

Impacts on Management Control Strategies During the Pandemic: A Review

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ABSTRACT: This review paper examines the impact of the COVID-19 pandemic on management control strategies. It emphasizes how important it is for businesses to respond swiftly to difficulties presented by the crisis through adopting agile ways and putting in place efficient management control systems. A review obtained by six pertinent research that each shed light on various facets of management oversight during the epidemic is presented. The first study focuses on how ethical and technical accounting considerations must be balanced in financial management during crises whilst the second study examines managerial control in pandemic situations. The third study deals with limiting and reducing the pandemic's consequences on the construction industry based on conducted surveys and the fourth study investigates how integrated information systems and management control promote SMEs' resilience. The fifth study focuses on how municipalities managed their performance during the pandemic. Finally, the sixth study uses a case study to examine the function of human resource development in crisis management. It talks about the effective management approach used by institutions in Dubai. The review's analysis of management control measures during the COVID-19 pandemic accentuates the importance of these strategies. It highlights the significance of striking a balance between ethical and technical considerations, developing resilience, improving collaboration and integration, and putting effective control systems in place. The study also aids organizations looking to successfully handle crises by providing insightful information on diverse industries and organizational contexts.

Keywords: COVID-19, pandemic, management control, organizational response, impact, management strategies, crisis management.

1. Introduction

Modern businesses encounter various obstacles, and it is essential to implement novel techniques and management strategies to promptly detect both risks and prospects. The COVID-19 pandemic, classified as a global crisis by the World Health Organization due to its new and highly contagious nature, has presented an unprecedented challenge. The coronavirus, a virus that surfaced in 2019 and was previously unknown, initially emerged in Wuhan, Hubei Province, China, and rapidly spread across China and the world. The pandemic's impact extends beyond the healthcare sector and affects the

worldwide economy. Since this ailment was novel and without any cure at the time of its onset, it forced many companies to alter their operations and expose pre-existing organizational issues.

The current crisis has brought to light the underlying issues within our organizations. The sudden shift to remote work has disrupted the work-life balance we had grown accustomed to, and it has become our new reality overnight. While working remotely is not a new concept, Covid-19 has accelerated the already-growing trend, which may even become a permanent feature. The pandemic's sudden emergence has placed significant pressure on global business activities. The consequences of the crisis for businesses have been just as swift as the virus's spread around the world, necessitating a quick response to issues such as employee safety, cash flow, sales, and supply chains. Covid-19 has intensified existing social disparities and become a great revealer. Business environments are under immense strain, and managers must react quickly and make operational changes.

In such situations, the most effective response is to adopt a higher level of control within organizations. Companies that rely on traditional management models are at a disadvantage in the face of the pandemic. Managers who have higher levels of control in an organization and a broader view of the management situation tend to make better decisions in complex situations. This is due to the increased amount of information, numbers, and calculations that they have at their disposal, allowing them to make faster decisions that can help the organization adapt to external influences and minimize uncertainty. Regardless of the business environment, controlling always plays an essential role in management as it provides managers with the necessary information for quality decision-making, analyzing past and present events to focus on the future. With technological advancements and globalization, traditional business models have become disadvantaged, and competitiveness has increased.

Controlling encompasses the overall business of an organization, including strategic plans and analyses, and is perhaps the most crucial function in dealing with organizational problems. The department responsible for controlling directly informs management about any changes. This process relies on defining strategy, ensuring long-term sustainability, and assessing risks. These factors are crucial for achieving the ultimate goals of growth, development, and profit that every organization seeks. For these factors to work effectively, it is important to enhance communication, learning, and experimentation, especially in strategy formation. Management control systems (MCS) have been identified as a key factor for management innovation by some researchers. Therefore, in situations such as a pandemic, unexpected and innovative strategies and efforts may be required.

2. The Impact on Industries

The COVID-19 pandemic, allegedly was brought on by the brand-new coronavirus SARS-CoV-2, started in late 2019 and quickly spread across the globe, having a severe negative influence on people's health, society, and economy (Haiwang Zhong, 2020). The World Health Organisation (WHO) reports that as of June 28, 2020, there were more than 9.6 million confirmed cases of the virus in 216 nations, regions, or territories, and the sickness claimed the lives of more than 491,000 people. Many nations have implemented a variety of social segregation measures, such as travel restrictions, city lockdowns, and work-from-home policies, to slow the spread of the disease (Haiwang Zhong, 2020). The pandemic has had a significant impact on businesses in a variety of industries, interrupting supply chains, decreasing customer demand, affected planning and control management processes, and requiring many

organizations to quickly adjust to the new environment and adopt more agile strategies to overcome these new obstacles (Teixeira, 2021).

The COVID-19 pandemic-related situation must be handled with the use of management control systems. These strategies assist businesses in addressing the difficulties and ambiguities caused by the crisis while minimizing its adverse impact on their daily operations. Management control systems are essentially intended as measures that managers take to ensure that their organizations perform at the highest possible levels, assisting them in adapting to changes in the external environment and achieving their goals by providing excellent results to the stakeholders and shareholders (Teixeira, 2021). Some businesses create their plans by concentrating mostly on the preparation or response stages, which may not necessarily be the best strategy. A strategic action plan that considers the phases of preparation, response, and recovery all at once can more successfully lessen the effects of COVID-19 on supply chain operations.

Therefore, to better manage large supply chain disruptions (e.g., natural disasters, man-made disasters, pandemics), supply chain stakeholders must devote enough attention to the planning of preparedness, reaction, and recovery operations (Javid Moosavi, 2022). Besides, collective experience and information are significant resources to reduce catastrophe risk and boost disaster resilience. For example, Indonesia has conducted a study to explore knowledge implementation approaches for handling disasters and the COVID-19 pandemic in Indonesia (Rina Suryani Oktari, 2023). Given the lack of understanding and awareness surrounding COVID-19, coordination and synergy are crucial to produce knowledge about it. Because of the knowledge gap between scientists, politicians with the information to design policies, and health practitioners with operational experience, each party overlooks or even avoids learning about the knowledge of the other parties.

Anyone with the authority to disseminate information about COVID-19 should utilize a knowledgeable management system, according to the idea that can be used to filter the most accurate information. Because of this, someone who cannot fully comprehend COVID-19 cannot teach someone else how to handle COVID-19 (Rina Suryani Oktari, 2023). To overcome these obstacles, organizations had to be flexible, quick, and creative in how they went about putting management control measures into practice. Organizations can improve their capacity to successfully navigate the crisis and achieve their desired objectives by recognizing and proactively addressing these obstacles (Mohammad Raoufi, 2021).

3. Comparison of Methods and Facts Through Targeted Studies

The narrative review utilized PubMed, Scopus, and Google Scholar as databases for selecting relevant articles. The keywords employed were COVID-19, management, and pandemic. Inclusion criteria involved peer-reviewed journals, research articles, and reviews, while opinion pieces and letters to the editor were excluded. Initially, there were 27,960 papers from PubMed, 44,320 papers from Scopus, and 929,000 papers from Google Scholar. To manage this large number of articles, the search was narrowed down using the term "management control" instead of "management." Subsequently, the selection process yielded 23 articles from PubMed, 41 articles from Scopus, and 5,700 articles from Google Scholar. The content of these articles was evaluated by a single author, and to ensure the quality of selection, the process was repeated.

The study selection began by removing duplicate records, followed by screening titles and abstracts to exclude irrelevant studies. The inclusion criteria required titles or abstracts to include COVID-19 keywords in combination with terms like management control, organizational response, impact, management strategies, or crisis management. Further screening included checking for free full-text availability in English. If available, the abstract and conclusion were reviewed, and the type of article was assessed. Case reports, review papers, conference papers, and letters to the editor were excluded. Ultimately, six pieces of literature were selected. The narrative scanning also considered carefully the methodologies used in each study towards the samples targeted encompassing operational and geographical proportions in terms of practice, location, significance of impact, and investigation of alternatives.

4. Findings

This study focuses on six results of previous studies that discuss "A Review on the Impacts on Management Control Strategies during the Pandemic". The first study is "Coping with the COVID-19 Pandemic; the Technical, moral, and facilitating role of management control". The second study is "Assessment of Management Controlling in Pandemic Times". The third study is "Identifying Actions to Control and Mitigate the Effects of the COVID-19 Pandemic on Construction Organizations; Preliminary Findings". The fourth study is "The Role of Management Control and Integrated Information Systems for The Resilience of SMEs". The fifth study is "Building a Better System for Today and Tomorrow; Municipal Performance Management during the COVID-19 Pandemic". The sixth study is "Exploring the role of human resource development functions on crisis management; The case of Dubai-UAE during Covid-19 crisis".

a. Coping with the COVID-19 Pandemic; the technical, moral, and facilitating role of management control:

In this paper, various instances were examined to illustrate the utilization of management control mechanisms amidst the COVID-19 pandemic. These instances encompassed a food retail company in Italy that implemented enhanced health and safety protocols, a retail enterprise that utilized management control mechanisms to monitor the financial consequences of the COVID-19 lockdown, and an Italian cooperative system that collaborated with non-profit organizations and local municipalities to implement solidarity initiatives for community support. The study emphasizes the significance of maintaining a balance between the ethical and technical aspects of accounting in financial management during crises. Furthermore, it underscores the importance of reinforcing the interconnected effects among control mechanisms (Passetti et al., 2021).

b. Assessment of Management Controlling in Pandemic Times:

The authors demonstrated that improved collaboration among different departments and areas leads to increased accessibility of internal, external, financial, and non-financial information. This integration plays a crucial role in the model, even during a pandemic. The examination of the second important aspect, namely the timeline, affirms that increased timeliness does not necessarily result in enhanced availability. This finding contradicts previous evidence and theories, challenging the notion that uncertain environments accelerate business processes. Although integration remains consistent during times of crisis, the shift to remote work conditions reduces the promptness of reporting

gathered information, necessitating the development of new control models for unpredictable situations (Galić et al., 2021).

c. Identifying Actions to Control and Mitigate the Effects of the COVID-19 Pandemic on Construction Organizations, Preliminary Findings:

The researchers discussed the results of a survey conducted in June 2020 to identify the impact of the COVID-19 pandemic on construction organizations and to determine critical actions needed to control and mitigate the effects of the pandemic. The survey collected data from 43 respondents from different construction organizations in Canada, the USA, and other countries. Most respondents were between 50 and 69 years old and had more than 20 years of experience in the industry. The survey identified the top ten actions needed to control and mitigate the pandemic's effects, with health and public health directives comprising six of the top ten actions. The top five categories of actions identified were health and public health directives, other issues, workforce, communication, and suppliers and subcontractors. The findings are based on preliminary data, and more data are required to develop a response plan for short-, medium-, and long-term planning for this and future pandemics (Raoufi & Fayek, 2021).

d. The Role of Management Control and Integrated Information Systems for The Resilience of SMEs:

This paper investigated the resilience of small and medium-sized enterprises (SMEs) during the COVID-19 pandemic, focusing on the influence of management control, integrated information systems, ICT systems, and financial resources. The study found that certain factors such as budgeting, business continuity tools, the availability of supplementary financial resources, and the resilience of the entrepreneur positively influence the resilience of SMEs. SMEs with a high intention to use ERP systems also had high resilience levels. However, ICT use for smart working was not statistically significant. The models were subjected to robustness tests, and the results were arranged in homogeneous subsets of data to consolidate the explanatory value of the results (Roffia & Dabić, 2023).

e. Building a Better System for Today and Tomorrow; Municipal Performance Management during the COVID-19 Pandemic:

The authors discussed how implementing good management practices and systems can help jurisdictions better respond to crises like the COVID-19 pandemic. The authors surveyed municipal department directors in North Carolina to analyze changes in performance management practices during the pandemic. The results showed that municipal departments increased their use of performance information analysis and use during the pandemic compared to the previous year. Departments that engaged in performance management activities before the pandemic were more likely to increase their use of them during the pandemic (Pasha & Jacobson, 2022).

f. Exploring the role of human resource development functions on crisis management; The case of Dubai-UAE during Covid-19 crisis:

This paper explored the impact of Human Resource Development (HRD) functions on crisis management during the Covid-19 crisis in public entities of Dubai-UAE. The study found that training and organizational culture had a direct positive impact on the efficiency of crisis management during

the Covid-19 crisis in public entities of Dubai-UAE. However, organizational structure, values, and uniqueness did not show any impact on crisis management. Leadership and organizational strategy had a moderate impact on crisis management. The study highlighted the importance of HRD functions in crisis management (Alketbi et al., 2022).

5. Summary

These research articles focus on the role of management control in dealing with the COVID-19 pandemic and its impact on various industries. The first article (Passeti et al., 2021) highlights how management control mechanisms were crucial in coordinating operations, ensuring safety, monitoring outcomes, and supporting the community during the crisis. It also discusses the relationship between the moral and technical aspects of management control. The second article (M. Galić et al., 2021) emphasizes the importance of the management control system in making accurate decisions, particularly during crises, and explores employees' experiences with remote working. The third article (Raoufi & Fayek, 2021) provides recommendations for construction organizations, such as monitoring public health announcements, prioritizing employee safety, and assessing supply chain risks.

The fourth article (Roffia et al., 2023) discusses the influence of management control tools and supplementary finance on the resilience of small and medium-sized enterprises during the pandemic. The fifth article (Pasha & Jacobson, 2022) highlights three key factors that organizations should learn from: investing in beneficial management practices, integrating them into routines, and utilizing performance information. Additionally, the study emphasizes the importance of implementing effective management practices and utilizing performance information to enhance decision-making. The sixth article (Alketbi et al., 2022) focuses on the lack of effective coordination in crisis management teams in the UAE and highlights the importance of developing a successful management strategy, particularly in the tourism industry. Overall, these articles provide insights and suggestions for organizations to navigate and manage crises effectively during the COVID-19 pandemic.

6. Conclusion

This review broadens the insight towards potential strategies and future studies on impacts of the global pandemic on various management strategies and prospects of control. The six papers were carefully selected based on method in relevance, time vicinity and suggested contributions. It explored different case studies and reviews that discussed the matter in relevance with references to SMEs, Construction organizations, food retails operatives considering the diversity of managerial styles and control strategies towards each field of operations and different functional capacities. The results offered theoretical and practical approaches to achieve resilience and construct strategies in the field of remote communication and effective crisis management to be put in place and to help accommodate such unforeseen situations. It also opens doors to future work on developing models and further studies on management control systems. Furthermore, this study expands the prospect to conduct longitudinal analysis on the gravity and trending achievement in perception to better measure progression of implemented resolutions over time.

Conflicts of Interest

There are no conflicts to declare.

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