Coronavirus ‘COVID-19’ – Supply Chain Disruption and Implications for Strategy, Economy, and Management

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Abstract

The outbreak of a recent strain of Coronavirus, known as ‘COVID-19’, has spread sharply from China across the globe, resulting in a dramatic recession in the global economy. This uncertainty has therefore negatively influenced the business perspective and the various formulated strategies that may not considered such [extreme] circumstances. Using baseline analysis and archival data, this paper reports some of the major implications of COVID-19 on global business and strategy and puts forward suggested research agenda as potential future directions for organizations. In order to survive and remain sustainable, this paper argues that businesses need to revisit their strategies during current COVID-19 crises from three perspectives, including supporting human resources financial commitment, forming cross-functional teams and connecting with their supply chains, as well as investing in corporate social responsibility and doubling down efforts with regard to partnerships. The study also represents a preliminary analysis to the implications of COVID-19 on the business and strategies across the globe and is considered the first such in the field of business, as to date all research papers on COVID-19 have been published in medical-related journals. Directions for future research are also proposed at the end of this study.

Keywords: Global Supply Chain, Supply Chain Disruption, COVID-19, Coronavirus, Business Strategy, Baseline Analysis

JEL Classification Code: F2, F4, F6, M10, M16

1. Introduction

In an unexpected and an exceptional situation due to the existence of Coronavirus, the entire business world has, and is now, completely suspended with particular challenges facing governments to re-invent the business wheel once again. The Coronavirus, technically called COVID-19, is a new and a highly infectious disease which has been declared by the World Health organization (WHO) to be a pandemic (WHO, 2020). COVID-19 is considered a new viral strain that was realized in 2019 which had not previously been

formerly identified by humans (WHO, 2020). This pandemic has resulted in an ongoing outbreak of viral pneumonia across the world and has therefore resulted in the need to declare a global public health emergency (Zhu et al., 2020; Huang et al., 2020; Chen et al., 2020). The origin of COVID-19 was specifically identified and reported in Wuhan, Hubei Province, China, in December 2019, and was followed by a sharp spread across the area and to other parts of China (Zhu et al., 2020; Huang et al., 2020).

The existence of COVID-19 in the world and in parallel the lack of a therapeutic vaccine at this time has severely influenced the business environment across the globe. The crisis due to COVID-19 has not only affected those individuals with certain inherited diseases or those with weak immune systems, but also healthy decision makers and leaders who successfully run their businesses. It is generally accepted that the business environment is a dynamic and ever-changing one that always brings new challenges and therefore decision makers need to be vigilant about such sudden changes. The COVID-19 pandemic has had severe implications for the business environment and indeed ones which are not apparently mitigated in any way. Although some
types of businesses have remarkably, though exceptionally, increased their sales volumes during the current COVID-19 crisis, the vast majority have been negatively affected and have therefore declared severe losses.

It is noteworthy to report that, to the best of our knowledge, all available published articles for COVID-19 fall within the purview of the medical sciences (i.e., Shi et al., 2020; Heymann & Shindo, 2020; Lipsitch et al., 2020; Ai et al., 2020; Dong et al., 2020; Bernheim et al., 2020; Gao et al., 2020; Liu et al., 2020; Pan et al., 2020; Bai et al., 2020; Xu et al., 2020; Zhu et al., 2020; Huang et al., 2020; Chen et al., 2020) with no single article addressing how the pandemic has influenced the business field. Thus, it is highly important to assess the situation from a business perspective due to the fact that external and internal business environments are mutually connected.

With the negative implications COVID-19 is likely to have on businesses as well as the suspended wheel of the global economy, business owners, decision makers, play makers, and governmental officials all need to corporate and call for a shift in the way in which they might survive this current crisis. Reporting the destructive influences COVID-19 has brought to the global economy requires that we revisit the economic situation in order to form new research, business, and strategy agenda to gain insight into the way forward, and this therefore represents the aim of this paper. In order to facilitate this, we use baseline analysis, collecting our data as depending on archival data including historical records that include WHO statistics, the International Labour Organization (ILO) website, facts about the global economy, medical reports, and stock market figures. We also provide some useful directions by which business decision makers can assess their businesses in this exceptional crisis and shape their strategy forward in the conclusions to this paper.

2. History and WHO Chain of Events of Coronavirus (COVID-19)

This section gives a brief history of COVID-19 and how serious it is as an inflectional disease, spreading very quickly between humans and therefore countries. The history is reported from the official data provided by the WHO website and the tweets on their official twitter page (WHO, 2020). Therefore, the information provided here represents facts in the form of rolling updates on coronavirus (COVID-19) and do not reflect any impact on economy at all. On 31 December 2019, China reported to the WHO office a form of pneumonia of unknown cause discovered specifically in Wuhan. According to the argument of the authorities, patients were either dealers or vendors in the Huanan Seafood Marketplace. According to the media and press release, the following day on 1 January 2020, this market was closed by the Chinese authorities to carry out sanitation procedures as well as disinfection. On the same day, the WHO requested further detailed information from the Chinese authorities in order to assess the associated risk. On 10 January, 2020, the WHO issued the first guidance on the novel coronavirus. On 12 January 2020, China has made the genetic sequence of novel coronavirus publicly available. On 13 January 2020, the first imported case of the novel coronavirus outside China was reported by Thailand’s Ministry of Public Health.

On 21 January 2020, the WHO made a field visit to the infected city of Wuhan in China. On 23 January, 2020, the first meeting of emergency committee was held by the WHO director to assess the outbreak of the novel coronavirus in China, but in lieu of the fact of other cases being reported in other regions including Thailand, Singapore, Japan, and the Republic of Korea. On 26 January 2020, the WHO Director-Generals met the Chinese president in Beijing to discuss and explain thoughts with reference to the coronavirus outbreak. On 30 January 2020, the outbreak was declared a public health emergency of international concern. On 31 January 2020, the global community requested US$675 million to help protect vulnerable countries from the outbreak. On 11 February 2020, the novel coronavirus disease was officially named COVID-19. On 12 February 2020, research and innovation forum set a high priority on COVID-19 research in which more than 400 experts and funders met at the WHO headquarters in Geneva to fast-track related research for the purpose of stopping the COVID-19 outbreak. On this date, the United Nations also activated an associated WHO-led Crisis Management Team. On 15 February 2020, the WHO Director-General called for solidarity at the Munich security conference. On 17 February 2020, general guidance was issued by the WHO regarding mass gatherings and sick travellers. The following day, the WHO, in corporation with other countries, were engaged in massive preparedness activities.

Just three days after, on 21 February 2020, the WHO Director-General Dr Tedros Adhanom Ghebreyesus announced that the opportunity to contain the COVID-19 outbreak was narrowing. Also, on the same day, six special envoys on COVID-19 were appointed by the WHO Director-General to provide strategic initiatives and relative advice in different parts of the world. On 22 February 2020, 11,000 African health care workers were trained on COVID-19 using WHO’s online courses which are free of charge and available in different languages including English, French, and others. On 24 February 2020, a WHO-led team of experts travelled to Italy. On 25 February 2020, the WHO Director-General has repeatedly called for solidarity, not stigma, to address COVID-19. On 26 February 2020, the WHO issued new guidance for businesses and employers to get their workplaces ready for COVID-19.
On 27 February 2020, the WHO Director-General listed a number of critical questions which every health minister was required to answer including questions related to medical preparedness and relative healthcare training. On 28 February 2020, the WHO Director-General announced that more than 20 vaccines were in development worldwide, and a number of therapeutics were in clinical trials. On 1 March 2020, the United Nations released US$15 million for the COVID-19 response. On 2 March 2020, a mission of WHO experts arrived in Iran. On 3 March 2020, the WHO has shipped approximately half a million pieces of personal protective equipment to 47 countries; however, the worldwide supply was quickly dwindling. Figure 1 indicated the approximate supplies that would be needed on a monthly basis by frontline health responders around the world to protect themselves and others from COVID-19.

On 5 March 2020, the WHO Director-General stated that COVID-19 can be pushed back, though only if collective efforts by the entire governmental machinery across the globe engaged appropriately. On the same date, in order to raise global awareness, the WHO has launched a social media campaign named ‘Be Ready Campaign for COVID-19’ which encourages people around the world to be safe, smart, and kind to each other. On 6 March, 2020, the WHO published a research and development (R&D) roadmap which outlined nine research priorities including the natural history of coronavirus, diagnostics, epidemiology, clinical management, ethical considerations and social sciences, and longer-term objectives for therapeutics and vaccines.

On 7 March, 2020, the reported cases of COVID-19 reached 100,000, and consequently the WHO advised countries to take robust measures to implement containment and control activities to slow the spread of the virus. On 9 March 2020, all countries were advised to stop transmission of COVID-19, whether they face no cases, sporadic cases, clusters or community transmission. On 10 March 2020, the WHO provided guidance to help communities manage their fear, stigmatisation, and discrimination relating to COVID-19. Also, the WHO, on this same date, issued guidance for schools to keep safe, along with their students, in corporation with the UNICEF and the International Federation of Red Cross and Red Crescent Societies (IFRC). On 11 March 2020, the WHO characterized COVID-19 as a pandemic. On 12 March 2020, the government of Azerbaijan contributed with its neighbouring countries to the global efforts to fight COVID-19 and consequently pledged US$5 million to WHO’s strategic initiatives and relative response plans.

Every month, frontline health responders around the world need these supplies (and more) to protect themselves and others from #COVID19

- 89 million masks
- 30 million gowns
- 1.59 million goggles
- 76 million gloves
- 2.9 million liters hand sanitizer

Figure 1: Approximate supplies needed on a monthly basis by frontline health responders around the world to protect themselves and others from COVID-19.

On 13 March 2020, a number of critical issues were raised. Firstly, a solidarity response fund was created by the United Nations Foundation, the Swiss Philanthropy Foundation, along with the WHO to enable individuals and various corporations across the globe to contribute to the global efforts to fight COVID-19. Secondly, Europe became the epicentre of the pandemic. Furthermore, on the same day, the WHO launched the ‘Safe-Hands’ challenge to promote the idea of how powerful cleaning one’s hands is in the fight against coronavirus. On 16 March, 2020, the WHO advised countries to test suspected cases of COVID-19 and consequently isolate confirmed as well as mild cases in health facilities in order to prevent transmission of the disease to others. Also, on this date, online concerts were started to support those individuals staying at home to protect themselves and others from infection.

On 17 March 2020, the WHO called for aggressive and serious practices in South-East Asia countries to contain and combat COVID-19 as the number of cases was increasing, passing 480 cases. With the increasing numbers of infected patients worldwide, a good awareness effort was enabled worldwide on 18 March, 2020 as the WHO’s records show that more than 320,000 learners had enrolled for the online COVID-19 course to ensure effective preparedness and control. These courses were directed towards health professionals as well as decision makers and the public globally. Also, on the same date, the WHO, along with various partners, launched an international clinical trial called the ‘Solidarity Trail’ which aims to have collected verified and valid data from all countries in order to find the most effective cures for COVID-19. On 19 March, 2020, the WHO regional office for Africa held a joint COVID-19 media briefing with the World Economic Forum and raised various serious questions about how the COVID-19 pandemic might develop in Africa, especially with the current health situation of the African people. As part of their awareness initiatives and to spread reliable information to a wider range of people across the globe, the WHO worked with the WhatsApp as well as Facebook platforms in order to launch new WHO health alert messaging services.

On 20 March, 2020, the WHO Director-General clearly stated that older people are more likely to be affected by COVID-19; however, younger people should not consider themselves somehow invincible. On 23 March, 2020, the WHO, in corporation with FIFA, launched a public awareness campaign called “Pass the message to kick out coronavirus”, which included five key steps for a healthy practice against COVID-19, namely hand washing, coughing etiquette, not touching one’s face, keeping a physical distance away from others, and staying home if feeling unwell. All of these efforts are part of the attempt to raise public awareness to a wider range of communities to reduce the possibility of the spread of the COVID-19 infection as well as transmission between people worldwide. Figure 2 represents countries, territories or areas with reported, confirmed cases of COVID-19, and Figure 3 shows epidemic curves for confirmed COVID-19 by WHO region as per the data available on 24 March, 2020.

![Figure 2: Countries, territories or areas with reported confirmed cases of COVID-19, as of 24 March 2020.](image)

Source: WHO website, Coronavirus disease 2019 (COVID-19), Situation Report – 64, as per the data of 24 March 2020.
3. Impact of Coronavirus (COVID-19) on the Global Economy

The outbreak of coronavirus has not only implications on healthcare systems, but also on the economy of countries across the globe. Since being first reported on 31 December, 2019, the world could not have expected how serious this would ultimately be; this is hardly surprising since the there are no rich data relating to the situation to support the economic decisions made by various countries. The impact on the economic system started from a lower scale by closing down the Chinese Huanan Seafood Marketplace which was the incubator of the coronavirus (Convid-19) to the larger scale of economic implications that have severely affected all countries, without exception. These global implications included, for instance, stopping commercial flights between countries, closing down shopping malls, postponing or in many cases cancelling the second academic term for schools, colleges, and universities, closing down banks, stopping non-critical ministries’ work, imposing curfew in most countries, stopping the operation of large factories, reducing the scale of imports and exports logistics between countries, preventing non-food and health shops from operating, imposing immediate laws to isolate people as much as possible, and postponing and cancelling sports activities across the globe, amongst others.

What is going around the world in fact needs global coordination and solidarity from everyone to successfully get past this pandemic crisis. The infection due to COVID-19 is escalating not by the day but indeed by the hour. At the time of writing, there were 1,699,595 confirmed cases of infected patients in 213 countries and territories worldwide, and 106,138 confirmed deaths across the globe (WHO, Coronavirus disease 2019 (COVID-19), Situation Report – 83, as per the data of 12 April 2020).

Figure 3: Epidemic curve of confirmed COVID-19 cases by WHO region, as of 24 March 2020.
these goods and services. As per the International Labour Organization (ILO), the outbreak of COVID-19 will result in severe economic shocks to the labour market in the following key areas:

### 3.1. COVID-19 Impact on Global Unemployment and Underemployment

Due to the negative implications for a wide range of commercial businesses including, for instance, tourism, hospitality, restaurants, aviation, logistics, insurance companies, factories, and also small- to medium-size businesses, many employees will either be laid off or put on furlough. This is because the revenue cannot be generated for those sectors while the wheel of economy is suspended and, therefore, salaries and other financial obligations cannot be fulfilled. Due to the fact that the COVID-19 is having an impact on the global GDP, the ILO has estimated three different scenarios with regard to the unemployment rate. According to their studies, the global unemployment rate is estimated to rise between 5.3 million in their low-end scenario and 24.7 million in their high-end scenario from a base level of 188 million last year 2019 (ILO, 2020). As for the mid-range scenario, the estimation rate of global unemployment suggests an increase of 13 million ‘7.4 million in high-income countries’ (ILO, 2020). Figure 4 indicates the impact of declining global growth on unemployment based on the three scenarios, world and income groups (millions).

As for underemployment, it is estimated to escalate due to the on-going lockdown approach being taken by a majority of countries to date, besides the closing down of most commercial sectors worldwide. The concept of underemployment includes those workers who are not on their labour supply curve (Bell and Blanchflower, 2018). Recent underemployment includes those workers who can freely choose their hours of work and are given a wage rate accordingly, and therefore are on the supply curve (Pencavel, 2016). As the revenue and the income in general cannot be generated due to the suspension of the global economy, many businesses may need to adjust their employees’ payment strategy to include payment based on production, which is payment by units or hours. As a result, and to maintain the survival income in such a challenging situation, many workers and individuals in general will accept such an adjustment.

### 3.2. COVID-19 Impact on Labour Income and Working Poverty

Poverty across the globe is expected to increase sharply due to major losses in jobs and lack of assurance of sustainable income. The situation will likely be worst in those countries with high poverty rates and weak social financial security. According the ILO, the overall income losses to the labour market are expected to be between 860 and 3,440 billion USD (ILO, 2020). Such losses in income will logically result in low consumption of basic materials relating to housing, food, medicines, and social services. Table 1 shows the estimated decline in labour income and increase in extreme and moderate working poverty (< $US 3.20 per day, PPP) for 2020.

![Figure 4: Impact of declining global growth on unemployment based on the three scenarios, world and income groups (millions).](image)

**Note:** As indicated by the ILO, the figure shows the predicted unemployment rate based on three GDP growth scenarios simulated by McKibbin and Fernando (2020).

According to the ILO’s insights in this regard, and based on their continuous close monitoring of previous crises, there are a number of groups who will be particularly affected by the Covid-19 pandemic, who include:

- Older people and those who are facing severe health conditions
- Young individuals who are already facing unemployment and underemployment
- Women are also at high risk of losing jobs due to their high representation in front line desks in various industrial sectors
- Unprotected workers, including those who are self-employed and who have no social protection or health insurance mechanism
- Migrant workers who are also vulnerable to the effects of COVID-19 due to their inability to fly back or otherwise return to their families and remain in their hometowns

Beside the negative impact of COVID-19 on unemployment, underemployment, labour income, and working poverty, there are also significant impacts on other global measures and sectors. The following sections represent some of those affected sectors and the associated global measures being taken due to the COVID-19 pandemic.

### 3.3. COVID-19 Impact on Global World Stocks

Due to the sequences of practices and procedures formed by the majority of countries to resist, contain, and combat COVID-19 including lockdown, curfew, closing down most commercial shops, keeping social distance between individuals, there has been a clear knock-on effect on the trading on world stock. Many countries therefore have made certain positive economic decisions to support as well as reform their relevant economic situations by postponing bank instalments for a period of time, reducing interest rates, and injecting huge sums of money into the economic cycle. Therefore, many countries have reformed both their fiscal as well monetary policies to save their economic cycles. Figure 5 shows the effects of Covif-19 on global stocks. Additionally, Figure 6 shows the impact of COVID-19 on remarkable stock markets since the start of the outbreak.

### 3.4. COVID-19 Impact on Global Oil Prices and Economic Growth (GDP)

The outbreak of COVID-19 has also influenced global oil prices and, equally, economic growth (GDP). Oil prices and economic growth are, in effect, mutually interconnected and if both slump then less wealth and fewer jobs will be offered in the labour market. It is noteworthy that oil prices were not only affected by the outbreak of the coronavirus itself but, indeed have also been affected by subsequent events including the negotiation of OPEC regarding oil production and oil producers’ countries, and political tension across the globe. Figure 7 shows the oil prices (Brent crude, US dollars per barrel) between 2000 and 2020. Additionally, Figure 8 shows a comparison of the economic growth (GDP) between 2019 and the expectation for 2020.

### 4. Methodology

This paper presents the currently available key facts from reports by official world agencies in relation to COVID-19 and its consequent implications for various business dimensions. All the available data in this paper were gathered from secondary resources, which is due to the unavailability of any published scientific research papers – to date – that have integrated the effects that COVID-19 has brought to business across the globe. Therefore, baseline analysis was used in this paper, where the data gathered were all retrieved from trusted global agencies. These data were collected from

<table>
<thead>
<tr>
<th>Income category</th>
<th>Low (US$ billion)</th>
<th>Mid (US$ billion)</th>
<th>High (US$ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour income</td>
<td>-860</td>
<td>-1,720</td>
<td>-3,440</td>
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<tr>
<td>Extremer and moderate working poverty (millions)</td>
<td></td>
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<tr>
<td>World</td>
<td>8.8</td>
<td>20.1</td>
<td>35.0</td>
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<tr>
<td>Low income</td>
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<td>2.9</td>
<td>5.0</td>
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<tr>
<td>Lower-middle income</td>
<td>3.7</td>
<td>8.5</td>
<td>14.8</td>
</tr>
<tr>
<td>Upper-middle income</td>
<td>3.6</td>
<td>8.3</td>
<td>14.5</td>
</tr>
</tbody>
</table>

Note: As per the ILO report of 18 March 2020, working poverty estimates pertain to an absolute poverty threshold (below US$3.20 at PPP) for 138 low and middle-income countries. This analysis excludes potential impacts on working poverty in high-income countries. Source: ILO website - Note, COVID-19 and the world of work: Impact and policy responses, as per the data of 18 March 2020.
Figure 5: Effects of COVID-19 on global stocks.
Source: World Economic Forum website, five charts that show the global economic impact of coronavirus, as per the data of 1 April 2020.

Figure 6: Snapshot of the impact of COVID-19 on remarkable stock markets since the start of the outbreak
Note: The snapshot was taken from the BBC website, Coronavirus: A visual guide to the economic impact.
Original source: Bloomberg, as per the data of 1 April 2020, 09:00 GMT.
archival data including historical records that include WHO statistics, the ILO website, global economy facts, medical reports, and stock market figures. It is noteworthy that due to the dearth of scientific business-oriented papers reporting the implications of COVID-19, baseline analysis critically relies on the currently available secondary data to form new directions for research agenda in this area. Therefore, baseline assessment is useful in such early research papers to introduce new and recent topics as the method can often constitute a first step towards future studies, in this case regarding the COVID-19-business relationship (Soares et al., 2011). Furthermore, the method can be used to compare the representativeness of two terms with a well-defined threshold (Hisamitsu et al., 2000). Moreover, in relation to the COVID-19 pandemic, baseline analysis also allows epidemiologists to recognize new emerging diseases and accordingly advise about potential future problems in good time (Soares et al., 2011).
The baseline analysis in this study is further supported by the available archival data on both COVID-19 and the reported economic recession due to the breakout of the virus. Archival data is used in this paper due to the recent emergence of COVID-19 as a hot topic and the majority of the COVID-19-relevant literature being, quite understandably, in the medical field only. Thus, no reliable scientific papers have been published to date in reputable journals with regard to the implications COVID-19 carries to businesses. However, it is noteworthy that the facts reported in this paper are mainly retrieved from recent facts available in various business reports, in addition to statistical estimations from various interested business and economics organizations.

Archival data provides distinct advantages for researchers and to the results of such research alike. For instance, the method is ideal for providing cross-cultural and longitudinal data (Shultz et al., 2005). This advantage is seen as being powerful due to the fact the COVID-19 breakout has affected almost all countries and, therefore, global information is required for the purposes of this research. Furthermore, the method provides a strong base for argument about the generalizability of the research results (Shultz et al., 2005). This is further applicable in this instance due to the fact that the implications of COVID-19 are not context-based; rather, they are global-based. Additionally, using archival data in research has been recognized in various, and remarkable, pieces of work over history (i.e., Elder et al., 1992; Finkel, 1995; Gauvain & Huard, 1999; Martin and Friedman, 2000; Shultz et al., 2005; Allee et al., 2007; Jones, 2010; Eckles & Stradley, 2012; Michopoulou et al., 2015; Fisher & Chaffee, 2018).

5. Discussion and Implications

After the uprating of the COVID-19 outbreak to that of pandemic by the World Health Organization on 11 March, 2020, the role of business has changed sharply. With the extensive restrictions that have been emplaced by most countries in the world and the consequent suspension of major business including, but not limited to, aviation, transportation, tourism, food retail, and entertainment, and accordingly business strategies must be reconsidered and reassessed. The breakout of COVID-19 has not showed any ‘mercy’ as such to the language of the economy, growth of wealth, or money creation. Apart from the healthcare industry as an exceptional case, most other sectors have been forcedly stopped from generating revenue and indeed are now experiencing heavy losses. The breakout of COVID-19 represents the type of world crisis which alerts to the need to activate management crises. These crises that face different organizations can be defined as “exceptional events perceived by various managers and stakeholders as highly salient, unexpected, and potentially disruptive which can consequently threaten organizational goals and have profound implications for its relationships with stakeholders” (Bundy et al., 2017).

In such circumstances, and in order to respond to the associated unexpected global economic recession, businesses must reform their current strategies to effectively respond to the implications of COVID-19. Furthermore, thinking strategically on the managerial level will help decision makers survive such crises and maintain the sustainability of their businesses over the long term in order to avoid losses over their capacities to endure, as well as to avoid business bankruptcy. The continuity plans of most businesses are likely to be incapable of predicting, let alone meeting, the demands such a fast-moving crisis as the COVID-19 outbreak. Business, therefore, needs to reform their strategies and relevant plans on different scales and with regard to various aspects as follows:

5.1. Human Resources Financial Commitment

Human Resources probably represent the major commitment of organizations – due to the financial commitment of their employers – to the continuation of paying their salaries. Although the majority of countries have enacted and are enforcing certain quite draconian restrictions such as social distancing, in some associated instances business are being forced not to open in order to combat COVID-19. Employees are therefore in many cases staying at home in accord the regulations so enacted by their countries, companies or, possibly, just due to fear of COVID-19 transmission from others. Business therefore can encourage working from home (WFH) as a new perspective of productivity. Working from home does, in fact, seem to increase performance (Bloom et al., 2015).

Research papers on working at home and the consequent implications for business have also been increasing as a generally body of research in recent times (i.e., Bloom et al., 2015; Shepherd-Banigan et al., 2016; Carpenter et al., 2018; De Groot et al., 2018; Nakrošienė et al., 2019). However, decision makers needs to be very careful in terms of finding the balance between processing required work and humanity in terms of retaining their employees and delivering clear messages to them to show their concern during such hard times so that they do not lose their loyalty. Although there are a number of other strategies being used by policy-makers, these are not recommended for various reason including the appropriate legislation in these countries, the humanity perspective, agreement between employees and employers, company reputation, and so on. Such strategies include suspension of the work contract, staff downsizing, reducing
salaries payment by a considerable percentage, forcing staff to take annual leave, and so on.

5.2. Set-up a Cross-Functional Team and Stabilize Supply Chain

Policy makers should at this stage form a cross-functional team that can process any activities which cannot be performed at home. This team should be led by a high-ranking managerial member and whose purpose is to form contingency plans as the situation develops. Through this team, businesses can monitor marketing and sales activities, deal with customer queries, maintain customer records, ensure management-employees well-being, and maintain accounting and financial records. The team also needs to be engaged with customers and to maintain their loyalty in some way. Such strategies could include offering loyalty cards, higher discount rates, and solidarity vouchers to keep customers engaged. Losing part of the business revenue at this point is considerably better than losing customers in the long run, who are ultimately the main source of generating cash flow for these companies. It is also noteworthy that business supply chains across the globe have been interrupted due to the restriction of commercial transportation and, consequently, the supply of goods and services will be shrinking to minimum levels. Businesses therefore need to maintain their inventory levels at a minimum, and this may result in getting rid of unnecessary storage rents across different sites and reallocating materials to one master store.

5.3. Social Responsibility and Double Down Partnership

The COVID-19 pandemic has demonstrated that people, and indeed companies, cannot prosper alone. Both society and businesses rely on each other to grow and, indeed, to sustain life in its various guises. Businesses have multiple stakeholders, but one important stakeholder is inevitably the society in which the companies operate, and to whom they owe a certain contribution in the form of social responsibility. The engagement of businesses in societal activities is an important strategy that keeps businesses alive in the minds of their customers. Furthermore, it acts as an indirect advertisement that reflects the care and consideration of their management. Such contributions to society during the COVID-19 crises need not necessarily include helping to execute large projects such as building hospitals that would normally need a long time to be fully implemented, for instance; rather it could be small issues, for instance, re-emphasizing the governmental messages to “Stay at home”, “Wash your hands”, or “Keep social distance”, as already advised by the WHO since the beginning of the COVID-19 outbreak.

Furthermore, companies can financially support their countries in the global effort to combat the COVID-19 outbreak. The social responsibility businesses have towards their local, or even global society indeed suggests forming more collaborative strategies than ever. Businesses in recent years have shown more understanding of collaborative and collective work in which all individuals are seen as partners rather than separate stakeholders, therefore forming a new business model. Such collaboration between organizations and other business or global institutions include, for instance, the campaign on 23 March 2020, between the WHO and FIFA to raise public awareness, as mentioned earlier. Another real-life example is the donation made by Google when it pledged $800 million to assist business and crises as a response to COVID-19 (Word Economic Forum, 2020). Moreover, the Tata group pledged $200 million for affected societies, and Pepsi Co has provided 50 million meals and local humanitarian support as a response to COVID-19 (Word Economic Forum, 2020).

6. Conclusion

The breakout of coronavirus, specifically ‘COVID-19’, has generated unexpected implications for the global economy, resulting in a severe economic recession. All current work in the literature studying the COVID-19 pandemic have been published in medical-relevant journals as the assessment of COVID-19 from a medical point view is clearly vital. However, what happens in the health side of the world has its own implications for the business and economy world due the strong connection of the micro-business environment to the macro-environment.

Therefore, to our knowledge this paper is the first attempt to shed light on the implications of COVID-19 on business and business strategy and it aims to report some of those major implications in order to give an indication of possible ways forward from a business perspective. The data collected for this paper was all secondary in nature and was assessed based on baseline analysis and available archival data. It is hoped that the key lessons provided in this research can help businesses to re-formulate their strategies to cope with this current situation and remain sustainable in the long term.

7. Recommendations

Based on the analysis of the data gathered in formulating this research, a number of managerial implications, along with associated recommendations, can be offered.

First, business organizations need to formulate their strategies from a comprehensive and holistic viewpoint.
This requires decision makers to design a collaborative framework for the management of crises and consequently prepare relevant contingency plans to keep their businesses sustainable.

Secondly, it is essential for business organizations to retain their human capital and indeed should consider them their main organizational assets. This might require the termination of certain policies and procedures and that businesses deal with their employees on the basis of traditions, ethics, humanitarian principles, and acceptable practices in order to maintain their loyalty. Organizations, in essence, need treat their employees in an appropriate way given the circumstances, rather than to threaten their careers with immediate termination, forcing them to take holidays, or reducing their salaries.

Thirdly, decision makers in business organizations need to invest in corporate social responsibility now more than ever, as well as thinking strategically in terms of their collaboration and partnership with others. Investing in social responsibility represents a noble and healthy practice that can boost the reputation of any company in the long run as after COVID-19 pandemic ends, whereby countries’ governments will almost certainly remember, and only be willing, to support those who showed empathy during such crises; similarly, customers are likely to show greater loyalty to those companies that showed such respect for humanity. Investing in social responsibility could range from financial donations, raising awareness campaigns, changing delivery practices to maintain social distancing, providing medical shelters, and so on.

References


