

THE **SABPP™**

FACT SHEET

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PREVAILING IMPACTS OF THE COVID PANDEMIC AND QE MONETARY POLICY

INTRODUCTION

Over the past months we have seen the shift in the national lockdown to Adjusted Alert Level 1 and the consultation on, and the introduction of, transitional measures as the National State of Disaster has been lifted (South African Government, 2022). Transitional measures are also being deliberated on and introduced within organisations. For example, there is the debate on the return to the office, on what forms of hybrid working arrangements are effective for employers and employees, and on how to configure spaces within the office (see the August 2021 and April 2022 Fact Sheets). In our social and personal lives, anecdotally, we do seem to see a relaxation in social distancing and the increasing return to socialising and various forms of social gatherings.

However, we need to consider the realities confronting us. We need to critically examine the prevailing pandemic and its various impacts. This includes the (unintended) impact of the monetary policy of quantitative easing (QE) adopted in many countries that aimed to mitigate the economic consequences of the pandemic and related lockdowns. The Fact Sheet discusses these prevailing impacts and suggests the need to differentiate these at different levels of analysis, and it also identifies the need to understand the differential impact on different segments of the workforce.

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REALITIES CONFRONTING US

Although we speak of relaxation and transitioning, there are increasing cases of coronavirus infections and we are probably confronted by a COVID fifth wave in South Africa and elsewhere. As noted in a Lancet article, in China we see that its “biggest city, Shanghai, has been hit with its worst outbreak, with hundreds of thousands of cases logged” (Yuan, 2022). However, the different waves have been characterised by different profiles in terms of hospitalisation, severity of symptoms and related physical disorders, and the effects on healthcare, the healthcare system, and healthcare management. Although there are different profiles, we need to recognise the post-COVID impact on individuals, families, and communities. This includes what has been termed as ‘Long COVID’ or ‘long-haul COVID’, which we will be discussed in the next section. We also should not see the pandemic in isolation and ignore the other chronic medical (including psychiatric) conditions as well as other viruses.

“While the COVID-19 risk has diminished in South Africa, it has not disappeared, and a resurgence of cases in recent weeks could weigh on the economy this year, say economists at Absa bank” (Business Tech, 2022a, published on 4th of May 2022)

“The silver lining in the data [that the Minister of Health released] is that, in contrast to the Beta and Delta waves, but like the original Omicron variant, new hospitalisations and deaths remain comparatively low. This comes with the caveat that there is typically a delay between infections and hospitalisations. [...] The [Bureau of Economic Research] also warned that health officials also expect a more aggressive seasonal flu virus and respiratory syncytial virus (RSV), which could have a detrimental effect on the healthcare system” (Business Tech, 2022b)

Regarding China, there are questions about the sustainability and unintended effects of its ‘zero COVID’ policy and lockdown measures. There are debates on how we need to and can continue to work and live with the COVID pandemic and its different waves over time. There are also considerations on the prevailing impact of the COVID pandemic at different levels. These range from the economic impact on global and national economies to the long-term effects on individuals such as ‘Long COVID’.

The long-term economic impact is compounded by the global shift in monetary policy, from quantitative easing to quantitative tightening, and increasing inflation (Antsey, 2022). Quantitative easing (QE) was introduced by some countries’ central banks such as the US, UK, Japan, and European countries. It was introduced in response to the financial crisis of 2008 and then to the negative economic impact of the COVID pandemic and the related lockdowns to manage the pandemic. It entailed the purchase of bonds and assets by central banks to provide stimulus to an economy. Now, the central banks are tightening their monetary interventions and plan to sell the purchased bonds and assets. And they are attempting to manage the increasing inflation in their individual countries with increasing interest rates.

“The U.S. Federal Reserve and its major counterparts in Europe, Japan, the United Kingdom and elsewhere pumped around \$12 trillion into the financial system to fight the economic fallout of the coronavirus pandemic, buying an array of assets and in some cases offering long-term loans to banks in a massive bout of quantitative easing” (Schneider and Schomberg, 2022).

IMPACT AT DIFFERENT LEVELS

Differentiating the prevailing impacts of the pandemic, the shift in monetary policy, and the inflationary environment at different levels of analysis can be helpful. It can assist us to develop a more systemic view of these impacts and how they may unfold over time. This can aid organisations with their environmental scanning and risk identification and management. It can help identify and understand the impacts on their business model, revenue, and costs as well as their employees. For example, organisations will need to understand the impact of continued waves of coronavirus infections in the context of a potential global recession with increasing supply-side costs. Another example is the impact of the increasing cost of living on employees' salary expectations and wellbeing.

The table below outlines some the prevailing impacts that HR practitioners should consider.

LEVEL	IMPACT
GLOBAL	<ul style="list-style-type: none"> • Continued waves of coronavirus infections across the globe • Diverging trends across countries of continued lockdowns such as China's 'zero COVID' lockdown or transitioning from these, which has implications for global travel, transportation of supplies, and infection patterns • Continued debates on vaccination, booster vaccinations, and safety protocols such as the wearing of masks • Continued disruptions of supply chains from infections and lockdowns, non-availability of labour, and shifting policies and measures against immigrants • Shifts in some of the central banks' monetary policy, from quantitative easing to quantitative tightening • Increase in interest rates globally • Global and local equity markets' sell off impacting on investment and retirement fund valuations • Concerns about global and local inflation and recession

LEVEL	IMPACT
NATIONAL	<ul style="list-style-type: none"> • Managing new waves of the coronavirus infections and the impact on the healthcare system • Managing the after-effects of COVID infections such as Long COVID • Managing inflation and its effects on cost of living for example • Concerns regarding the shrinking middle class and the economic and credit problems faced by middle and lower-income families • Shrinking tax base and government programmes and funding
ORGANISATIONAL	<ul style="list-style-type: none"> • Managing safety protocols and the so called 'safety fatigue', where individuals are not adhering to safety protocols due to complacency or feeling inconvenienced • Input cost increases across the business value chain and supply chain • Pressures for increases in salaries and wages due to the increasing cost of living, while facing pressures on cost reductions • Increased probability of strikes • Pressures for increasing days of remote working to manage the increasing transport costs • Managing employee wellbeing, including physical, mental, and financial wellbeing • Employee perceptions of their benefits from the organisation, including sick leave, medical aid, and life, disability and other forms of cover • Employee perceptions of the performance of their current retirement funds and what their future retirement funds will be
INDIVIDUAL	<ul style="list-style-type: none"> • Adjustment to, and management of, Long COVID (see textbox below for a description) • Managing the increasing cost of living and interest rates • Managing their own and their families' wellbeing, from financial to physical and mental wellbeing • Managing work and family dynamics with remote working and extended work hours • Managing their investment portfolios and the impact of the equity market sell off and potential recession on their investment and retirement funds' performance



Long COVID

Some of the persistent symptoms that individuals may experience after the infection with the coronavirus include “shortness of breath, cognitive dysfunction, which people call brain fog, as well as fatigue” (World Health Organisation (WHO), 2021). The symptoms can persist from three months to a year and more. The Center for Disease Control and Prevention (CDC) in the US provides the following pointers:

- “Post-COVID conditions can include a wide range of ongoing health problems; these conditions can last weeks, months, or years.
- Post-COVID conditions are found more often in people who had severe COVID-19 illness, but anyone who has been infected with the virus that causes COVID-19 can experience post-COVID conditions, even people who had mild illness or no symptoms from COVID-19.
- People who are not vaccinated against COVID-19 and become infected may also be at higher risk of developing post-COVID conditions compared to people who were vaccinated and had breakthrough infections.
- There is no single test for post-COVID conditions. While most people with post-COVID conditions have evidence of infection or COVID-19 illness, in some cases, a person with post-COVID conditions may not have tested positive for the virus or known they were infected” (2022)

The CDC provides the below structured list of possible symptoms, which is quoted verbatim from their cited webpage:

General symptoms

- Tiredness or fatigue that interferes with daily life
- Symptoms that get worse after physical or mental effort (also known as “post-exertional malaise”)
- Fever

Respiratory and heart symptoms

- Difficulty breathing or shortness of breath
- Cough
- Chest pain
- Fast-beating or pounding heart (also known as heart palpitations)

Neurological symptoms

- Difficulty thinking or concentrating (sometimes referred to as “brain fog”)
- Headache
- Sleep problems
- Dizziness when you stand up (lightheadedness)
- Pins-and-needles feelings
- Change in smell or taste
- Depression or anxiety

Digestive symptoms

- Diarrhea
- Stomach pain

Other symptoms

- Joint or muscle pain
- Rash
- Changes in menstrual cycles

One recommendation to address the identified long-term effects is for a multidisciplinary approach to the care of an individual with Long COVID.

“The care pathways should be multidisciplinary in nature, meaning that they can include your primary care provider as well as relevant specialist rehab professionals, social care workers, psychosocial workers, mental health professionals” (WHO, 2021).



See the National Institute for Communicable Diseases (NICD) webpage resource

Experiences of Persons with Disabilities in South Africa

While we differentiate levels of analysis, we also need to differentiate the impact of COVID in terms of different segments of the population. In particular, the marginalised and the vulnerable segments of the population. This was highlighted in a study by the National Council of and for Persons with Disabilities (NCPD), the Human Sciences Research Council (HSRC) and the Institute for Development Studies (IDS,UK). Some of the findings from the survey of 2000 persons with disabilities in South Africa include the following:

- “Of the 37% that were earning some kind of income through employment or other income generating activities, 35% have had these means of income disrupted either through reduced working hours, redundancy, shop closures etc”
- “Respondents indicated that they were stressed (60%) or depressed (above 50%) during lockdown”
- “Sizeable portion of respondents either indicated that they were physically or non- physically harassed by law enforcement agents” (NCPD, 2022)

In terms of the challenges with government interventions and public service delivery, the study found:

- “Almost half of respondents were not aware of government interventions or special assistance programmes, 45% indicated that disability services were interrupted” (NCPD, 2022)
- Where there were interventions, these were unfocused or insufficient
- There was little recognition of special needs
- Food insecurity doubled for some at times during the pandemic
- Electricity supply concerns for the use of assistive devices



IMPLICATIONS FOR HR

The prevailing pandemic and its various impacts will negatively affect organisations and the markets for their products and services as well as employees. The HR practitioner needs to help their respective organisation to systematically identify, understand, and manage these impacts, some of which were outlined in the previous table on different levels of impact. The HR practitioner needs to also help their organisation understand the differential impact on different segments of the workforce. This includes the differential impact on persons with disabilities and other marginalised or vulnerable persons and communities. The HR practitioner can help ensure that organisations take a multidisciplinary approach to healthcare and the management of Long COVID.

While attending to the pandemic and its impacts, the HR practitioner should not lose sight of the broader context and the long-term trends shaping it. The HR practitioner will need to contextualise the prevailing pandemic and its various impacts within the long-term trends that are shaping the future world of work. The SABPP has identified four themes to organise these trends and navigate our evolving context and the future world of work. These themes were identified in relation to the undertaking of the review of the HRM Standards. The four themes are presented in the table below. The table can provide the HR practitioner an organising framework to contextualise the pandemic, its impacts, and ways to manage it as the organisation meets the present and future demands.

THEME 1	Increasing importance of good governance in organisational sustainability (holding the purpose in an ever-changing world)
THEME 2	Embracing the future (understanding and managing the PESTLE forces shaping the future world of work, including 4IR, Web 3.0, metaverse, and pandemic)
THEME 3	Diversity, inclusion, and belonging. Overcoming exclusion, inequity (including digital divide) and discrimination
THEME 4	Rebuilding into a green, crisis-resilient, and sustainable future

CONCLUSION

While there are deliberations on transitional arrangements and we all seek some sense of 'normality' and perhaps relief given the safety fatigue, it is important to recognise the prevailing pandemic and its various impacts. The HR practitioner needs to take a systematic perspective and identify and understand the impacts at the different levels. This will help to prioritise and systematically manage these various impacts and the risks entailed for organisations and their employees.

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