the home office or supporting the arrangement of the office are discussed.

In terms of the change curve regarding the adaptation of employees' behaviour to telework, a new challenge appears in the HR department, based on the need to socialize, to belong to an active group, namely the adaptation of energizing methods to the new, digital reality.

Thus, the activities dependent on their presence at the office (catering, office cleaning, etc.) are at great financial risk, based on a business model with a single pillar of support.

The population is getting used to the pandemic, it is considered that this is the new normal. Even the political struggles are resumed both in Romania and worldwide. The errors from the previous period are revealed and analysed. Elections are organized, economic scenarios are foreshadowed. The economy is affected, but in a differentiated way. The trend towards electric cars continues in the automotive sector, the basis being both the pollution war in 2019 and the low demand in 2020 amid the Covid 19 pandemic.

In September-October, the number of infections increases, the restrictions being gradually resumed.

In response, new programs are being launched to support the economy, in order to generate jobs, taxes and related duties, thereby ensuring the sustainability of the financial resources of the state and implicitly of the population. Thus, it is hoped that the facilities offered will help meet the primary needs of companies, even reorganize with new business lines (manufacture of masks, disinfectants - Taparo, Farmec, Oltchim), in order to both supporting the Romanian economy and reducing dependence on imports.

Regarding the labour market, many processes change: from the candidate's profile to the recruitment process, induction, training and motivation of new employees. Thus, the needs of Maslow's pyramid remain, but the way they are met differs from the past, they have mostly digital forms.

The labour market is changing under the pressure of the COVID-19 pandemic. If before the pandemic the labour market in Romania was led by the candidate, now the demand for jobs has exceeded the offer, and employers are now in a dominant position.

Young people are very affected, as they enter the labour market in a turbulent period, with few jobs and high unemployment. About 40% of young people in difficulty after the pandemic worked in the sectors most affected by the crisis, and 77% of them held insecure jobs. The most affected countries are Spain, Italy, France and Greece. About 40% of the young people who are experiencing difficulties and who have lost their income worked in the sectors most severely affected by the crisis, writes “Ziarul Financiar”.

Even the candidates’ behaviour has changed, in the sense that there are candidates, unemployed people, who apply for almost all jobs, regardless of job requirements, thus putting pressure on the HR department. Another category is represented by oriented candidates, who apply only for the jobs for which they have competencies. This last category also demonstrates a prudent, mature behaviour. The last category, of passive candidates, is represented by candidates who do not apply for jobs, they are oriented only towards the job, the results, the performance, their degree of fidelity being increased and being approached by recruiters through head hunting processes ([www.agribusinessjob.com](http://www.agribusinessjob.com)). Thus, their positioning within Maslow’s needs is very clear, from the basic need (food, income) in the case of the unemployed to the need for performance, self-development in the case of hunted candidates.

In the context of an unstable, unpredictable economic environment, companies allocate more resources to digitization, the development of an agile company, opening new key positions such as “chief transformation officer”.

Romanian employers report weak employment plans for October-December 2020. That is, only 11% of employers anticipate an increase in the total number of employees, 16% predict a decrease and 69% do not anticipate any change, according to the study conducted by Manpower. It is estimated that the greatest pressure on the economy and population will be felt in Q1 and Q2 2021.

For 2021, private companies anticipate an average increase in gross wages of 4.68% according to PWC, the PayWell 2020 study. In the context of the COVID-19 pandemic, CEOs place more emphasis on retaining key employees in the company, on health and digital transformation, show the results of the study KPMG CEO Outlook (<https://home.kpmg>).

In parallel, if we look at the unemployed who fail to find a job, they have to either look for a job in another country or start a business in Romania. Thus, a series of “necessity entrepreneurs” appear, category to which are added employees with an entrepreneurial profile, from multinationals, who identify new opportunities on the market. On Maslow’s pyramid, the latter are at a higher level, wanting to prove other valences.

About 22% of workforce activities across the EU (equivalent to 53 million jobs) could be automated by 2030, although this could be higher if the pandemic accelerates the pace of automation adoption – McKinsey Global Institute (MGI).

It is estimated that about 1,000,000 jobs were lost / suspended in Romania during the pandemic. Digitization and robotization will bring over 1 million new jobs in Romania by 2030, amid the fundamental changes the economy is going through, according to the estimations of analysts at Factory 4.0 & Frames.

## 5. Conclusion

Horizontal development, from a country exporting raw materials (wheat, corn, sunflower) to a food-producing country, both for domestic use and for export, can bring food independence, additional income, and can attract the available workforce, which can be retrained for a new job or starting a business.

The way in which the population, at individual level, responds to the challenges in the socio-economic environment impacts both their families and the companies in which they



work, each going through various change curves and responding to different levels of needs in Maslow’s Pyramid.

I believe and recommend that, during this turbulent period, companies work with multiple scenarios, show flexibility, analyse market opportunities and risks, communicate directly and openly with the employees, considering them more than a resource, considering them partners in business development through common welfare: salary-profit.

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