

THE IMPACT OF THE COVID-19 PANDEMIC ON ORGANIZATIONAL PRACTICES: A REVIEW STUDY

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ABSTRACT

This study is based on a non-systematic literature review of studies published in Scopus indexed journals to highlight the vast implications brought about by the COVID-19 pandemic for different organizational practices. Hence, this study is based on the office research method, using secondary data such as published papers and Internet sources. The researcher found four main COVID-19-business implications: implications for corporate social responsibility (CSR) practices; implications for telework; implications for management controls; and implications for accountability practices. This study has significant value to researchers interested in examining the impact of the COVID-19 pandemic on corporate practices and activities.

Keywords: COVID-19, CSR, Management control, Accountability, Telework.

INTRODUCTION

The outbreak of the COVID-19 pandemic in late 2019 and early 2020 has triggered significant business research. In general, this research addressed the implications of the COVID-19 pandemic for the various business sectors and the practices of the organizations working in these sectors. The present work reviewed the literature and outlined the extant COVID-19 business implications. This is beneficial for business researchers interested in understanding: how the pandemic impacts business practices; and what business practices are affected the most. In particular, this study focused on studies published in management and accounting journals. In doing so, we used only scopus indexed studies published in 2020-2021, i.e., following the outbreak of the COVID-19 pandemic. Considering the nature of this health crises as a global one whose effects are widespread, we did not focus on a particular context; instead we used studies published worldwide.

The COVID-19 pandemic had significant impacts on the financial performance of most business sectors. A substantial portion of studies in the literature addressed the impact of COVID-19 on corporate or markets' financial performance (Rababah et al., 2020; He et al., 2020; Yang et al., 2020; Zhang et al., 2020; Hassan et al., 2021; Folger-Laronde et al., 2021; El Chaarani et al., 2021). It is noted that the financial sector is heavily affected by the pandemic. Yang et al. (2020) found that the pandemic outbreak resulted in a dramatic rise in risks in the financial industry, which then spread to other businesses. For example, Zhang et al. (2020) found that global financial market risks have risen considerably due to the pandemic. They found that the great uncertainty of the pandemic and its associated economic losses has caused markets to become highly volatile and unpredictable. Further, by comparing the performance of

conventional and Islamic stock indices (Dow Jones Index and FTSE Index), Hassan et al. (2021) noted that the pandemic resulted in identical volatility in both stock markets.

However, not all business sectors are affected in the same way by the pandemic. This is because some industries have a higher level of operational resilience that enables them to operate well during crises. In this regard, He et al. (2020) found that the pandemic has negatively affected transportation, mining, electricity and heating, and environmental industries. In contrast, manufacturing, information technology, education, and healthcare sectors were found to be resilient to the pandemic. Further, the pandemic did not affect all countries at the same level. Thus, companies in different countries are not financially affected at the same level. In this regard, Zhang et al. (2020) found that individual stock market reactions are related to the severity of the outbreak in each state.

While recognizing the importance of these studies that only focus on the financial impacts of the COVID-19 pandemic, this study highlights the importance of considering the effects of the pandemic on various organizational practices, including accounting, management accountability, control, and social responsibility. In particular, we observed four main themes concerning the impact of COVID-19 on organizational practices: effects on corporate social responsibility (CSR) practices; impacts on telework; impacts on management controls; and impacts on accountability practices., as explained in the coming sections. These themes were identified through a careful reading of the literature. The researcher initially identified the different themes in the literature that were then revised and refined to four central themes, as previously indicated.

Covid-19 and CSR

The COVID-19 pandemic offered great opportunities for firms to engage in various CSR initiatives during the crisis actively and potentially catalyzed a new era of CSR development in the long run (He & Harris, 2020; Bae et al., 2021; Shin et al., 2021; Carroll, 2021; Choi and Choi, 2021). In particular, the increased financial pressures from the pandemic affected spending on sustainability issues, the content of CSR reports, and the demand for assurance on sustainability issues (Humphreys & Trotman, 2021). Further, the changes in the business environment during the pandemic raised essential questions about the use of CSR reports both by managers and investors (Humphreys & Trotman, 2021). In this regard, some researchers stressed the need for genuine CSR practices along with the need for ethical decision-making by consumers in uncertain and unstable times of crisis such as the pandemic (e.g., He & Harris, 2020; Christensen et al., 2020). Other researchers highlighted the importance of leveraging existing trust-based relationships and strategic partnerships and repairing the relationships with the communities during the COVID-19 global crisis (Pillay & Scheepers, 2020; Francis & Pegg, 2020).

This implies that the COVID-19 pandemic could have a significant impact on CSR practices. Some studies have focused on this issue. For example, Aguinis et al. (2020) studied how a behavioral perspective on CSR is vital in controlling the consequences of the COVID-19 pandemic. They found that CSR can be "embedded" within the entity's processes, generating several positive values if employees apply it appropriately. In contrast, if CSR is being used as a

"peripheral" one, it would result in negative employee consequences. Parker (2020) assessed the impact of the COVID-19 pandemic on office operations to assess how office efficacy and cost management procedures interrelate with CSR. He and Harris (2020) offered some initial thoughts on how the ongoing COVID-19 pandemic influences CSR, consumer ethics, and marketing philosophy. They noted that, for consumers, the ethical dimension of consumer decision has become salient during the pandemic, which is also likely to shift consumers towards more responsible and prosocial consumption.

In a related context, some studies reported that engaging with CSR activity during the health crisis can contribute positive organizational implications. For instance, in Spain, Filimonau et al. (2020) found that organizational resilience and CSR practices in the hospitality sector improve managers' job security in a way that identifies their organizational commitment. Hence, it was argued that organizations should strengthen their organizational resilience and invest in CSR to retain senior management teams during future disastrous events. Mao et al. (2020) found that CSR adoption during the COVID-19 pandemic can result in positive employee level advantages such as enhancing their self-efficacy, hope, resilience, and optimism. These favorable impacts were reported to help overcome the adverse psychological effects caused by the COVID-19 pandemic.

Other studies have gone further, reporting positive economic or financial outcomes on the performance of organizations that adopt CSR activities during the COVID-19 period. In this regard, Bose et al. (2021) found that companies working in settings where the COVID-19 impact is more overwhelming faced a more significant decline in firm value. However, the adverse effects of COVID-19 on corporate value are less pronounced for companies with better sustainability or CSR performance. That is, companies located in settings with a higher level of environmental and stakeholder-value-oriented culture faced less decline in firm value from the impact of COVID-19. This finding argues that a company's stakeholder-value orientation can preserve corporate value when general stakeholder value drops.

Covid-19 and Office Configuration and Telework

The concept of office configuration appeared in the late 19th century (Parker, 2020). In particular, the idea was developed in the seminal work of Frederick Taylor (1911) in the management and organization of industry, which includes control, governance, and accountability through organizational strategy and its related activities (Jeacle & Parker, 2013). Since then, accounting for space and office formation and configuration has become a growing trend in the literature (Metwally et al., 2021).

COVID-19 has significantly contributed to work-related changes, especially working outside of co-located offices (Andrade & Lousã, 2021; Mouratidis & Papagiannakis, 2021). For instance, virtual work practices are likely to spread as organizations realize the cost-savings from structuring labor with fewer full-time employees and more contractors connected technologically (Spreitzer et al, 2017). This resultant cost saving is because remote working requires less office space to avoid the health risks reported to be associated with conventional open-plan offices (Pejtersen et al., 2011). This office reconfiguration and relocation should consider employees' demographic factors such as their type and age. This is because the impacts of the pandemic

could affect some groups of workers more strongly than others, for example, based on their age, race and ethnicity, gender, or personality (Spurk & Straub, 2020; Bajrami et al., 2021).

Hence, the COVID-19 pandemic has resulted in considerable thinking on the transition to teleworking (Parker, 2020) that is, it resulted in changes in work modes (Humphreys & Trotman, 2021). This is because the COVID-19 difficulties, such as the accompanying restrictions and lockdowns, necessitated working from home for a reasonable period to alleviate the dire consequences of the pandemic. As Parker (2020) notes, a strategic prioritization is being given to office procedures, office design, configuration reversals, and office working protocol re-engineering. Supporting this view, by bringing evidence from the Egyptian telecommunication sector, Metwally et al. (2021) found that the COVID-19 pandemic and its associated health and safety discourse signified a good rationale for the western home office quicken the beginning of its office transformation plan to reach complete telework plan. To do so, the firm expended a significant budget to speed up this office transformation, while its Egyptian subsidiary is economically troubled due to the pandemic. Besides, the firm itself (i.e., the Egyptian subsidiary) attained its goals from this new rationality as employees presently favored the working from home mode, which, in turn, decreases the firm expenses in the long term.

Therefore, in today's COVID eras, perceiving telework and office configuration policies should be examined concerning the consequences of the COVID-19 crisis. Understanding how these abruptly emergent changes unfold is vital for practitioners who are charting paths forward to address the needs of vulnerable categories of employees. For instance, workers living alone may have very different virtual working needs and routines than employees residing with family members. Also, more authoritarian or dominant leaders may face additional challenges in motivating their workers in virtual environments than more participative and empathic team leaders, thus having different training and development needs.

However, the challenges for individuals working in this manner are clear. We are currently working in ways far different from how people did in previous ages. In this respect, the COVID-19 pandemic makes clear how vulnerable we are as employees and employers. As many businesses worldwide will be restructured or disappear due to the pandemic, workers will be retrained or laid-off, and the economic, social-psychological, and health costs of these actions are likely to be immense. For instance, the resultant quarantine (and hence, forcing employees to work from home) imposed by various governments, as clarified by some studies) to result in adverse psychological effects, such as stress, fear, and confusion (Brooks et al., 2020). Further, it is stated that remote working can trigger unhealthy employee responses, such as over-commitment and self-exploitation, because employees want to make themselves "visible" to their supervisors through, for instance, overwork (Hafermalz, 2020). These contrasting results indicate the need for more empirical research concerning the viability and value of telework and whether this idea can be applied only during the COVID-19 period or extended after the pandemic ends.

Covid-19 and Management Control

The COVID-19 crisis is different from previous crises that also had implications for the workplace and organizational (including control) practices. With the current health crisis, several organizations are being forced to close their offices (i.e., the physical spaces that were

historically identified as the primary means to exercise management and control) (Parker, 2020; see the previous section). For instance, in dealing with remote working populations, human resources employees become forced to initiate novel performance management and assessment arrangements. Besides, occupational health employees should be trained to deal with mental health problems in remote working locations and present online advice.

The analysis of the lockdown effects due to the COVID-19 pandemic can help us understand how management control operates during unique and extreme events and provide insights concerning the intersection between control and social aspects (Sargiacomo, 2015; Parker, 2020). For example, Passetti et al. (2021) addressed how management control supports the organization's response to the COVID-19 pandemic lockdown. They found that different management control structures enabled an immediate response and management of the crisis. The use of cultural, action, and results controls supported employees' health and safety coordination, representing tight monitoring of financial performance and social interventions supporting the local community. Delfino and van der Kolk (2021) examine the impact of the shift to remote working due to the COVID-19 pandemic on management control practices in professional service firms. They observed various management control-related changes due to the pandemic and its difficulties. For example, they reported a rise in the number of online meetings and technologies in monitoring employees from a distance. Employees reacted to this change by engaging in "*voluntary visibilizing practices*"—that is, to ensure that they are being well noted by their superiors, for instance, by working overtime (Delfino & Kolk, 2021). This indicates that COVID-19's impacts on management control could also change employees' behaviors and actions in the workplace.

Further, on the negative side, the COVID-19 pandemic has increased stress levels among employees and resulted in changes to employee autonomy. This has changed employees' perceptions of hierarchies and weakened their sense of relatedness with others in the organization (Delfino & Kolk, 2021). As indicated in the previous section, the mixed findings on the impact of the COVID-19 pandemic on management control call for more empirical examination to determine the real socio-economic effects of health crises in today's rapidly changing business environments.

Covid-19 and Accountability

The COVID-19 pandemic has triggered significant research on accountability issues (e.g., Diab et al., 2021; Diab 2021; Leoni et al., 2021; Yu, 2021). In the UK, Sian and Smyth (2021) examined the changing nature of public accountability during a supreme emergency. They explored how legal and auditing mechanisms have come to the fore, concluding that misappropriation of public monies is not an inevitable outcome. They found that in circumstances of a supreme emergency where parliamentary scrutiny and competitive contract tendering are suspended, other forms of public accountability come to the fore, with civil society actors becoming more evident. In Italy, Andreaus et al. (2021) analyzed the publicly available government data to understand how the evolution of the pandemic was related to accountability. They found five overarching phases, each representing a different style of accountability—rebuttal, dismissal, reactive, proactive, and coactive. During the initial phases of the pandemic,

the accountability styles were focused on the government's responsibility. In contrast, accountability focused on citizens' responsibility in the last two stages by creating a stronger sense of "*shared responsibility*". Focusing on the Egyptian context (micro-level) at the early stages of the pandemic, Diab (2021) commented on the impact of the COVID-19 pandemic on accountability and the role that non-profit community initiatives can play. He observed a central dominant healthcare logic during the pandemic, contributing to the emergence of social-rather than functional-accountability, where non-profit associations-rather than official governments-took the lead in fighting against the consequences of the COVID-19 pandemic.

On the negative side, Demirag et al. (2020) found that existing accountability mechanisms for arranging and delivering value-for-money in Turkish Public-Private Partnership hospitals are weak. The pandemic is used to legitimize the existing accountability deficits in Public-Private Partnership hospitals through exploiting the emotions of anxiety, safety, well-being, relief, and honor. The emotional sentiments that were prevalent during the COVID-19 crisis legitimized the pre-pandemic accountability deficits and the opaqueness surrounding the financial costs of the city hospitals. Finally, Diab et al. (2021) investigated the failure of the global leaders to unite against the adverse effects of the COVID-19 pandemic and how this represents a lack of accountability at the international macro level. They suggested that accountability at the global level (i.e., the accountability relationship between global health institutions such as the World Health Organization and different countries' governments) can better be understood as a geopolitical phenomenon containing many socio-political and demographic factors related to accountability leadership and cooperation.

CONCLUSION

This study explored the impacts of the recent global health crisis-the COVID-19 pandemic-on various organizational practices, namely. We observed that the COVID-19 pandemic has resulted in significant effects concerning corporate management controls, corporate social responsibility performance and reporting, office configuration and accelerating the transformation to telework, and accountability of governments and global institutions to the effects of the health crisis. The reported mixed findings on the impact of the COVID-19 pandemic on organizational practices invite us to do more empirical examination to determine the real socio-economic effects of health crises in today's rapidly changing business environments.

However, in conducting this literature review, we mainly used Scopus-indexed journals. Thus, future literature review studies can extend the sample by including other indexes in their review. Further, knowing that four main themes of organizational practices are examined (i.e., CSR, management control, accountability and telework), other (future) research can explore different themes like legal issues, accounting, and management performance.

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