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MSc Financial Management

How the Covid-19 pandemic
has tested finance professionals
in entirely new ways

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“At the best of times, financial management decisions will go a long way towards determining the strength, success and longevity of an organisation. Yet during the pandemic, finance professionals have been placed under even greater pressure and, in turn, their decisions have taken on added importance.

[Data from the Office for National Statistics](#) shows that UK business closures increased by 37% in Q4 2020 when compared to the same quarter the previous year. It is a stark figure, underlining just how devastating the Covid-19 crisis has been on businesses.

Astute financial management on its own may not have made the difference between a business' survival or closure over the past year, but it will likely have played a key role. Even now, as the more optimistic would say that we are entering the latter stages of the pandemic (at least in the UK), finance professionals must call upon all their skill and and experience in order to make the right decisions for their organisation.

Let us first establish the main ways in which financial management decisions have been put under the microscope during the pandemic. And we can then consider the key lessons that can be carried forward.

FINANCIAL MANAGEMENT PUT TO THE TEST

In March 2021, a study by [NerdWallet](#) among more than 900 UK business managers revealed that 54% had found the previous year to be the most stressful of their professional lives. The vast majority of finance professionals would likely agree with that statement.

Underpinning this stress has been a climate of uncertainty – the spread of the virus and subsequent social distancing rules have made short-term planning extremely difficult, while also disrupting operations.

Financial management teams and decision-makers have been tasked with constantly remaining abreast of an ever-changing and constantly uncertain business landscape. They have had to adapt to multiple lockdowns, which have been implemented on national and regional levels; they have needed to understand the various new financial supports schemes that have been introduced and then updated by the UK government; and they have had to maintain a firm grip on the wider economic outlook and the repercussions of the pandemic on economic policy.

Most would agree, this is an unenviable task. Finance professionals have needed to show agility and adaptability on a daily basis in order to make informed, sound decisions.

For many businesses, there have been fundamental questions raised regarding the delivery of their products or services. With society functioning in markedly different ways during the pandemic, demand for particular products and services has swung wildly. Further, faced with unforeseen financial pressures, many consumers and businesses alike have changed their spending habits.

As such, financial management teams have needed to assess how viable their business' offering is within the conditions of Covid, as well as the ability of their usual customer-base to make payments.

From a logistical standpoint, supply chains have been significantly disrupted by the pandemic. Shipping goods internationally has proven difficult, with delays experienced in many instances. Again, finance professionals have needed to understand the wider ramifications of such disruption on the financial health and viability of their business.

In truth, the list of new Covid-inspired financial management challenges could go on for some time. Consider remote working, the furlough scheme, redundancies, the availability of finance, the performance of financial markets and assets, investment flows, contractual obligations and force majeure waivers – there have been so many considerations to balance within businesses that financial managers will have been tested in entirely new, unexpected ways.

NEW CHALLENGES REQUIRE RENEWED FOCUS ON CORE SKILLS

It begs the question, what can we learn from the pandemic from a financial management perspective?

For me, one of the most important lessons from the past 16 months is that during times of upheaval and heightened pressure, there is even greater need for finance professionals to hone their core, fundamental skills.

Looking to the University of Manchester's own MSc in Financial Management, the core units being delivered for finance professionals have not been rendered obsolete in the face of Covid-19; they have become more important than ever. A deep knowledge of fundamental finance concepts and tools that are particularly useful in a very uncertain situation. By contrast, having a narrow frame of reference with limited knowledge of just one business or sector will have left many finance professional wanting as they attempted to adapt to the challenges of the pandemic.

To make sound financial decisions in a high-pressure environment requires financial knowledge, planning and the ability to find creative solutions to problems as they arise. Both hard and soft skills have been essential. Indeed, one cannot underestimate the importance of clear and compassionate communication during times of uncertainty such as the pandemic – having clear, consistent dialogue with people both inside and outside of the organisation to explain what actions are being taken and why will go a long way to making sure a financial management team's plan of action can be executed smoothly.

Cautious optimism is a term that has been widely used in recent weeks, with society quietly hoping for a return to something resembling normality without necessarily assuming this will materialise without further disruption. For finance professionals, there is certainly no room for complacency; it will likely be many months or years before some businesses' financial scars are able to heal.

To that end, it is vital that financial management teams – be it a single person within a small business or a disparate collection of professionals dotted around the globe – take the time to assess how they have managed the pandemic to date. Did they make the best decision they could based on all their skills, knowledge and experience at the time? And were any gaps in their skillsets exposed along the way?

These will be important questions to tussle with in the near future. Moreover, addressing shortcomings that have come to light as a result of Covid-19 could prove highly valuable for finance professionals as they look to better equip themselves for any future crises.

Professor Arif Khurshed is a Professor of Finance at within the Division of Accounting & Finance at the Alliance Manchester Business School. Prof Khurshed lectures at part of The University of Manchester's [blended learning MSc in Financial Management](#), which equips its students with a deep understanding of the tasks finance professionals undertake, and the skills required for a successful career in finance.

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