

Covid-19 & Business Environment: Disruptions, Opportunities and Challenges

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ABSTRACT - The primary aim of this research study paper is to conduct a literature review concerning the BUSINESS ENVIRONMENT (BE) during COVID-19. Disruptions, Opportunities and Challenges emerged in the Business and Management world out of the COVID-19 pandemic. This research study reviewed the existing literatures available in the area of BE, with the key focus on Business and Management literatures emerging around the COVID-19 situation. This research study found interestingly that the COVID-19 pandemic brought considerable Disruptions, Challenges and created future potential Opportunities in the contemporary "Business Environment (BE)", with unprecedented situations to the Strategic Decision Making (SDM) of Business enterprise's management at different levels. Also learnt that there is a need to further study the impact of COVID-19 on the "Business Environment" in a much holistic way to give a lesson learnings from the pandemic situation to the future decision makers from business and management research study point of view. This research study paper concludes with a review, suggesting scope for future holistic empirical research and identifying several impacts of COVID-19 on various aspects of Business Environment to the Businesses and Management world.

Keywords - Business, Management, Strategic Management, Business Environment, COVID-19

I. INTRODUCTION

Today firms, including those embracing entrepreneurial orientation are faced with complexities in Business Environments (Washington et al., 2016). Business Environment (BE) is a combination of forces, situational factors and actors, which can be characterized by different criteria in which business is carried out and is the basis for the creation and development of business.

BE has high dynamism, information uncertainty and unpredictability of events and results of their activities, which requires a revision of traditional approaches to the formation of competitive strategies and management in the global economic space which shape and influence the functioning of businesses.

Hence, identification of the BE is a complex and important issue (Sardak S.E., Movchanenko I.V. 2018). In 2020, COVID-19 pandemic has once again raised the question of how companies with global manufacturing and supply chain can survive the impact of lockdowns and social distancing. Should business look for its own interest and survival or step up and offer its resources and knowhow to save humanity even if it means not delivering quarterly earnings and guidance?

What is the role of business in society? Is the business of business only business or is it more than that? Business of business has been more than business since the industrial revolution in the UK, Germany, and the United States (Sheth, Jagdish 2020).

II. BUSINESS ENVIRONMENT

Business Environment (BE) of most developing countries is often characterized by market and demand uncertainties, high rates of inflation, poor physical infrastructures such as road network that affects lead-times, and poor public policies and regulations (Maiwada & Khalid, 2012). According to Munshi Naser Ibne Afsal et al. (2018) each local business environment has entrepreneurial capability, closely connected with social and economic determinants of each region or examined country. BE is all that involves the company and it is all that is beyond the sectoral boundaries or limits of the organization, the environments are characterized by intense competition, economic intensity, technological changes, information exchange, uncertainties about government policies and other factors that may threaten the future of the company (Daniel Nascimento-e-Silva et al., 2019).

According to Anand and Ward (2004), business environment is a multi-dimensional concept that consists of factors such as market competitiveness, government policies and regulations, technological proliferations and location among others. BE also consists of regulatory environment, crime, corruption, access to infrastructure and financial development (Bah & Fang, 2015). It is argued that the nature and conditions of

BE could have a major effect on the entire business operations of a given industry and subsequently the performance (Abimbola & Agboola, 2011; Sohal & Perry, 2006; Wong et al. 2014; Yu & Ramanathan, 2012). BE has been regarded as multi-dimensional constructs, which has different measures and levels. Even though there are different dimensions of business environment, the two major dimensions to business environment: Environmental Dynamism (ED) and Environmental Hostility (EH) (Wong et al., 2014; Yu & Ramanathan, 2012). Environmental Dynamism (ED) refers to the rate of changing marketing practices, the rate of obsolescence, the unpredictable actions of competitors, and unpredictability in demand and consumer tastes (Bourgeois & Eisenhardt, 1988 cited in Wong et al., 2014). Also, environmental dynamism refers to the extent of the unpredictability of change within the company's environment. Dynamism should be restricted to change that is hard to predict and that heightens uncertainty for key organizational members. Dynamism covers both stability and instability as well as the volatility of the business environment (Dess & Beard, 1984). On the other hand, Environmental Hostility (EH) refers to the intense price competition, rising business costs, low profit margins, severe regulatory restrictions, shortages of labour and/or raw materials, and unfavorable demographic trends, offer few opportunities to exploit (Yu & Ramanathan, 2012). Similarly, EH refers to competition, concerns relating to low profit margins, and demanding quality standards imposed by the marketplace (Wong et al., 2014). Vasconcelos and Ramirez (2011), mentioned that Business Environment is of two levels: Contextual Environment (CE), and Transactional Environment (TE). CE is from the point of view of the organization, which is composed of the factors affecting the organization, but the organization has no power or even influence on the CE. Economic conditions such as inflation, economic growth, exchange rates and interest rates or socio-political issues like international relations, law and demography are examples of factors that form the contextual environment. While the Transactional Environment (TE) consists of the supply chain partners and organizations such as customers, dealers and suppliers of the organization. Core of the Strategic Management lies in the Strategy Formulation process for any organization and to have timely and apt Strategies, —Decision Making plays an important role and while making Strategic Decisions for an organization Decision Making becomes even more difficult and vital, looking at the implications of the Strategic Decisions. Hence while making any Strategic Decision Organization to consider various factors - which are either Internal and/or External in their nature - and make the detailed analysis of these factors before the Decision Making (Uttamkumar Kinange & Nikhil Patil, 2020). Decision makers need to have a perfect understanding, acquire and equally interpret or screen information from their environment in order for them to make and implement strategic decisions and when there is the presence of too many issues with uncertain and unstable potential results, the decision outcome are uncertain (Arendt et al., 2005; Siggelkow and Rivkin, 2005; Rahman and de Feis, 2009). Elbanna and Child (June 2007) argued that environmental characteristics is having prominent influence on the degree of the rational behavior of managers in making decisions and that actions behind making strategic decisions that are either motivated or encouraged by environmental threats will be more rational than those that are made in response to environmental opportunities.

III. COVID-19 DISRUPTIONS

The economic impact of the lock down and social distancing policy of the governments as a COVID-19 measured to curb the pandemic spread has been devastating on business. Should business look out for its own interest or deploy its resources and capabilities to fight the coronavirus even at the expense of short-term losses? Business and society are two peas in a pod, mutually interdependent nurturing each other and one cannot survive without the other. Businesses invested in and supported the local communities, and the local communities protected businesses and committed public resources. This symbiotic relationship enabled the company and its owners to expand all over the country and the world (Sheth, Jagdish 2020).

Companies may see opportunities by observing fundamental changes in attitude and behavior and creating mind maps. They will analyze the changes in consumer behavior (what do we see now? people spending time at home, focusing on hygiene and health and family safety). Changes in the way companies approach activity may involve work from home, efficient activities, supply diversification opportunities and as well as the increase of the preparation level in front of other economic and social phenomena, similar to this pandemic. COVID-19 has affected most countries in the world, regardless of nation, race, social status, financial strength, wealth or poverty. Fear and hysteria maximized the effects of the economic and social crisis, and the population, governments and companies reacted in the most unexpected ways, some by exaggerated measures, even extreme, and others ignoring the situation by continuing life and activities as if the virus did not exist. (Morosan-Danila, L., & Bordeianu, O.M. 2020).

(Nicolai J. Foss 2020) argue that among the streams in strategy research, behavioral strategy is uniquely situated in terms of providing a psychologically based interpretive lens that could lend great insight into decision making in extreme conditions. However, the disruption also points to weakness in current behavioral strategy thinking, notably with respect to the role of models vis-à-vis judgment in strategic decision

making, the deeply social (political, institutional) nature of strategy making, and the treatment of fundamental uncertainty.

Countries with well-honed crisis risk-management arrangements are faring better at slowing the spread of infection, although that does not make them immune to political and economic pressures. COVID-19 has also shown how governance failures may involve inaction or over-zealous action by ill-prepared authorities scrambling to maintain or regain stability. Both ends of the spectrum undermine trust and cooperation among citizens and countries. Centralized control measures may seem necessary to stop or delay the spread of the virus, and compensate for weak individual and community resilience, but may also cause harm (Richard Smith-Bingham & Kavitha Hariharan, 2020).

IV. OPPORTUNITIES

It is difficult to say exactly how COVID-19 will shape the outlook on society, but it is plausible that we will be able to see a bigger pinpoint (at all levels) on crisis provision, overall preparedness, human support and providing emergency medical assistance. It is not possible to predict for certainty what changes are liable to be kept, when some companies have already obtained leading positions. The companies that will grow are those that will cope with changing situations; companies which will continuously adapt to the needs of the market and the perceived results by creating new products / processes / strategies, learning and selling intelligently. Companies may see opportunities by observing fundamental changes in attitude and behavior and creating mind maps. They will analyze the changes in consumer behavior (what do we see now? people spending time at home, focusing on hygiene and health and family safety). Changes in the way companies approach activity may involve work from home, efficient activities, supply diversification opportunities and as well as the increase of the preparation level in front of other economic and social phenomena, similar to this pandemic (Morosandani, L., & Bordeianu, O.M. 2020).

Though COVID-19 has put the world on its knees, there are uncharted business opportunities that countries are benefitting from in one way or the other. The future looks uncertain for the world business environment with the resurgence of infectious diseases almost every two years (Coronavirus-2020, Ebola- 2018 and ZikaVirus-2016 etc.) as well as a pandemic happening every century (Coronavirus-2020, Spanish Flu- 1920 and Cholera-1820) (Gamette, Pius & Agyeiwaa, Angelina 2020).

Beyond standard concerns related to business operational continuity, employee protection and market preservation, businesses – and countries – should take a fresh look at their exposure to complex and evolving inter-dependencies that could compound the effects of pandemics and other crises. Given the panic and neglect cycle of pandemic preparedness, once COVID-19 is contained, much of the world is likely to return to complacency and remain under-prepared for the inevitable next outbreak. Businesses that invest in strategic, operational and financial resilience to emerging global risks will be better positioned to respond and recover (Richard Smith-Bingham & Kavitha Hariharan, 2020).

V. CHALLENGES

The COVID-19 outbreak highlights cracks in global trust, the pitfalls of global interdependency and the challenge for global governance. Epidemics are both a standalone business risk and an amplifier of existing trends and vulnerabilities (Richard Smith-Bingham & Kavitha Hariharan, 2020). Situations like the COVID-19 disruptions are characterized by so many unknown, interacting factors that trying to get a sophisticated grip on the situation is going to lead to overload and decision paralysis. Acting on simple strategies is better, because it stabilizes the situation. Over time, the situation may become so stable that uncertainty is transformed to risk. In the context of the COVID-19 disruption, some may wish to argue that those countries that early on adopted very simple strategies to cope with the disruption (e.g., complete lockdown across the board) fared better in terms of life-years saved than those countries that tried to adopt more sophisticated strategies. However, a key issue is where the initial simple strategies adopted to cope with disruptions come from. Here the potential insights from the second challenge becomes pertinent. Which coalitions hold power? What is the structure of the advice network that top decision makers are placed in? Which institutional logics dominate? (Nicolai J. Foss 2020).

As Business leaders wrestle to guide their organizations through the COVID-19 pandemic, decisions running the gamut from where to sell to how to manage supply chains hinge on expectations about the future of globalization. The pandemic has prompted a new wave of globalization obituaries, but the latest data and forecasts imply that leaders should plan for a world where both globalization and anti-globalization pressures remain enduring features of the business environment. Global business leaders can go beyond just watching disease trends and economic data — they can help tilt the balance from negative to positive feedback loops by contributing to health, growth, and international cooperation (Steven A Altman, 2020).

VI. RESEARCH METHOD

The methodology followed in this research study paper is literature review and this study paper is an outcome of the knowledge acquired through review of various existing literatures from Research documents, Journals and Articles. This research study reviewed the existing literatures focus on the Business and Management literatures emerging around Business Environment (BE) in the COVID-19 situation.

VII. RESULTS

From this research study, we understand that COVID-19 brought considerable Disruptions, Opportunities and Challenges in the contemporary "Business Environment (BE)" and hence posed unprosperous situations to the Strategic Decision Making (SDM) of Business enterprise's management at different levels. Also learnt that there is a need to further study the impact of COVID-19 on the "Business Environment" in a much holistic way to give a lesson learnings from the pandemic to the future decision makers from research study point of view.

VIII. LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

As this research study paper is the result of the review of literatures, which inherently has a limitation of not having any Empirical evidence other than the available Literatures referred during the research study. Considering this inherent nature of limitation with review of literature, we foresee future studies which can be made empirical in nature in order to study the impact of COVID-19 on the "Business Environment" in a much holistic research study point of view.

IX. MANAGERIAL IMPLICATIONS AND CONCLUSION

This research study paper consolidates literatures around the considerable Disruptions, Opportunities and Challenges in the contemporary "Business Environment (BE)" emerged out of the COVID-19 pandemic, which posed unprosperous situations to the Strategic Decision Making (SDM) of Business enterprise's management at different levels.

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