

ADAPTATION OF THE BUSINESSES NOT TO FALL BEHIND IN THE NEW NORMAL PERIOD

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ABSTRACT

Purpose - This paper aims to be an exploratory study that ascertains the impacts of COVID-19 on business life and ushers further research on the subject.

Methodology - Internet-based research is conducted to collect the fundamental information on the impacts of COVID-19 on business life as secondary data.

Findings- It is imminently possible that COVID-19 will be a milestone in business life due to changing many things; such as working conditions, working hours, working locations, brand strategy, innovation involvement and even changing the product itself.

Conclusion- This article is intended to be one of the first steps of a guide for the business owners to take appropriate action and adapt to the new normal in the future not to fall behind in the harsh conditions of the demanding markets.

Keywords: COVID-19, crises, business life, economic crises, adaptation, new normal of Covid-19.

JEL Codes: M10, M14, M16

1. INTRODUCTION

Throughout history, crises have always played a crucial role in shaping the world economy and business life. Some of these crises have brought forth even more substantial crises or wars as a snowball effect; or have become a new Kondratieff wave by leading the innovation, resulting in at least 40 – 50 years of prosperity. COVID-19 is the latest crisis that the entire world has to face, much like a world war that spans the globe. Since its beginning as a pandemic, COVID-19 has been affecting people in a myriad of ways. Its first impact had been on the physical side; affecting people's health and even become the cause of death for thousands only in the span of a few weeks. The psychological impact with the fear of death and insulation that lead to loneliness are the other, less visible but devastating aspects of COVID-19. However, a third impact might be even more long-lasting yet and affects not only the infected but also the entire population; the economic effects.

It is imminently possible that COVID-19 will be a milestone also in business life by changing a large number of aspects related to business; such as working conditions, working hours, working locations, brand strategy, innovation involvement and even changing the product itself. People from all walks of life involved in the business world, employees and managers alike, are trying to adapt to the new normal because the companies are forced to adapt to survive in the new era post pandemic.

This article aims to be an exploratory study that showcases the considerable changes the companies, especially the global giants face in order to withstand this long-lasting crisis. Therefore, reports the global consultancy groups started to publish as soon as it was confirmed that the pandemic was going to affect how business world turned, will be examined first and foremost to ascertain the big picture from the business world's perspective.

2. DATA AND METHODOLOGY

The strategy to obtain valuable information for this study is through the use of secondary data. With the secondary data, the very recent literature concerning business practices and the pandemic will be reviewed to gain initial knowledge, not only to understand the impact of pandemics like COVID-19 but also the defensive strategies of companies to survive in this uncertain climate. As it is described in the Research Onion (Saunders, Lewis, & Thornhill, 2009), the strategy should be defined to collect the required data. In consideration of how very new this pandemic and any new, if at all, business practices coming forth in reaction to it are, with very little published works in the archives yet, internet-based research is the dominant research type for this article to explore the necessary information needed. It will also provide a good starting point for further studies by providing the background information related to the adaptation of the companies to the new normal.

Archival research starting with the external data to obtain the basics of the concepts and continuing with the internal data attained from the reports of the global consulting firms provide the backbone for this article. In the absence of academic studies in such a new topic, the well rounded research studies that are published by global consultancy companies across sectors such as finance and human resource, form an invaluable resource. Their findings that mirror the image of the entire globe with financial statements and real numbers, these reports create a more quantitative data in these uncertain times into which the business world has befallen.

3. FINDINGS AND DISCUSSIONS

No doubt that COVID-19 has been affecting the entire world physically, psychologically and financially since its inception. Many people had had to be hospitalized or even died due to the illness. The rest of the world has been obligated to “stay home”, forcibly in a lot of cases with government mandated lockdowns. Losing the freedom to move about is an enormous stressor that affected a lot of people negatively, and combined with the loneliness, fear of death and uncertainty, the psychological impact had been considerable. But the last effect of the pandemic that will last longer than the others and affect every single human being on the planet eventually is the financial issues. According to the article “COVID-19 and the world of work” 2.7 billion people were affected by the full or partial closures (ILO, 2020). COVID-19 is heading toward becoming a milestone in business life by changing how business is conducted. Throughout the myriad of articles, including the academic and non-academic ones, that are examined in the course of this work, it is possible to determine that similar issues are mentioned in all the works. With the COVID-19 crisis, virtually all companies are forced to change their working styles, working conditions, working hours, working locations and also they are obligated to revise their brand strategies, innovation involvements, and even their product portfolio. “Out Maneuver Uncertainty: Navigating the Human and Business Impact of Covid-19” was taken as the fundamental research material due to its comprehensive nature and well rounded arguments. Other studies by global consultancy firms, along with a 300+ correspondent survey conducted globally, were selected to build upon and clarify various points.

“If it ain't broke, don't fix it” mentality is the dominant strategy of human beings that displays no need to spend time, money, and effort on change. It is also prevalent in business practices world over. But crisis period such as the one the world is going through right now is when people/companies need to take action and react according to the conditions of the current climate dictates. In this vein, business strategy, workforce, customers, operations, finance, and technology will be the major points of contention that need to be considered carefully by every single company to move forward, or indeed, to exist (Accenture, 2020).

1. Business Strategy- The sentence “The journey to agility must start now” is underlined by Accenture to show the tough mission of the CEOs. As also mentioned in “COVID-19: Impacts on Business” by PWC, “As companies move from reacting to mitigating the impact of the outbreak, strategies to emerge stronger may come in focus” (PWC, 2020). The focus on agility and resilience as a strategy increases with the accelerating the digitalization, and more cloud-based operations within companies. Therefore the more digital, the more data-driven and more cloud-based the company is, the more agile and resilient to the crisis of the companies, which is underlined as one of the main points in the new normal.

2. Workforce- Not all the companies suffered during the COVID-19 crisis equally. Most of the global giants followed some basic rules since the beginning of the pandemic as it is outlined by Deloitte; working remotely and virtually for individuals (for those who could work remotely and virtually) including communicating often, working effectively, embracing technology, being accessible and managing expectations (Deloitte, 2020). COVID-19 has had different effects on different sectors. This also creates some advantages and disadvantages depending on the sphere in which a company operates. Retail, tourism, automotive, etc. are the ones that are hit harder than most due to the nature of what they are producing/serving. But on the other hand, the food and beverage industry ramped up in this uncertainty, especially pre-packaged goods or those that create the basis for producing food at home, along with sanitation products. As it is mentioned in figure 1, some giant companies capitalize on this need and tip the scales into their favor, by being willing to increase the number of their employees.

Figure 1: Who's Hiring During COVID-19



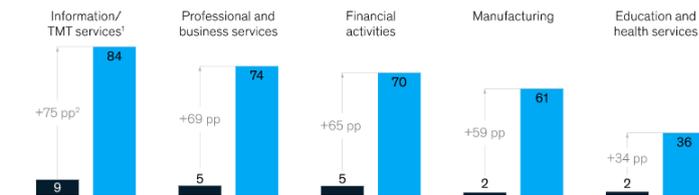
(Statista, 2020)

To be more resilient to the crisis, the workforce should be redefined, reskilled, redeployed (Accenture, 2020). To be more successful or take less damage within this uncertainty, protecting people should be the number one goal as well as communicating effectively. But the harder job will be “prepare for recovery” as it is mentioned by PWC (PWC, 2020). Comparable to the COVID-19 period, post COVID-19 period will be hard for both the employees and the employers. According to the survey that is done by Professional Women’s Network Istanbul, which contains data from 45 different companies from 24 different sectors, 80% of the respondents want to continue working from home office after the quarantine. This will be one of the demands from the workforce in the post pandemic period. Additionally, most of the companies are also willing to go on with home office workers like Twitter, not only to decrease the costs but also increase the motivation and efficiency of the employee (PWN Istanbul, 2020).

Figure 2: The Levels of Remote Working

The levels of remote working have skyrocketed during lockdowns and are likely to remain higher than precrisis levels for some time.

Share of employees working remotely full time, %



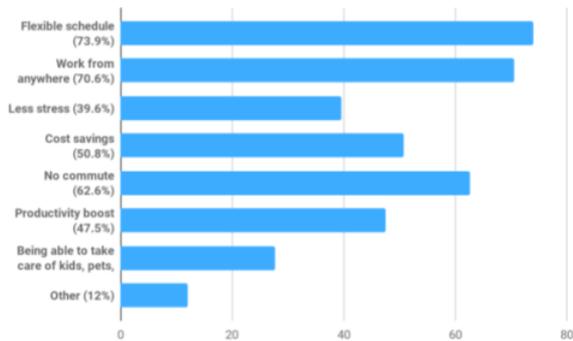
*TMT = technology, media, and telecom. Pre-COVID-19 figures for remote-work frequency in sector sourced from internal survey (unavailable in American Time Use Survey).
 †Percentage points.
 Source: American Time Use Survey, US Bureau of Labor Statistics, n =134; expert interviews; press search; McKinsey analysis



(McKinsey & Company, 2020)

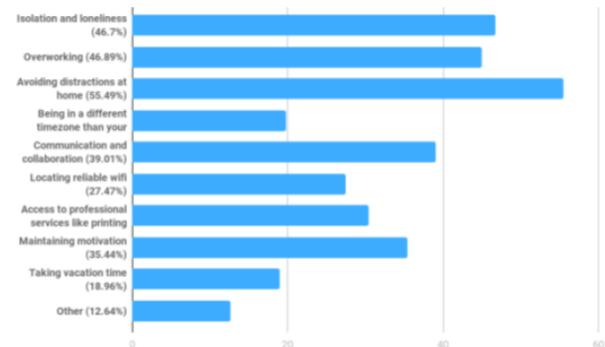
As it is shown in figure 2, remote working differs from sector to sector and also department by department within companies. With the COVID-19 crisis, a change of habits in the working location for the employees are likely to occur across the board. This new working location has its advantages and disadvantages. According to the report “2020 Future of Work,” people are happier to work remotely even though it has also some challenges as seen below (Coworking Insights, 2020). With the respondent number above 350 from many different countries, this survey expresses the opinions of the employees operating in different sectors.

Figure 3: Advantages of Remote Working



(Coworking Insights, 2020)

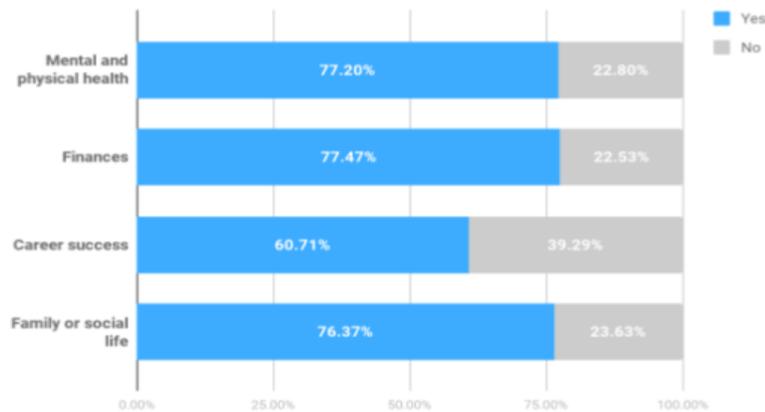
Figure 4: Challenges of Remote Working



(Coworking Insights, 2020)

“Despite the challenges, a majority of people found that remote working had a positive impact on many aspects of their day-to-day lives, both personally and professionally.” (Coworking Insights, 2020) As it is expressed with this direct quotation, most of the academic and non-academic articles show how positive an effect it has had on business life. Within the same report, it is also underlined that 79.67% of the all respondents think that they are more productive and effective.

Figure 5: Remote Working Positive Effects

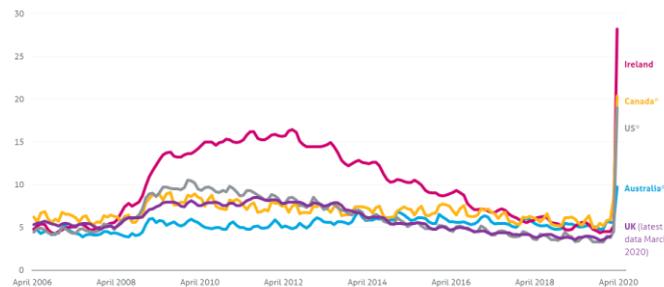


(Coworking Insights, 2020)

And another crucial point for the managers to consider is worker engagement. In this period, the actions taken by the managers affected the worker engagement by pointing out “you are important” virtual care messaging, visits in healthcare, and taking necessary actions. The benefits of the smart actions will take part especially in the post-COVID-19 period (EY, 2020).

3. Customers- As it is mentioned by many articles, the main reason for the adjustments in business world is to be more resilient to the ongoing changes in the world, no matter if there is a crisis happening or not. For the companies, sales volume is the main building block to create profit and the most important survival tool. It is the only way to protect the employees within the company, and keep them employed. If the customers are not willing to pay for the goods or services, the companies cannot generate revenue, therefore causing the increase in the unemployment rates, as it is mentioned in the report of Coronavirus and Unemployment (Institute for Government, 2020).

Figure 6: Unemployment rates in Australia, Canada, Ireland, the UK and the US



(Institute for Government, 2020)

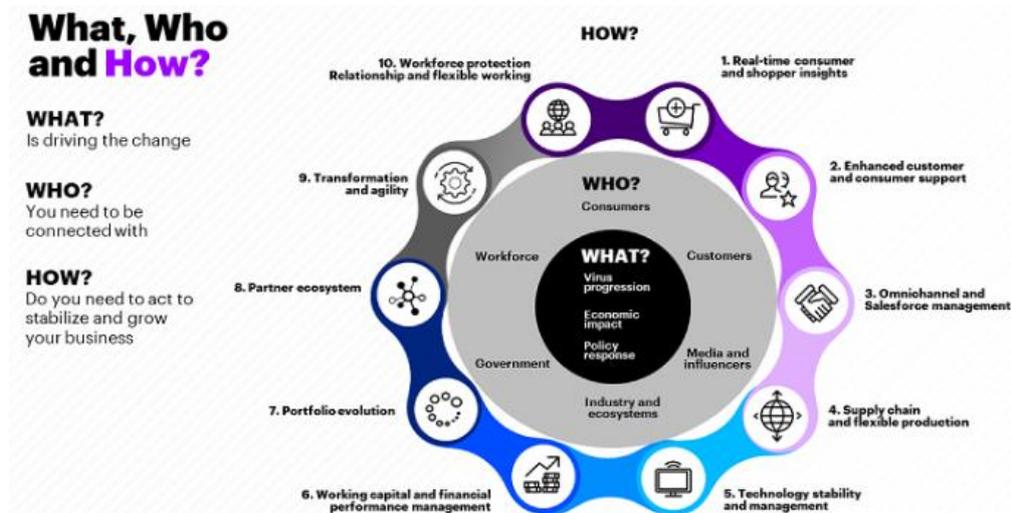
The consumer industry has changed since the first day of the COVID-19 crisis. As it is explained in the figure taken from the article “COVID-19: The impact on consumer goods”, it has various parameters to be followed by the companies and take their actions accordingly as it is shown in figures 7 and 8. To summarize, “Reset for a new mindset” will be the major issue from now on as it is explained in COVID-19 Business Impact by Accenture (2020).

Figure 7: New Risks and Opportunities in the Consumer Industry



(Accenture, 2020)

Figure 8: What Who and How



(Accenture, 2020)

4. Operations- As it is mentioned the main defense system for crises should be “restructuring for global resilience and dynamic self-management & continual adoption build for agility” (Accenture, 2020). Therefore, the supply chain becomes even more critical within these periods. The more digital-driven of these operations, the more quickly, safely, and securely these operations can be.

- Scan E2E value chain performance, risks, and dependencies/ correlations.
- Establish a control tower to coordinate and move inventories between channels and secure logistics capacity to mitigate value chain risks.
- Enable production shift/redirect production to other geographies

(Accenture, 2020)

Even though the operations are getting more and more complex, it is one of the points of origin to survive in these crisis eras.

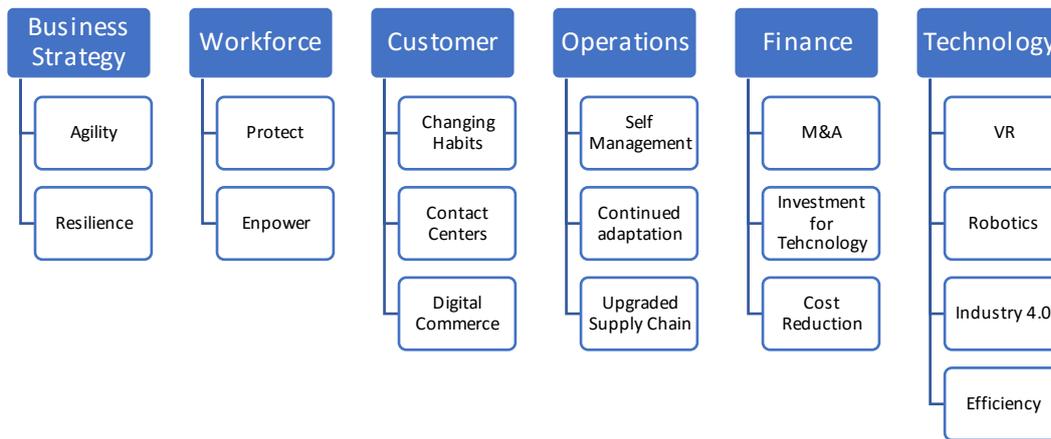
5. Finance- The prominence of liquidity has always been at the top in every single period in time, since the dawn of business transactions. However, it is never more significant than it is during a crisis. As it is stated in Accenture report, “Creating liquidity to survive, then thrive” (Accenture, 2020), liquidity plays a major role especially to accomplish the strategic maneuvers of the companies when it is necessary. One of the main issues that are taking the time of the company CEOs is the investment for the new opportunities such as investing a new technology by forcing the responsible departments, or getting some extra support from freelance operators or third party companies, or even M&A to thrive under these foggy conditions.

6. Technology- As it is underlined before, most of the companies apply the mentality of “If it ain't broke, don't fix it” during regular times. Using newer, higher technology is sometimes perceived as prodigality, especially when it is related to marketing or sales. However, the COVID-19 crisis displays that the usage of technology, especially in marketing, sales, and manufacturing and how much it positively affects companies.

Virtual reality gains importance with the quarantine issues under COVID-19. People have been not available either to attend physical stores to buy/sell, or witness the tests of the investment they had conducted during the last two quarters. But virtual reality has been used to showcase what people request in shops or factories virtually and vividly without mandatory physical attendance, along with the virtual meetings held on internet.

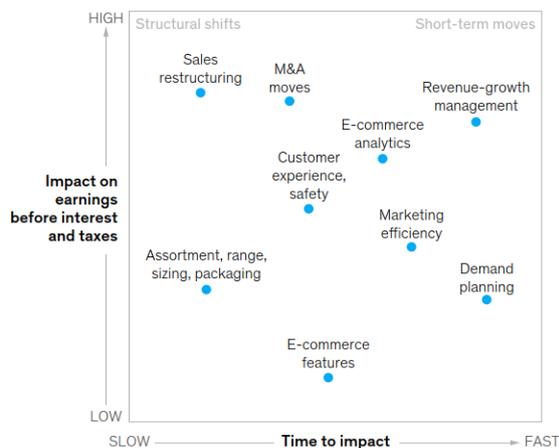
The rest of the technological issues are generally related to the manufacturing area to increase productivity, to become more resilient, and to save more on costs. To a large extent, production facilities suffered during the COVID-19 quarantine days across the world. It is understood that the more human-based workforce means the more fragile the production facility is. Therefore industrial robotics become more and more important to be more unbreakable in the face of a crisis. In the same manner, Industrial 4.0 become also important to eliminate the human effect on every single point of the progress for production. With the help of automation and internet of things, manufacturing becomes stronger and provides resilience. Likewise, energy efficiency comes forth to the stage again, with the great benefit it provides due to the energy savings and decreasing the variable costs.

Table 1: Turning Massive Challenges into Meaningful Change



As it is summarized within table 1, these are major points and also the major challenges that need to be taken into consideration as actionable data by the managers and the CEOs of the companies and adapt their companies not only to thrive in the later stages of the COVID-19 and post COVID-19 era but also to maintain their existences at the forefront.

Figure 9: Matrix for Prioritizing Measures for Rapid Revenue Recovery



(McKinsey & Company, 2020)

Within the report of “From surviving to thriving: Reimagining the post-COVID-19 return” it is also mentioned that the important points have different impact on earning and of course it takes variety of time to be valid.

4. CONCLUSION

Times of crises have a way of proving a company’s course. Business world operates to create revenue and be at the forefront of the race in order to achieve it. And a crisis of the latest COVID-19 proportions that is predicted to change the modes of doing business, will open up possibilities for new companies to get ahead, while those that cannot become resilient and agile enough to stay afloat will fall behind.

Inasmuch as the myriad of ways that COVID-19 has affected and continues to affect people, such as physical and psychological impacts, the changes business world is facing will be longer lasting and more poignant. The nature of business world will face new possibilities in the way of working conditions, working hours, working locations, brand strategy, innovation involvement and even changing the product itself. In the post COVID-19 era, in order to survive and even thrive, companies will have to adapt to new conditions.

This paper aims to be an exploratory study that ascertains the impacts of COVID-19 on business life and is intended to be the first step of a guide for the companies to adapt to a changing scenery in the production stages as well as working conditions and delivery of products/services. To this extent, this study collates internet-based research to collect the fundamental information on the impacts of COVID-19 on business life as secondary data from published research of globally acknowledged companies focusing on different areas of business, such as finance and human resources. This topic will benefit from more analysis pertaining to the ways a company can build its agility and resiliency, and further studies can shed light on the outline that the author of this article intends to provide businesses not to fall behind.

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