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THE COVID-19 PANDEMIC AS A STRESS TEST OF THE MANAGEMENT SYSTEM IN MODERN REALITIES

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The COVID-19 pandemic has significantly transformed organizations around the world. Due to the constantly changing situation and the emergence of new threats, the methods of enterprise management are undergoing significant changes to adapt to new conditions. One of the most notable innovations was the massive shift of companies to telecommuting. The result of this transition is quite significant changes in management practices that require serious analysis and reflection. It is therefore necessary to understand the essence of the changes, the extent to which these changes are in line with the trends, their sustainability, and the prospects for their further application.

The COVID-19 pandemic played a role of stress test for enterprise management systems and revealed several problems.

This article analyzed the problems of the company management system caused by the coronavirus pandemic. It has been demonstrated that mass introduction of remote work has prospects of further development. The changes in the functions of managers and in the structures of management of companies have been studied. Possibilities of broad development of self-government have been considered.

Keywords: pandemic, stress test, management, activity, enterprise, remote work, crisis, personnel.

COVID-19 ПАНДЕМИЯСЫ ҚАЗІРГІ ЗАМАНДАҒЫ МЕНЕДЖМЕНТ ЖҮЙЕСІНІҢ СТРЕСС-ТЕСТІ РЕТІНДЕ

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COVID-19 пандемиясы бүкіл әлемдегі ұйымдардың қызметін айтарлықтай өзгертті. Жағдайдың үздіксіз өзгеруіне және жаңа қауіптердің пайда болуына байланысты кәсіпорындарды басқару әдістері жаңа жағдайларға бейімделу мақсатында айтарлықтай өзгерістерге ұшырайды. Ең маңызды жаңалықтардың бірі компаниялардың қашықтан жұмыс істеуге жаппай көшуі болды. Бұл ауысудың нәтижесі менеджмент тәжірибесіндегі айтарлықтай өзгерістер болып табылады, олар байыпты талдау мен түсінуді қажет етеді. Осыған байланысты, өзгерістердің мәні неде екенін, осы түрлендірулер қазіргі тенденцияларға қаншалықты сәйкес келетінін, олардың қаншалықты тұрақты екенін, оларды одан әрі қолдану-

дың болашағы қандай екенін түсіну қажет.

COVID-19 пандемиясы кәсіпорындарды басқару жүйелері үшін ерекше стресс-тест рөлін атқарды және бірқатар проблемаларды ашты.

Бұл мақалада коронавирустық пандемиядан туындаған компанияларды басқару жүйесінің проблемалары талданды. Қашықтан жұмыс істеуді жаппай енгізу одан әрі дамуының болашағы бар екендігі көрсетілді. Менеджерлердің функциялары мен компанияларды басқару құрылымдарында болған өзгерістер зерттелді. Өзін-өзі басқаруды кеңінен дамыту мүмкіндіктері қарастырылған.

Негізгі сөздер: пандемия, стресс-тест, менеджмент, қызмет, кәсіпорын, қашықтан жұмыс, дағдарыс, қызметкерлер.

ПАНДЕМИЯ COVID-19 КАК СТРЕСС-ТЕСТ СИСТЕМЫ МЕНЕДЖМЕНТА В СОВРЕМЕННЫХ РЕАЛИЯХ

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Пандемия COVID-19 существенно изменила деятельность организаций во всем мире. В связи с непрерывным изменением ситуации и появлением новых угроз, методы управления предприятий претерпевают значительные изменения с целью адаптации к новым условиям. Одним из наиболее заметных нововведений стал массовый переход компаний на удаленную работу. Результатом данного перехода являются довольно существенные изменения в практике менеджмента, которые требуют серьезного анализа и осмысления. В связи с этим, необходимо понять, в чем заключаются суть изменений, в какой мере данные преобразования соответствуют сложившимся тенденциям, насколько они устойчивы, каковы перспективы их дальнейшего применения.

Пандемия COVID-19 сыграла роль своеобразного стресс-теста для систем менеджмента предприятий и вскрыла ряд имеющихся проблем.

В данной статье были проанализированы проблемы системы менеджмента компаний, вызванные пандемией коронавируса. Продемонстрировано, что массовое внедрение удаленной работы имеет перспективы дальнейшего развития. Изучены произошедшие изменения в функциях менеджеров и в структурах управления компаниями. Рассмотрены возможности широкого развития самоуправления.

Ключевые слова: пандемия, стресс-тест, менеджмент, деятельность, предприятие, удаленная работа, кризис, персонал.

Introduction. The COVID-19 pandemic show signs of a landscapescale crisis – an unexpected event or sequence of events of enormous scale and staggering speed, leading

to a high degree of uncertainty. This situation is disorienting, creating a sense of loss of control and a powerful emotional shock.

It is too early to sum up the results of the Covid-19 pandemic, but its various consequences for the global economy have already become quite clear. One of the most notable effects has been the rapid mass transition to remote work. If at first such a transition could seem like superficial fluctuation that does not affect any important characteristics of economic life, today it is clear that this is not the case. As a result of this phenomenon or in connection with it, there have been quite significant changes in management practice that need serious consideration.

The circumstances of the COVID-19 pandemic make extraordinary demands on executives. The global scale of the disease and the absolute unpredictability of the economic situation make business decisions difficult.

Modern conditions serve as a tough exam for the management of companies. Those who passed it successfully have all the chances to successfully overcome the crisis. In turn, the mistakes of top managers and their wrong actions during the crisis inevitably lead to problems and pose risk of bankruptcy. The pandemic has demonstrated the need to develop new approaches to managing companies.

The relevance of the article is that in the modern world economy there is a pronounced need to introduce a well-organized management policy and management economics, based mainly on the management of already implemented socio-economic models and mechanisms, as well as on the constant identification of new ways and solutions in various stages. The correctness of the choice and the correct organization of such management decisions determine the potential success of the organization in overcoming crisis situations.

Materials and methods. Correct strategic planning, which consists in working out probable ways of developing a crisis, is the basis for solving problems that constantly

arise at critical times in the field of managerial economics. It allows the company to quickly reorganize existing mechanisms and introduce progressive solutions to get out of the current situation. With the onset of the crisis, companies are faced with unforeseen expenses, a slowdown in the turnover of financial resources, a decrease in demand for goods and services, as well as other negative consequences associated, among other things, with the economics of management. Managers are faced with a serious task of reconstructing the crisis management system for the current conditions, which consists in constantly improving approaches to economic aspects and administration.

Simultaneous improvement of strategic management processes and methods of anti-crisis stimulation of production significantly reduces the vulnerability of the organization in destabilized times. The crisis is considered in this provision as an event that goes beyond the boundaries of the standard course of economic and political trends, which leads to the instability of the market and organizations. A current example of such an event, of course, can be called a pandemic, which negatively affected all spheres of human activity. The complicated epidemiological situation has dealt a severe blow to the global economy and company management methods. One of the main principles of the plan of anti-crisis economic management lies in the philosophy of the management of companies to overcome crises. To identify solutions in such cases, managers must work at an accelerated pace, as there are time and resource constraints, and all necessary actions and proactive decisions must be taken in a timely and efficient manner.

Results and discussion. The pandemic has shown the need for change in the company's management. Firstly, the middle managers, whose traditional activities have begun to

lose relevance, should be noted in advance that the range of tasks of the members of this group is largely blurred, depending on the characteristics of the organization; What is undeniably universal is only their common role as a kind of intermediary between lower and higher managers. It includes the distribution of top management tasks to subordinates, the creation of the necessary conditions for their work, control over their actions and informing managers about the fulfillment of tasks. Although different types of leaders solve these problems by different methods, significantly differentiating their content, the essence remains practically unchanged. So, remote work has significantly reduced the importance of all these functions.

There are reasons to believe that this is a long-term phenomenon, not limited to the covid period. In support of this position, the executive director of the Future Forum consortium, B. Elliott, gives the following arguments [1]: the transition from a rigid workday framework to flexible schedules makes it possible to cope much better with a number of problems that are

relevant for employees and for the company as a whole; a significant part of communications is transferred to the digital environment, which simplifies them and makes them more transparent; the widespread use of digital tools facilitates the control. Indeed, businesses have realized that physical presence in the office is not a prerequisite for successful operation; as a result, a study conducted in May 2021 [2] showed that 70% of companies planned to switch to a hybrid model combining office and remote options, and many have already made this transition (for example, Adobe, Salesforce, Spotify, Twitter).

According to the annual report Work Trend Index published in March 2021, 66% of employers around the world are reconfiguring office spaces to accommodate hybrid workplaces. Additionally, the World Trend Index report shows that 73% of workers want to keep the options of distant work. At the same time, the survey illustrates that 67% of employees want more in-person work, which will require employees to return to the offices [3].



Picture 1- The results of Work Trend Index survey [3]

Also, surveys of office workers from 6 countries (USA, UK, France, Germany, Japan, Australia) show that they are ready to maintain a flexible work model even after the pandemic is over [4]. As part of the annual FlexJobs survey, conducted from July to August 2021, 58% of respondents reported that they want to work completely remotely after the pandemic, and 39% – under the conditions of a hybrid model [5]. This implies the prospects for transferring communications and control to a digital environment: if the remote format and flexible schedules are widely distributed, then the mass digitalization of these two functions is inevitable.

However, it would be wrong to say that we are dealing with something fundamentally new: the epidemic spurred on this transformation, made it more visible, but did not become its root cause. Flexible work schedules have been used for several decades in different countries, C. Handy identified the most important advantage of working outside the office is the ability to “reorganize the work process so that it best suits what we want way of life” [6, p. 192].

Personal computers began to influence the work of middle managers from their very appearance in the 80s of the twentieth century, including their interaction with both managers and subordinates. Computers “eliminated some of their functions and changed others, enabling senior managers to receive information directly at their desks directly from the source, instead of filtering it at the level of middle managers” [7, p. 43]. At the same time, “there is no need for scheduling, coordinating work tasks, planning current production tasks, transferring strategic information, since these administrative functions are successfully implemented by computer systems and work groups without the participation of middle management” [6, p. 68]. By the way, it is hardly coincidental that during this period it was “middle managers as

a social group that experienced a particularly strong influence of various economic and technological changes in production” [4, p. 43].

L. Gratton, founder of the HSM consulting company predicted that the classic job of a middle manager would soon disappear, because, on the one hand, new technologies provide instant feedback, and on the other hand, everything self-managed teams are becoming more widespread. Her research showed that Generation Y workers “do not see the point in reporting to someone who simply monitors what they are doing” [8]. Even 10 years earlier, K. Klok and J. Goldsmith announced the inevitability of a radical change in managerial work: “Functions traditionally attributed to the competence of the middle management gradually die off as soon as the organization begins to consistently simplify the management structure and form self-managed teams » [9, p. 109].

Thus, we can talk about the acceleration of long-established trends: history – at least in relation to the area under consideration – has not changed direction, it’s just that the future has come earlier.

On the other hand, managers will not be left without work, just as they were not left without it during the implementation of the ideas of F. Taylor and with each subsequent rethinking of the basics of employee motivation. Traditional tasks are being replaced by new ones: developing operational norms and workflows for their teams that do not depend on synchronous face-to-face communication; remote rallying of teams, which involves “creating and maintaining strong social ties, agreeing on a common mission and vision” [2]. The previously mentioned millennials, rejecting administrative control, highly value “mentoring and coaching from those they respect” [8] – these functions create the basis for effective management in the new conditions and cannot

be shifted to any on whose shoulders.

At the same time, some reduction in the total number of middle managers is still very likely, since the tasks that come to the fore place higher demands on their qualifications, but do not require them. The resources of organizations should be spent “on supporting a small group of passionate leaders” [2], and this happens by saving on transactional leaders, the need for which is reduced. This process, which can be called a vertical contraction of organizations is intensified by their horizontal compression – a reduction in areas of activity and a corresponding decrease in the number of full-time employees due to the transfer of part of the function’s freelancers and outsourcing. “Price wars and the struggle for quality are forcing companies to reduce staff to a minimum number of employees whose only function is to serve the needs of customers, and a small core of managers who perform the functions of finding and retaining consumers” [4, p. 33]. Both processes lead to the fact that organizations become flatter.

The trends under consideration are not universal, manifesting themselves in different ways depending on the characteristics of the country, industry, type of activity, period. Thus, according to a study published in June 2020 by J. Dingel and B. Neiman, in the United States, one of the world leaders in the use of the remote work model, it can be used in 37% of jobs from their total number, primarily – in information technology, education, law, financial transactions, management, architecture and engineering, trade, entertainment, mass media [9]. The global number of freelancers before the pandemic was estimated at 160 million people. [2]; at the beginning of 2020, the total demand for their services fell by 32%, but the market quickly recovered and continued to grow [10].

So, moving to remote work of full-time employees, expanding freelancing and the

formation of self-managed teams – these are three processes that actively influence the activities of middle managers, and they act in the same direction. However, their development does not say anything definite about the expected results since they depend on the specific features of the management paradigm and the context of its implementation.

The pandemic has also raised the issue of employee self-government and management credibility. Leaders need to abandon the seductive in its simplicity ideology of the power vertical, which excludes initiative and implies a lack of trust: “In order for a flat structure to work effectively, you will have to make great efforts and help ordinary employees make the right decisions, and not punish them for mistakes” [11, p. 126]. Indeed, very serious efforts are required here, since it is necessary to create comprehensive conditions for the systematic involvement of employees in management activities and, in addition, to radically change one’s own understanding of this activity. It is difficult to say how much such restructuring is possible within the same person, but in a competitive environment, the effectiveness of the organization takes precedence over the character and persona of the top executive – even if he is also its owner.

Another prerequisite, equally necessary – the willingness of employees to make decisions on their own – is determined by several circumstances, among which again appears trust. We note right away that distrust of the leadership practically excludes such a model: behind any innovations one sees deceit, “following the proposed path is the same as cutting the branch under oneself,” etc. Even if you first accept such a “Trojan horse” as a gift, contradictions will inevitably come out, and the conflict can be unleashed from any side. The opposite situation – significant trust – can lead to two opposite results. On the one

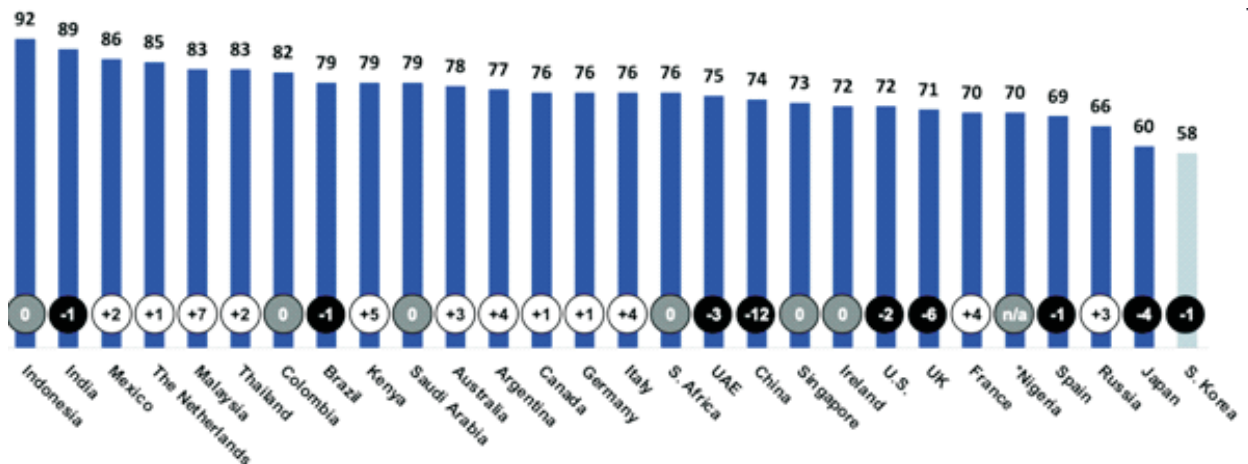
hand, employees do not doubt the seriousness and thoughtfulness of the expressed intentions, that the new management concept will benefit them; on the other hand, in case of their social immaturity, they can, even unconsciously, sabotage its implementation.

K. Klok and J. Goldsmith give an example of an organization where, in connection with the creation of self-managed teams, the middle management was abolished – and this was opposed by employees who were used to receiving detailed instructions and, “feeling their insecurity and certain risks, were seriously concerned about the risks of making mistakes” [6, p. 37-38]. Of course, such curiosities are unpleasant, but the resistance is overcome by enlightenment, if competent explanatory work is carried out; but distrust is more difficult to deal with – it requires, among other things, a long time. Thus, the higher the trust, the greater the chances for the effective use of flat structures and for the positive effect of the implementation of the processes under consideration.

According to the 2021 edition of the annual Edelman Trust Barometer report [12], 76% of survey participants in 28 countries trusted their

employer – this is more than business (61%), non-governmental organizations (57%), government (53%) and the media (51%); by country, this figure ranges from 58% in South Korea to 92% in Indonesia. In terms of personal trust, here, on average, company executives ranked second among their employees (63%) after scientists (73%), ahead of other company executives (48%), journalists (45%), religious leaders (43%) and government leaders (41%). Information from their employer is trusted by 61%; it is noteworthy that only 44% of the respondents trust the information about the company coming from its first person.

The above results suggest that in this aspect there are opportunities for the global application of flat structures, since much more than half of the participants in a representative survey gave the necessary answers for each of the countries, or at least on average for their entire population. And yet, given the inevitable conventionality of such conclusions, it makes sense to supplement the assessment of the situation with a more general characteristic, namely, the average level of trust in public institutions in a given country. But here the



Picture 2 – Trust in my employer in 27 countries [12]

picture changes: separate calculations for advanced participants (criteria: age, education, income, interests) and others revealed, firstly, a significant gap between these two groups (16% on average), second, leadership in both groups of Asian countries (China, India, Indonesia, Saudi Arabia). In addition, almost half of the countries in the second group fell into the zone of distrust (below 50%): these include the UK, the USA, Japan, Brazil, France, etc.

All this remains relevant for management in the absence of constant personal contact with employees, even without flattening the structure. Stating that such organizations are built on trust, Ch. Handy asks a rhetorical question: “But how can you trust someone you don’t know, who is not committed to the goals of the organization, who can let you down?” [11, p. 220-221]. It is difficult to disagree with the fact that “in the absence of a common goal, the private tasks of employees come to the fore. If teleworkers think they are only working to enrich some unknown shareholders, they are unlikely to do more than what is required of them” [11, p. 221-222]. In this regard, however, another question arises: why does an organization need employees to do more than is required? Perhaps this is generally an accidental reservation, which should not be given much importance?

For employees to conscientiously follow the goals and mission of the company, it is required not only to be aware of them, but also to accept them as the highest priorities of their own activities. Neither one nor the other

will arise by itself – independence expands the range of possible actions but does not affect their direction in any way; the idea of self-management, designed to maximize the potential of employees and, thereby, increase the competitiveness of the company, can give rise to separatist sentiments, and ruin the company. It poses new challenges for management.

Conclusion. The global pandemic of coronavirus has affected all spheres of human activity and drew attention to shortcomings and weak links in them. Management decisions taken in such difficult times for all require professionally trained specialists and a qualified management system both at the level of a particular company and at the level of entire countries. The high pace of technological development in the IT sector and communications has opened new opportunities for solving the problems of management economics and ensuring stability at all production levels of organizations.

The COVID-19 pandemic is testing the strength of leaders in companies and organizations in all sectors around the world. Its effects are likely to last longer, and present greater difficulties than initially expected. However, the pandemic has already demonstrated the need for changes in the management of companies. The remote work has development prospects but will entail changes in the company’s management structure. At the same time, remote work raises the issue of self-management, and trust between employees and managers.

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