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# CHANGES IN MANAGERIAL ATTITUDE DUE TO COVID-19

Original  
Research

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## **Classification-JEL**

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## **Abstract**

*The epidemic of Covid-19 completely changed the economy and business life manner which affected the managers' attitude as they had to adapt quickly to the new and unexpected challenges for which they didn't have a guide to follow from previous experience. The research aim was to examine the transformation of leaders' approach and mentality not just through their perspective, but also across the view of their colleagues. The results show that executives underwent a change not just in the aspect of their strategic thinking, but also in terms of personality characteristics. These significant alterations caused short- and long-term effects both on the company and employee sides.*

## **INTRODUCTION**

The rapid global spread of Covid-19 immediately put previous epidemics and problems into oblivion. Crises tend to occur with varying intensity, but coronavirus appeared with such a powerful impact that it reshaped the previously established form, rules and functioning of economic life within a few weeks' time (Craven, Liu, Mysore, & Wilson, 2020). This unexpected situation undisputedly affected the life of the business organisations and directly posed serious challenges to their managers as well. On the basis of these changes, the goal of the research was to analyse the evolvement of the new economic situation as Covid-19 made managers face significant challenges in all sectors (Fernandes, 2020). The Hungarian economy was also significantly affected by the measures introduced due to Covid-19; nevertheless, the government did not order a complete closure in the case of manufacturers and traders as opposed to numerous business sectors even during the period of the harshest restrictions. As a consequence of the measures and the hectic development of demand, managers had to ensure the appropriate control of stocks and the proper management of human resources so they had to adapt to an unpredictable environment, which significantly influenced and shaped their attitudes and decisions (Maital and Barzani, 2020; Pak, Adegboye, Adekunle, Rahman, McBryde, & Eisen 2020; Chakraborty and Maity, 2020).

## **METHODOLOGY**

The research was based on the opinions of the managers of ten large construction companies and their direct colleagues, where data collection took place in the form of a semi-structured interview in the case of managers while their colleagues answered the research questions in an anonymous online questionnaire. The fact that the data did not arrive in the same form caused a challenge during the qualitative research; however, it was essential that the investigated topic should be analysed from both perspectives in order to ensure well-grounded results.

In order to examine the effects of Covid-19, the managers had to answer two questions related to the topic, which gave them the opportunity to give an in-depth explanation of the occurring problems and challenges:

- Did the economic impact of Covid-19 force you in any way to change your managerial approach?
- What measures do you consider to be your greatest success in the fight against the effects of Covid-19?

There was a lot of overlapping in the answers given to the two questions, which resulted in the data analysis of the personal interview, thus the analysis of the answers was processed combined as a close relationship could be discovered in the data.

In response to the first question, 100% of the managers declared that there had been a significant change in their managerial attitude. Everyone unanimously mentioned the introduction of "home office", i.e. working from home, as the most significant change. On the other hand, half of the managers did not favour this option, many of them even stressing that, in their opinion, working at such times was not as efficient as at a physical workplace. Nowadays it is possible to use "tracking" applications during work performed from home, based on which it is possible to measure and monitor whether the given employee is working on the given device, although none of the companies used such applications (Katsabian, 2020; Pennington and Stanford, 2020). The managers interviewed unanimously agreed that, of course, it poses a problem for them that working from home is not as efficient as working at a physical workplace, whereas they also believed that this measure would only cause a negative feeling and effect to the employees so they refrained from it completely. There were also leaders who mentioned in connection with their managerial attitudes that they had become much more empathetic as a result of the events.

### **A change from offline to online**

Remote working had a further consequence, which also had a positive effect on global development: the rapid innovation of digitalisation. The online world brought changes in a thousand fields of trade and manufacturing, for example, if we look at the process of concluding contracts, which forms an integral part of daily business life. Previously, it was only possible to sign a contract physically before a lawyer; however, in order to solve the situation, online contracting also became possible thanks to the new rules (Gutteridge, Rial & Norman, 2020). Furthermore, there were companies that started developing the digital signature in depth, thus offering the opportunity to completely avoid physical contact in even more situations (Afrianto, Heryandi, Finandhita, & Atin, 2021; Santosa, Prasetyo, Alamsjah, Redi, Gunawan, Putra, Persada, & Nadlifatin, 2022). The same happened in the case of invoices, where the transition to digitally authenticated invoices was witnessed in more and more companies, which had already been in effect in some of the surveyed companies while some of them said that it was introduced only because of the impact of the coronavirus (Rupeika-Apoga, Petrovska & Bule, 2022)

The other significant group of measures was related to inventory management, in which case most of the participants mentioned that the biggest problem was caused by the smooth procurement of missing raw materials/products, as well as the appropriate scheduling of deliveries. It is not only true for Hungary but for the whole world that the problems were rooted in two significant factors: one was the lack of personnel due to the illness of human resources and the resulting closures and quarantines, as well as the transportation problems partly related to this and the closure of borders. In many cases, the governments of the countries were not able to smoothly coordinate the rules of crossing borders, including the movement of people and goods, despite their best efforts so the previous "just-in-time" delivery of goods began to get disrupted, which caused problems on both the manufacturer's and the retailer's side of the supply chain. Managers tried to mitigate this problem by accumulating more stocks and closer cooperation with suppliers was also observed. One of the managers specifically mentioned that although it had not been part of his competence before, he became involved in the daily process of coordinating the supply of materials in order to ensure the problem-free supply of materials.

Significant changes have also occurred with regards to working hours, not only because of working from home but it had to be ensured that employers could work together properly and safely even at the physical workplaces. To this end, it could be observed in almost all companies that new working hours were created and manufacturing companies highlighted that they had determined shifts in such a way that the employees had minimal or no contact with each other, and that they could completely disinfect the common rooms between shifts.

With regards to the changes in their mentality, the managers identified it as a significant change that they had decentralised their otherwise centralised and independent decision-making process on many occasions and chose to make their actions and decisions based on teamwork. They based this on the fact that they felt it was more reliable and more considerate to discuss the given issue with managers and employees experienced in the given field and make a joint decision due to the asymmetry of information and the lack of time. Based on the literature, this way of thinking also strengthens the commitment of employees as not only is their opinion listened to but they also participate effectively in the company's decisions.

They also ranked communication among the most significant factors, both towards customers, employees and supplier partners. They pointed out that as everything was unpredictable and impossible to plan, they sensed uncertainty and fear in people. In order to reduce this, they had tried to

convey the available information very clearly and sincerely, thus attempting to manage the panic situations that were often on the rise or had already developed. They had communicated the introduced rules clearly and in a timely manner to all parties and they also emphasised that they had tried to provide information frequently. This approach completely coincides with the international behaviour described in the literature.

Further, they emphasised that they had found it very important to support employees and partners from a health perspective. To this end, they made sure that their colleagues always had access to the appropriate protective equipment, providing even more than the required or expected amount, if possible. Some of the companies not only provided packages of disinfectants and protective equipment for its colleagues and partners but also provided them with vitamin packages. Furthermore, the companies assumed the cost of the testing in almost all cases and were willing to pay for additional tests for the sake of safety, thus speeding up the processes. This attitude helps to create a sense of security in the short term, while it can also increase loyalty and commitment towards the company in the long term as the affected person feels that the company was with them and supported them even during difficult and unpredictable times.

In addition, one of the organisations organised a separate vaccination campaign and encouraged its employees with financial rewards to reach the next level of protection as soon as possible.

Unexpected and special circumstances require an "out of the box" way of thinking, which includes that sometimes absurd ideas can serve the breakthrough solution. This was confirmed in several cases. For example, there was a partner who introduced flexible delivery, meaning that customers could order materials from them almost like ordering food for home delivery. From the aspect of logistics, this required an awful lot of organisations and entailed significant additional costs, but they still expected a more positive long-term effect from this service.

The management of the situation was not only analysed on the basis of the opinions of the managers but the insights of the colleagues were also integrated in order to provide feedback, as it is important to understand how the employees evaluate these changes and whether they noticed them at all. The investigated areas were linked to whether, according to the colleagues, there had been a change of attitude in the management of the company, whether they were able to handle the crisis situation well, and whether they applied any special trade strategies as a consequence of the situation, i.e. they were asked the same question as the managers.

84.3% of the respondents believed that there had been a change of attitude in the field of

management, while 15.7% believed the opposite. Since the overall result was not uniform, the answers were also analysed for each company. The attitude was largely divided as we could observe a mixed opinion about the change in attitude in the case of five out of ten companies. This may of course also result from the interpretation of the question or from the fact that the colleagues drew different conclusions from their leader's actions. In the case of the surveyed companies, 100% of the managers said that there was a change of attitude on their part while there was a person or two in each of the analysed companies who had not noticed such changes.

The goal of the next round of the examination was to assess whether the colleagues were satisfied with the introduced measures and whether, in their opinion, the company had responded well to the situation. Based on the answers, it could be established that some of the employees had either not noticed the changes in management or considered them to be the usual. 92.6% of respondents were satisfied with the company's crisis management, which can be regarded as a high percentage.

The managers told us about the changes they had introduced supporting their statements with their arguments so it can be considered demonstrated that there had been modifications in the strategy at least on one point, but rather on several points. Based on this, it is surprising that 8.3% of the colleagues did not consider them to be changes. According to the opinion of 91.7% of the participants in the survey, there had been a change but only 2.1% considered that these decisions had not been appropriate, which can be regarded as insignificant. Based on this, it can be concluded that the changes and attitude change introduced in the crisis situation were successful.

### **Long- and short-term implications of change in managerial attitude**

All in all, it can be said that the Covid-19 pandemic had its impact on the Hungarian building materials trade segment as well, leading to the evolvement and adaptation of the managers regarding their approach and attitude. As summarised in Table 1, a number of innovations were introduced, bringing changes not only to the economic life of the company, but also to the mentality of the manager and the employees.

It can be said that regarding their management of the crisis, the managers underwent changes not only from the aspect of strategic thinking, but also in terms of their personal characteristics as their attitude had become much more people-oriented, empathetic and flexible according to their own statements. No examination or categorisation has so far been made regarding the consequences of the changes introduced in the Hungarian construction

industry segment as a result of Covid-19 from the point of view of managers and employees, neither their possible short- and long-term results. The table clearly shows the effects the most frequently applied measures and changes achieved. Remote working has made it possible for employees to work more flexibly, which may in some cases even lead to an increase in productivity as it is possible that the employee can perform better in an atmosphere where they feel comfortable, while at the same time, the opposite approach is also true, stating that a number of factors may distract them in their own environment, e.g. their own relatives or children, so it depends on the individual how the level of productivity changes in this case. At the same time, maintaining the possibility of remote work may increase employees' satisfaction in the future as the company provides them with a greater sense of freedom and flexibility. This measure resulted in the development of the managers' attitude in terms of their flexibility and empathy.

Digitalisation offers beneficial opportunities for change in many areas as significant changes have occurred in the case of many companies on the one hand, as a result of which they have the opportunity to obtain a larger market segment and increase customer satisfaction through providing a higher level of service. On the other hand, technological advances ensure simpler and easier work opportunities for employees, while the developments provide the managers with greater and better controlling options.

With regards to inventory management, the introduction of changes brought the opportunity for the organisations to obtain a larger share of the market segment as opposed to the competing companies that could not smoothly manage the extreme conditions caused by the crisis. Furthermore, the need for changes and the preparation for dealing with unexpected situations in terms of sourcing materials ensured managers the development of competences, which they can generalise during a possible later crisis management as well. The attitude of managers also changed in the form of decision-making, as they considered the decentralised choices made together with their colleagues more beneficial, which typically indirectly made their cooperation with their colleagues and suppliers closer as a result. Frequent communication ensuring transparency helped to increase trust, the sense of security and acceptance in the case of the colleagues, while the managers' interaction enhanced with their employees.

The different forms of support (reimbursement of Covid-19 tests, free provision of protective equipment, vitamin packages) increased loyalty, trust and a sense of safety both in the short and long term.

In many cases, the need to develop new and innovative services drove managers to modify their usual way of thinking and perspective, thus increasing their creativity and striving to come up with innovative ideas, which is also true for their employees since these innovations are often developed by way of brainstorming. From the company's point of view, these innovations can contribute to its renewal, modernisation and the increase of its market share.

## CONCLUSIONS

As a consequence of the Covid-19 pandemic, extraordinary changes took place, causing serious transformations in a number of areas, including the processes of economic life. In the Hungarian construction industry, managers faced serious challenges due to the ongoing uncertainty, the difficulties of transportation, the lack of raw materials and supplies, as well as human resource problems created by the crisis. The table prepared on the basis of data obtained through interviews and questionnaires concluded with managers and their colleagues as part of the primary research summarises the changes in managerial attitudes caused by the indirect effects of the coronavirus, as well as the short and long-term effects thereof from the point of view of the company and the employees. Furthermore, the results demonstrate that Covid-19 had an impact not only on economic life, but also on the managers' mechanisms of management, their strategic and operational views, as well as the development of their personal characteristics.

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**LIST OF TABLES**

Table 1

**The measures and changes introduced during Covid-19, their effects on managerial attitude and the possible short- and long-term impacts of these measures**

	<b>MEASURES / CHANGES INTRODUCED</b>	<b>CHANGES IN MANAGERIAL ATTITUDE</b>	<b>POSSIBLE SHORT- AND LONG-TERM IMPACTS</b>
1	<b>home office</b>	<ul style="list-style-type: none"> <li>• becoming more empathetic</li> <li>• flexibility</li> </ul>	<ul style="list-style-type: none"> <li>• a growth in employees' satisfaction thanks to flexibility</li> <li>• changes in productivity</li> </ul>
2	<b>digitalisation</b>	<ul style="list-style-type: none"> <li>• higher potential of control</li> </ul>	<ul style="list-style-type: none"> <li>• modernisation</li> <li>• faster development for the company</li> <li>• greater sale potential</li> <li>• easier work</li> <li>• increasing customer satisfaction</li> </ul>
3	<b>inventory management</b>	<ul style="list-style-type: none"> <li>• closer cooperation with suppliers and colleagues</li> <li>• decentralised decision-making process</li> <li>• development of crisis management competence</li> </ul>	<ul style="list-style-type: none"> <li>• more successful inventory management strategy</li> <li>• crisis situations</li> </ul>
4	<b>communication</b>	<ul style="list-style-type: none"> <li>• increasing interaction with colleagues</li> <li>• development of crisis management competence</li> </ul>	<ul style="list-style-type: none"> <li>• better acceptance of the manager</li> <li>• increased trust and sense of safety</li> </ul>
5	<b>support (health and mental)</b>	<ul style="list-style-type: none"> <li>• becoming more empathic</li> </ul>	<ul style="list-style-type: none"> <li>• growing loyalty of employees and partners</li> <li>• increase in employees' trust and sense of safety</li> </ul>
6	<b>innovative service solutions</b>	<ul style="list-style-type: none"> <li>• priority of "out of the box" way of thinking</li> <li>• creativity</li> </ul>	<ul style="list-style-type: none"> <li>• increased creativity of colleagues</li> <li>• increased market share</li> <li>• renewal of the company</li> <li>• modernisation</li> </ul>

*Source: the author's own edit (2022)*