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**How COVID-19 has Reset Business Activities in  
Organizations around Africa**

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## How COVID-19 has Reset Business Activities in Organizations around Africa

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### Abstract

**Purpose:** The global outbreak of the COVID-19 virus forced governments across Africa to impose major health, travel and trade restrictions at home to protect their citizens from the pandemic. These measures caused a dampening impact on conventional social and business activity forcing organizations to rethink, redraw and reset their operations to remain functional, viable and sustainable. The aim of this study was to show that the pandemic driven changes in the business environment, though disruptive in nature, essentially enabled businesses to acquire a new set of survival and success competencies to thrive in the foreseeable future.

**Methodology:** This study used paper reviews, research journal findings, academic papers, and online business publications that tracked business responses to the pandemic. The author used a thematic analysis of text and descriptive statistics to analyze data on the major changes businesses have made in response to the pandemic.

**Findings:** The results indicated that business activities were severely affected by the onset of the pandemic. The pandemic also disrupted conventional business strategy and forced companies to review their operations in the light of challenges of continuing business in the COVID-19 environment. While short term survival measures included laying off staff and cutting back on overhead costs, business quickly embarked on medium plans to re-engineer business operations using online service technology to reach consumers under lockdown conditions. However, businesses have gone further to invest in digital transformation not only to survive the pandemic, but also to ensure their profitability and long-term success. In the light of these developments businesses have reset their activities under five themes; structure, strategy, staffing, service and sustainability. The author argues that reset changes are likely to become institutionalized as businesses carry forward their learning experience into their culture. The business community is also expected to pursue the opportunities created by the pandemic to critically define and differentiate between core business activity and non-essential engagements. Society has undergone substantive transformation over the pandemic season and expects organizations to respond and adapt accordingly.

**Recommendations:** Operational and start up organizations should attune their business to the mental and experiential reset in customer expectations brought about by the pandemic. Businesses need to provide meaningful consumer value without over dependence on high cost overhead infrastructure such as expansive corporate offices, centralized staffing and profit draining procurement and distribution.

**Keywords:** *COVID-19, business, strategy, consumer value, digital transformation, e-commerce.*

## Introduction

The severity of the sustained global COVID-19 pandemic has had a far reaching impact on business development in Africa (World Bank, 2020). The pandemic forced governments to impose major health, travel and trade sanctions on the free flow of business and social order to protect their citizens (Kenya Government, 2020). Business organizations have had to reset, reconstitute and adjust their operations to remain functional, viable and sustainable (McKinsey & Company, 2020), while institutions in the labor and capital intensive hotel industry shut down operations altogether. Conventional structures of business suddenly became inadequate or obsolete (PWC Global, 2020). The pandemic triggered a scramble for innovative solutions in the face of societal disruption. Indeed, African nations should consider the pandemic as a long term economic war that has to be won (Ataguba, 2020).

## Problem Statement

The announcement of the COVID-19 pandemic “broke” the business environment causing organizations to examine and “fix” their business activity to continue operating successfully (World Health Organization, 2020). The pandemic loosened the secure grip organizations had on the numbers they needed in terms of staff, systems and sales targets to achieve profitability. The pandemic forced organizations to rethink their structure, strategy, staffing and methods of service delivery or face closure (Aga & Maemir, 2021). Nonetheless, the full impact of the pandemic on the large informal business sector in Africa has not been fully researched (Omollo, 2020). However, the environmental shock severely affected small scale enterprise (SME) labor, production and payment supply chains (Anakpo & Mishi, 2021).

Under government imposed lockdowns, congregational industries such as schools, supermarkets, hospitals, corporate offices and production plants simply stopped functioning in the short term (World Health Organization, 2020). Travel embargoes meant that the movement of goods incurred phenomenal costs and attracted high bureaucratic overheads. Major losses were incurred in perishable goods industries. Social distancing meant that employees work stations were dissolved and staff would need new skills to rejoin the workforce (Dube, 2021). The health requirements imposed under COVID-19 meant that time and finances had to be allocated to previously non-essential expenditure (Kagwe, 2020). Under these *force majeure* conditions the business environment evolved dramatically. The environment required organizations and individuals to recalibrate their production operations, service delivery and staffing policy (Kandou & Tehupeior, 2021). The problem was that there was no immediate or obvious precedent of how to go about managing the social and economic impact on business operations. Key words that come to mind for business activity around the world are the need for sustainability preservation, consolidation and innovation (Goldman Sachs, 2020). The pandemic challenged every business to create a survival road map to take them into the future.

## Methodology

This study reviews literature on the development of organization theory and analyses published literature on the impact of COVID-19 pandemic on the functioning of business activity around the world. The researcher conducted telephone interviews with entrepreneurs and business owners to find out their responses to the pandemic and reviewed published reports evaluating the global impact of the pandemic on local businesses. Whilst the pandemic itself was a global phenomenon, the researcher was keen to capture business activity shifts from the perspective of the African context. The researcher uses deductive and inductive methods to analyze and discuss results in order to draw conclusions and propose a way forward using a positivist ontology position where knowledge is based on the interpretation of facts.

## Results

The business world has applied traditional forms of bureaucratic and hierarchical organization design and culture over the past century (Kreitner & Kinicki, 2010). The evolution of management theory from the agrarian to the industrial revolution created the centralized form of production to date (Wren & Bedeian, 2009). The modern form of organization is the corporate structure designed to facilitate the managerial oversight of core business functions (Drucker, 2009). While traditional forms of bureaucracy heavily influenced the organization of corporate business in the past, approaches such as the Five Forces analysis model (Kotler, 1999), Blue Ocean Strategy (Kim & Moubourgne, 2004), Customer Service (Peters & Waterman, 2004), Systems theory (Senge, 2006) and Gemba Kaizen (Imai, 2012), suggest that the re-organization of a business is a continuous exercise even in a stable environment. However, the pandemic disrupted the environment and collapsed conventional supply chains to get products to market.

Physical and analog service delivery infrastructure was rendered redundant in the pandemic environment. For example, physical school classrooms were unusable during the pandemic. The unforeseen impact of the pandemic dispersed employees from production and isolated brands from their consumers. It rendered management strategic plans non-functional. However, the pandemic also forced businesses to question their previous existence in terms of operational efficiency and institutional effectiveness (Chen & Biswas, 2021). For example, a business might ask, “if this business is still operating without an office and a large labor compliment, did we need an office or the people in the first place? The pandemic challenged the viability of current business models by making people work away from offices, unsupervised at dispersed production locations.

The cost of reinstating a business to pre-pandemic operations may not only be costly, impractical, but also unsustainable (Faeste & Hemerling, 2016). In response to the pandemic, organizations have turned to online technology and digital infrastructure to make up for travel, production and connectivity to dispersed markets (Abed, 2021). This suggests that business in Africa needs to come up with creative digital technology to reboot their operations to survive. The forced reduction of staffing and performance levels during the pandemic has raised the question of the value of re-employing staff to previous levels. Labor intensive pre-pandemic businesses incurred wage bills of up to and beyond 50% of their financial turnover (Margineana et al., 2015). Organizations are now asking themselves to what extent does having a large labor force lead to improved productivity and high profitability. Meanwhile the pandemic has inspired a new set of consumer needs and customer demands have changed. Home delivery, for example, was considered a luxury. However, the post pandemic consumer views “home delivery” as a standard business obligation.

New digital skills are needed to find work. While organizations have shed their bureaucratic fat and are employing less people, there are also new types of jobs being created in the market requiring a new range of skill sets using enabling technology (Saputra, 2021). The reset organization does not offer in-house-jobs or secure employment. The reset organization offers out-house or off-site jobs that engage staff in the enterprise. Every "employee" is a profit center and is only paid when they produce goods and services (World Bank Group, 2021). Wealth creation in conventional business was about increasing production and sales. Wealth creation in the reset organization is about creating visibility and ensuring service delivery. Reset organizations in the pandemic and post pandemic environment are asking two fundamental questions, 1) How do we let our customers know we have what they want? and, 2) how do we re-engineer our processes to deliver our products to customers at a profit. These questions have



made organizations take a deep look at their overhead costs, production systems and sales strategies (Purnamasari et al., 2020). The glamorous inefficiency and high cost of the pre-pandemic organization has been exposed and is unlikely to make a return.

Employers are no longer willing or able to incur the bureaucratic costs of employee loyalty, supervision, performance management and quality control. Reset organizations are looking for ways to out-house these costly responsibilities to capable service providers. The reset organization takes on the form of an intellectual capital agency that organizes production and coordinates the delivery of services using digital technology. Reset organizations undergo digital transformation to reposition them not just in local markets, but enable them to instantly access global markets as well. Digital transformation replaces conventional organization structure and design with digital ecosystems (Olokundun et al., 2021). Digital transformation is not the mapping of analog systems onto digital platforms. Rather it is the re-imagining of business in digital space that renders analog procedures, laws and systems redundant. COVID-19 has launched a digital revolution that has disrupted the principles of old organization. It has reorganized the business establishment and the nature of relations with customers.

The decluttering of organizations has forced businesses to become more efficient, less top heavy and operate as networked self-directed work teams. But it has also meant that organizations have been forced to become leaner in terms of human personnel, incur minimal administration costs, remain highly consumer focused and service rather than product driven. Perhaps the biggest challenge and expense facing business in Africa is making the strategic decision to invest in digital technology to create new consumer value (Ibam et al., 2017). Yet the pandemic environment has already accelerated the use of online business tools and advanced the availability of user friendly enabling digital technology. While the creators of digital technology tools are enjoying a boom, the sustainers of the dramatic change of organization strategy is in fact the customer. The backbone of pre-pandemic sales and marketing strategies were based on the geographical mapping of consumer trends (Jobber & Ellis-Chadwick, 2013).

Traditional sales and marketing initiatives were based on the accepted and lived assumption that customers would come to the supermarket, go to the office, go find what they need and purchase it. Successful marketing was based on building a loyal customer base. However, in the digital space, customers need not remain loyal to a single product. The pre-pandemic customer had limited information and was starved for choice. The post-pandemic customer is not as mobile, but has access to social media. This has opened a door to information and choice (Hajli, 2013). The post pandemic consumer has emerged transformed with a basic understanding that he or she can get more value for money without moving. The consumer is now demanding more value from business and demanding that business brings this value to their door step. This tectonic shift has left many leading brands looking out of their shop windows wondering why they are losing traction with their previously loyal customer base. However, new agile organizations are entering the digital space and connecting with consumers using Big Data, consumer trends and social media marketing technologies (Alves et al., 2016).

The results of this investigation indicate that surviving organizations have reset their operations under five themes; a) Structure; organizations have abandoned hierarchical, bureaucratic structures in favor of lean network service delivery facing models, b) Strategy; surviving organizations have suspended long term strategy and adopted techniques that ensure short term survival and sustainability, c) Staffing; Large staff compliments are now considered a liability. Post pandemic staff are expected to be self-managing, entrepreneurial-team-players rather than functional specialists. d) Service; Repackaging conventional products to include consumer

delivery methodologies has become an essential service, e) Sustainability, organizations are now taking sustainability measures to secure both survival and long term success.

### **Discussion**

The impact of COVID-19 on businesses in Africa caused de-staffing in order to cut operational losses, but also gave opportunity to reorganize the business in the transformed environment. The suspension of supply-chain structures during the pandemic forced organizations to look for innovative digitally enabled ways to deliver their products to immobilized consumers. Business to consumer (B2c) services became the survival norm (Egala et al., 2021). During the pandemic the obsolescing of bureaucratic structures led to organizations depending on the ideation of small real time creative teams, rather than calling on conventional strategy managers to navigate the disruption in the social and economic environment. It has also led to the out-housing and integration of traditional industry boundaries. For example, banks partner with telecom companies to provide financial management solutions to a dispersed consumer market (Resano, 2021). The pandemic has opened doors to enabling digital technology to resolve connectivity problems in all spheres of life using mobile phones, social media platforms and online business solutions. The pandemic has accelerated the uptake of enterprise resource planning systems (ERPs) and productivity management software replacing conventional corporate manager roles and functional departments (Cebekhulu & Ozor, 2022). Automation drove production in the industrial revolution, digital technology drives service delivery in e-commerce. While it is arguable that all these innovative methodologies were in existence before the pandemic, their uptake was not mandatory. The pandemic has made digital transformation methodologies essential for business into the future.

### **Conclusion**

Digital transformation has enabled African products to be placed side-by-side with other global merchandise on digital platforms (showrooms) such as Amazon. It has given equal and open access to consumers in every part of the world. This means that African business products need to step up their branding, quality and user-friendliness to compete effectively in the global market. Business in Africa is to reorganize its labor intensive mechanical form of industrial production to integrate enabling digital technology to participate in e-commerce. Though Africa' internet connectivity rating lags behind other parts of the world, the creation and adoption of innovative digital infrastructure will accelerate business performance far beyond pre-pandemic levels (Sang, 2021). The pandemic may have worsened the perennial problem of unemployment on the continent, but it has also opened doors to new forms of employment, entrepreneurial ventures, self-employment, creative forms of business activity and inventive service delivery in the digital economy around Africa.

### **Recommendations**

African organizations need to reset and align their activities to become vehicles in which production and supply is organized in a 24-hour digital economy. The pandemic has accelerated opportunities for businesses to engage in global business activity from the comfort of their locations. Business also need to ensure that products are sourced, created and shipped directly to the consumer without laborious bureaucratic overheads to protect profit margins. African business needs to accelerate and protect its intellectual capital to remain competitive in a global market. More studies on the readiness of African business will accelerate the recovery and advance of businesses in African economies to the new global reality of e-commerce. Nonetheless governments in Africa would do well to lead the way in setting up the digital infrastructure to enable e-commerce on the continent.

In the light of this study, business activity in Africa needs to: 1) Respond to the new customer driven change that has emerged from the COVID-19 pandemic. The new customer has evolved and informed expectations of business and is demanding new products and services such as home delivery and global quality to be made available instantly. 2) Shift from the conventional social-economy model and develop the capacity to conduct business on e-commerce platforms to survive the long-term. 3) Undergo digital transformation to access new markets as well as open up new market opportunities to become globally competitive. 4) Abandon conventional hierarchical organization designs and adopt flexible service delivery models to improve business performance, profitability and sustainability.

### Positionality

Allan Bukusi is an organization development consultant, corporate trainer and author. He has over two decades consulting experience working with medium to large corporate businesses, SMEs, government agencies as well as international and Non-governmental organizations in Eastern Africa.

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