

Covid-19: The Aftermath for Businesses in Developing Countries

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Abstract

Over the years, SMEs sector had played a critical role in contributing economy of nations around through creation of employment opportunities, income generation, equitable distribution of income whence contributing towards poverty alleviation, GDP etc. However, this sector has suffers a number of challenges in domestic and global market competition as a result of city locked down and social distance following the outbreak of the pandemic diseases known around the round as covid-19. In order to avoid the uncontrolled spread of COVID 19, countries round the world announced lockdowns unanimously some earlier and some later. No doubt the shutdown has slowed the spread of coronavirus. Currently, SMEs is face with traditional hardships in finance, management skills, poor cash flow, deficit in accounting and several

problems that hinder them from achieving good performance. However, it has other repercussions, ranging from economic slowdown, diminishing the production to note a few. Thus, the study seeks to explore the aftermath of covid-19 for Businesses in developing countries.

Keywords: Covid-19; City Locked-down; Businesses; SMEs

Introduction

The outbreak of the pandemic of corona virus disease, popularly known as Covid-19, has unarguably taken the world unaware and unprepared, thus leaving the affected countries to suffer devastating dead crises as well as economic breakdown (Umoh, Nseobot, Hamid, Elyassami, Effiong, Ette, & Soomro, 2020). The 2019 novel corona virus (SARSCoV-2, which causes the COVID-19), was first identified in Wuhan, China, among people having unknown pneumonia and associated with seafood and live animal market (<https://openwho.org/courses/introduction-to-ncov>). Five Coronaviruses are known to cause human disease, including the β -CoV SARS-CoV; human CoV (HCoV)-OC43; HCoV-HKU1; the α -CoVs HCoV-229E and HCoV-NL63 (Perlman and Netland, 2009). The Middle East Respiratory Syndrome or MERS-CoV; Severe Acute Respiratory Syndrome or SARS; and novel Corona virus or SARS-CoV-2 are all caused by corona viruses and result in severe respiratory illnesses.

The virus can infect any person irrespective of their age but older people and those with existing health conditions such as diabetes, heart disease, cardiovascular disease, immune suppression, etc., are more vulnerable to contact the virus than any other group of individuals. Although sex-disaggregated data for COVID-19 show equal numbers of cases between men and women so far, there seem to be sex differences in mortality and vulnerability to the disease (China CDC 2020). Emerging evidence suggests that more men than women are dying, potentially due to sex-based immunological (Chen, Zhou, Dong, et al, 2020) or gendered differences, such as patterns and prevalence of smoking (Liu, Zhang, Yang, et al. 2017). However, current sex-disaggregated data are incomplete, cautioning against early assumptions. Simultaneously, data from the State Council Information Office in China suggest that more than 90% of health-care workers in Hubei province are women, emphasizing the gendered nature of the health workforce and the risk that predominantly female health workers incur (Boniol, McIsaac, Xu, Wuliji, Diallo, and Campbell 2019). Methods of transmission can be through mouth or nose droplets, contaminated materials, sneezing or cough. It was observed that those who have high chances of contacting the virus are those who are regularly in contact with infected animals, either as live animal market workers or those involved in treating infected people or animals. The fundamental symptoms of the COVID19 are mild, flu - like symptoms, fever, cough, difficulty breathing, pain in muscles and tiredness (Nuhu, 2020). More serious cases develop severe pneumonia, acute respiratory distress syndrome, sepsis and septic shock that can lead to death. People with existing chronic conditions seem to be more vulnerable to severe illness. (ECDC 2020 in Nuhu 2020)

From the present fact that the virus is spread among human beings, medical experts recommend wearing a mask for every day movements particularly the moment you move outside from your home place where you will necessarily meet other people. Due to the fact that the virus is spread human to human particularly from the infected person to another, it is advisable to avoid the physical contact with the persons with cough symptoms. In

addition to that it is recommended to follow and obey the general rules regarding hand hygiene and food hygiene. That means wash your hands with soap and running water or use an alcohol-based disinfectant solution before eating, after using the toilet and after any contact with animals.

The outbreak of the virus has pushed economies of both developed and developing nations around the world into low output, illiquidity and unemployment. These are characterized by its length, abnormal increases in unemployment, falls in the availability of credit, shrinking output and investment, numerous bankruptcies, reduced amounts of trade and commerce, as well as highly volatile relative currency value fluctuations, mostly devaluations, financial crises and bank failure.

Businesses around the world, especially those in developing countries, have been in a pitiable situation as a result of covid-19 outbreak and the policy of city lock-down measures to contend its spread leads some nation's economy into bombshell. Up until now, most of them including business organizations and firms have lost grasp of the effect of virus due to the fact that majority of some businesses around requires 75% physical contacts with clients. The ripple effect of the virus on businesses includes but not restricted to salary downsizing, overtime with no incentives for most of them in other to be more productive, delay in or no emolument, etc. The collapse of existing companies and firms as a result of the covid-19 and city locked down has a maximized effect on a good number of businesses in both developed and developing countries around the world. A sizeable integer of workers will be relieved of their jobs, while some will experience salary downsizing. The outbreak of the virus has created an unfriendly and harsh economic weather in some countries of the world to continue in businesses operation, especially among developing nations, which is shown by high energy cost, high bank interest rate and high and instability of exchange rate, amidst others.

Need for Entrepreneurial Orientation among SMEs Operators

With the emergence of covid-19 and city locked down as well as social distancing as a consolidated path for curbing the spread of corona virus around the world, EO has been considered part of the strategies for boosting productivities among the SMEs affected by the pandemic. Entrepreneurial orientation (EO) refers to the processes, practices, and decision-making activities that lead to new entry; this is essential to entrepreneurship (Lumpkin & Dess, 1996). EO emerges from a strategic-choice perspective which asserts that new-entry opportunities can be successfully undertaken by purposeful enactment (Van de Ven & Poole, 1995).

The key dimensions that characterize EO include a propensity to act autonomously, a willingness to innovate and take risks, and a tendency to be aggressive toward competitors and be proactive relative to marketplace opportunities (Lumpkin & Dess, 1996). Businesses can be integrated vertically into a chain of value or they can diversify their economic activities after city reopening to gain peace re-entering for economic activities and these depends on a range of factors which drive their entrepreneurial intentions to continue in activities despite the unsympathetic effect of the pandemic on economy stability for business activities around the world.

Entrepreneurial orientation has been conceptualized as the process and decision making activities used by entrepreneurs that lead to entry and support of business activities and as the strategy-

making processes that provide organizations with a basis for entrepreneurial decisions and actions (Mwangi & Ngugi, 2014). Businesses around the world must of a necessity, if they will continue in existence after city lockdown embargo is lifted for commercial and economic activities to discover and make use of any possible opportunities to gain access to a new market, seek out and exploit new opportunities. This concept of opportunity exploitation is stressed in the work of Lumpkin and Dess (1996) who argue that entrepreneurial orientation is about how firms pursue a new market with methods, practices and decision-making styles that help managers to act in an entrepreneurial manner.

Entrepreneurial orientation (EO) is a firm's ability to innovate, take risks, and proactively pursue market opportunities (Wiklund and Shepherd 2005). Jinpei (2009) stated that Entrepreneurial orientation is defined as an individual's attitude towards engaging in entrepreneurial activities, be it within an existing firm or creating a new venture. On the other hand, the term "entrepreneurial orientation" has been used to refer to the strategy making processes and styles of firms engaged in entrepreneurial activities (Lumpkin and Dess 2001). It captures the entrepreneurial aspects of a firm's decision-making styles, methods, and practices of (Lumpkin and Dess 1996; Wiklund and Shepherd 2005).

The relationship between Entrepreneurial Orientation and business growth has become a central focus in studying EO. Numerous studies have showed that EO has a positive relationship directly or indirectly with firm growth (Wiklund and Shepherd, 2005, Li et al., 2009, Zahra and Garvis, 2000, Hungen and Morgan, 2007).

Surviving Covid-19 City Locked0Down as Business Operator

The current challenges facing Nigerian and businesses operating in the country are multifaceted. We are grappling with a perfect storm of challenging issues and unfavorable developments beyond our control. These have been further exposed by our longstanding failure to strategically plan for the future by developing tailored solutions, build required and sustainable structures and properly implement enabling policies. In the end, small businesses and entrepreneurs are caught in the middle; vulnerable on business and social front with little control on determining how to effectively escape the nightmare.

Recovering from covid-19 on macro and micro levels are out of the control of corporate, business, SMEs, Micro Entrepreneurs and Startups. Fundamentally, the resolution of the current economic situation is at governmental levels and dependent on a well-balanced, structured strategic approach; suitable fiscal and monetary policies, grassroots integration, enabling environment for doing businesses etc. that provide for both short term and long-term scenarios. So, while we wait, pray and hope for more favorable returns, here are some suggestions on how businesses can survive aftermath of covid-19:

Reconcile with Reality: Unfortunately, our dithering and befuddling fiscal and monetary policies dug us deeper. The wise business man/woman needs to wake up and accept the current reality; it's going to get worse before (if even) it gets better. The economic forecasts and projections that guided your quarterly or monthly assumptions need to be reviewed and adjusted. The business needs to take to mind a conservative approach by keeping at pace with projections.

Reduce Loan Exposures: In these times, reducing liability is an important approach and should be a key watchword. As much as possible, do not look for new loans and actively seek to restructure existing ones. Reduced exposure would help your business's ability to survive the challenging situation.

Use Equity: To raise money for your business you'll need to give up a part of your business. Valuation will be an issue and it would be good to quickly execute a valuation report (adjusted for forecasts and trends).

Change Operating Business Model: You may need to take a second look at your operating business model. For ease of understanding, an operating business model is a plan for the successful operation of a business on how business deliver value to your customers and beneficiaries; it identifies sources of revenue, the intended customer base, products and expenditures.

Adjust Expenses: Times are tight and tough decisions will have to be taken with all the fortitude of a beleaguered general. Luxuries and non-essential activities would have to be sponge from the business; some of these may be staff, change of office space, adjusted working hours etc. Non critical payments may have to be deferred and/or re-negotiated. Merge operations and activities under single, simple channels and block waste. It must be noted however that only an honest, critical evaluation will aid in making the right decisions one of which is expenses to prune.

Adjust Expectations: Businesses are built on projections and expectations. However, what was projected before the advent of covid-19 from the beginning of a fiscal year could change significantly; business expectations should take a similar review. Further, this review will help businesses plan and make informed decisions on some of the other issues identified.

Seek Alternatives: You may need to review all your chain of services and actively explore alternatives in every area of operation be it supplier chain channels or raw materials. It is important in the spirit of full disclosure to advise your clients of the challenge and share your plan of action.

Consolidate Existing Customers: Rather than using limited resources to obtain new customers, deploy more of your resources to keeping your existing customers happy and patronizing; this is a sure way to guarantee your continued existence as a business. You must remember that your customers are going through the same rough challenges and would be similarly looking for alternatives for any product or service. Devise non-threatening avenues to show appreciation of their committed patronage, appreciation of shared plight and incentives for continued support.

Apply for Help: There are several funding, management support and advisory opportunities and services available, don't be shy to explore all. Some are available at no cost while others may come with manageable fees. For those with fees, it is important to remember that resources are scarce; every support to manage your risks and reduce your exposure is a lifeline that should not be ignored.

Conclusion

The global locked down, due to the covid-19 pandemic has impacted the businesses in the world. Evidently, there are disruptions in transaction, employment, cash flow, and other areas of life. There is also a loss of real GDP, relative to what would have been the model predictions in 2020. furthermore, there are constrains such as access to credit, lack of management skills, insufficient capital, and deficit in accounting, poor cash flow and even technology, moral hazard and possible adverse selection limit their access to credit. The SMEs need to build strong financial control and management skills for their own success and survival. More over the government need to develop better strategies and policies to enhance SMEs development.

Recommendations

Arising from the foregoing and based on the WHO guidelines (https://www.who.int/ihr/eoc_net/en/index7.html), the following recommendations are important for developing countries as regards COVID19 prevention and management in the business sector:

1. Businesses need to register with the appropriate agencies in the first place. This enhances multispectral and multi-partner collaboration.
2. A COVID19 preparedness plan should be developed and integrated into the core of the organization's values and mission statement.
3. Initial capacity assessments should be conducted among employees to analyze those at risk of the pandemic.
4. The executive team needs to collaborate with the state incident management committees, monitoring and evaluation teams, to enhance communication between the business and government and ensure entrepreneurs are carried along in decisions.
5. Businesses should adopt and uphold the various lockdown measures outlined in their various environments.
6. Client communication should be maintained and various adaptations to the flow of the business communicated early enough.

Conflict of Interest

The authors declares that there is no conflict of interest

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