

# COVID-19 and Business Leadership: Opportunities and Challenges in Developing Countries

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**Abstract:** The consequences of COVID-19 are significant, and as the emergency unfolds, numerous businesses are attempting to obtain it, respond to it, and learn lessons from rapidly unfolding events. COVID-19 poses a global existential threat. Business organizations, like public organizations, are facing significant challenges as a result of the severe health crisis. Those in developing countries are found to be more vulnerable than their counterparts in developed countries. Vulnerability is associated with a shaky business foundation. To mitigate the virus's impact, leaders must employ flexible and adaptive leadership-crisis leadership that allows businesses to breathe and continue to exist. For a flexible and adaptive leader, systems thinking, confidence, deliberative calm, emotional intelligence, communication skill, and all stakeholder interaction are essential. The COVID-19 provides opportunities for developing-country business organizations. Because traditional business transactions are still prevalent, it opens the door for online business ventures. Another lesson for leaders is to be prepared for unexpected risks. As a result of physical separation, curfews, and limited mobility of people, the virus made it difficult to conduct business in the pre-corona era. Furthermore, outdated technologies, insufficient capital, and inadequate infrastructures such as internet and transportation exacerbate the virus's impact on business. Business leader qualities and skills, as well as government actions such as policy changes deemed necessary to allow digitalization of commerce in order for businesses to survive post-corona.

**Keywords:** Crisis, Leadership, Developing Countries, COVID-19, Pandemic

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## 1. Introduction

Before getting into the leadership of a crisis, it's critical to establish what a crisis is. It is defined variously by different academics. It is a circumstance that develops swiftly and necessitates a response from a person or an organization in order to limit the repercussions, according to [4]. On the other hand, it is characterized by an unforeseen state that interrupts the organization's usual operations and necessitates quick action. Normal processes cannot be deactivated because of a crisis that cannot be predicted ahead of time. Every organization, great or little, powerful or weak, has the potential to face a crisis, an urgent circumstance in which all members of the group are confronted with a common threat [3].

Every unexpected economic collapse or inflation, as well as every attack by another nation, causes a crisis for a nation. A crisis is a common social occurrence [8].

Because a crisis can strike at anytime, anyplace, and to any organization, commercial or not-for-profit, public or private, it has no bounds [13]. As a result, the world is not always a safe and comfortable place to live. Man-made or natural disasters are blamed for world instability. Macroeconomic issues like as inflation and unemployment, bankruptcies, wars, disasters, and other events can cause a crisis. Furthermore, increased globalization and international commerce, rapid technological change, shifting cultural values, a more diverse workforce, increased outsourcing, new forms of social networking, increased use of virtual interaction, social responsibility, environmental impact and sustainability, and others are all factors to consider [19].

COVID-19 is currently posing a threat to the planet. It is an illness caused by the Corona Virus, which has infected millions of people worldwide and killed hundreds of thousands. It was labeled a global pandemic by the WHO (World Health Organization). Whether we like it or not, the

virus has an impact on everyone and every organization on the planet. The pandemic has a wide range of effects on the socio-cultural, political, and economic power of practically every country on the planet. The virus is spread mostly through close proximity contact between people. This makes it impossible to conduct business as usual.

Similarly, governmental institutions, privately held firms, and for-profit businesses are on the verge of a disaster. Business organizations are built to improve shareholder value and profitability, therefore crisis management is just as crucial for them as it is for government agencies. During difficult times, however, it is less likely that profit and a pre-determined shareholder dividend will not be realized.

The COVID-19 Crisis has an impact on both individuals and organizations. Individual-level crisis management is not discussed in this study because it focuses on crisis leadership in corporate organizations. Organizations, whether public or private, can be affected by a crisis. The existence and efficiency of public offices are crucial for the greater public and citizen wellbeing. It is critical for government officials and position holders to work on the crisis in order to minimize the harm.

Though it is unquestionably important to consider the necessity of leaders who can weather crises and lead organizations into the future, it is also critical to consider what kind of leaders and behaviors are required. amid a crisis is to be expected Organizations, like creatures, have a drive to survive, as [11] pointed out. The study seeks to address the following topics in general.

- 1) Types and Levels of crisis.
- 2) Flexible and Adaptive Leadership and Competencies.
- 3) Opportunities and Challenges during crisis.

## 2. Levels and Types of Crisis

Around the world, crises of varying magnitude occur on a regular basis [9] Even though the severity varies, they all have a negative impact on the organizations' survival. There are three levels of crises, depending on their severity. When the company is publicly harassed and jeopardized as a result of events involving employees or executives, this is referred to as a Level 1 crisis. Any wrongdoing by firm employees that could cause a catastrophe in the surrounding neighborhood. The company's unethical actions can result in a first-level crisis. A level 2 crisis occurs when there is personal injury, property loss, or other factors that could harm the company's reputation. The business must take urgent measures to control the situation. Level 3 crisis is the most severe level of crisis. There has been a loss of life, considerable property damage, and a perceived threat to the company's survival at this level [13]. COVID-19 is a category 3 crisis, meaning it has had a substantial impact on the company's survival. To manage the crisis effect, collaboration between the enterprise and the relevant authority will be critical.

There are two sorts of crises, according to [17]. There is a difference between a sudden crisis and a simmering crisis.

The former refers to occurrences that occurred outside of the control of the organizations. The latter refers to events that occur in companies as a result of management ineptitude or negligence. COVID-19 is an unexpected crisis that organizations are unable to control. If it can't be completely controlled, it can be managed to lessen the impact.

Businesses must expand and diversify in order to survive. Growth can take the form of expanding the varieties and sizes of goods and services available, as well as geographical diversification and other factors. The role of the leader is critical for the growth of corporate organizations through the tactics listed and others. During rare circumstances, the Leader becomes even more vital. Different organizations may adopt different leadership styles to weather the storm in a crisis. Leaders can set actions to be taken by employing the abilities and talents listed under qualities of crisis leadership. During the COVID-19 pandemic, it is also critical to make decisions quickly. Much more than usual decision making procedures, flexible and adaptive decision making process needs to put in a place.

During times of significant change, flexible and adaptable leadership is critical [18]. In both regular and crisis situations, the leader remains the same. The playfield is the difference. On different fields, the rules of the game and procedures are not the same. What is reasonable in normal conditions may not be appropriate in crisis situations, and sometimes exaggerates damage. As circumstances permit, a flexible and adaptive leader adjusts strategy, programs, and execution plans. Flexible leadership uses knowledge from different disciplines (strategic Management, Human Resource Management, Leadership, Organizational Behavior and Development and others) for better application and success in challenging times.

According to [1] *cognitive flexibility* (ability to use different thinking strategies and mental frameworks,) *emotional flexibility* (ability to vary one's approach to dealing with emotions and those of others) and *dispositional flexibility* (ability to remain optimistic and realistic) are required for adaptive leadership.

External influence, foundation, pillar, and leader personal characteristics are significant aspects that guide to lead organizations throughout crises, according to [5]. Having continual information flow from stakeholders, being good at external relationships/consciences that allow for key developments, preparation, and personal experiences in addressing the crisis are all examples of external impact. Authenticity and the leader's influence are two pillars of crisis leadership. Positive influence is essential because in a crisis, it evokes desirable behaviors and responses that assist restore control over the situation and people involved, whereas authenticity requires a leader to guarantee that actions are aligned with the spoken word. Communication is the bedrock of crisis management. A crisis leader must be able to keep all target audiences/customers informed with news, updates, and regular communication. Not only does the leader need to convey information, but he or she also has to receive it from both internal and external sources.

External impact, foundation, and pillar of crisis leadership are all made possible by the leader's personal qualities. To survive the COVID-19 crisis, a person in leadership of the organization must have integrity, passion, charisma, analytical ability, vision, courage, organizational expertise, and others.

Authors such as [18] emphasize the attributes and skills required of a leader during a crisis, such as cognitive complexity and systems thinking (thinking of the organization as a system and the relationships between various departments). Openness to learning and new ideas-ready to learn whatever is necessary to develop the firm. Emotional intelligence-controlling own feelings and focusing on organization objective by exhibiting empathy, influence, and motivation to followers. This demonstrates that in order to survive the influence of COVID-19 on corporate survival and profit, a leader must develop certain habits and competencies. Failure to do so could have a negative impact on the company.

According to McKinsey, a leader with uncommon talents and attributes is required to respond to the COVID-19 epidemic. During this moment, five behaviors are crucial [7]. The first skill required is the ability to organize a network of teams to respond to crises. Leaders must work to protect employees, calm supply chains, improve customer engagement, and conduct financial stress tests. Second, crisis management is improved by arming oneself with confidence and deliberate calm. Deliberative calm is about getting rid of uneasiness and going through a defined path that can save the company. Confidence/bounded optimism is about expressing confidence among challenges and showing a way through challenging situations. Making decisions in the face of uncertainty is the third. Instead of waiting for all of the data to come together before making a decision, employ the pause-assess-anticipate-act technique. The last two characteristics needed during the COVID-19 pandemic are demonstrating empathy for humans as a first priority and effective communication.

### 3. Opportunities During COVID-19

COVID-19 outbreak is not simply a threat to any organization. Leaders should also take advantage of chances. First and foremost, it is a period when company executives become aware of leadership gaps and crisis readiness. Because there is no easy way to make a firm thrive during a pandemic, it is necessary to overcome challenges in order to find the proper path [2]. Going in the wrong direction might have a negative impact on your business. It is true that being prepared for unforeseeable situations is critical. COVID-19 pandemics are extremely rare in human history. In reality, we don't plan for extremely unusual scenarios because they leave resources stranded. Hence it is a big lesson for business leaders in readiness for such difficult situations.

Preparedness for an unanticipated calamity necessitates a little amount of resources. Because resources are very important in any business. Business leaders must be skilled at

mobilizing resources from their firms, partners, angel investors, the government, and non-governmental organizations.

In developing countries, traditional commercial ventures are the norm. As a result, they are unable to withstand COVID-19's effects. At the same time, developing methods to do online commerce is advantageous to them.

### 4. Challenges in Adaptive Leadership

As Oromo axiom goes "*Kan kanarraa hafetu Eelee Elleleeti*" roughly meaning 'no pain no gain'. It is a saying women use when they buy *Eelee*- clay-made plate used to make *Biddeena/Enjera*. Women see the strength and quality of the plate by slightly knocking it. If it withstands the hit, the plate is quality made and afford to be purchased. Likewise, leadership is hit by different challenges that requires flexibility of the leader in adapting and lessening its effect. If and only if the leader goes through a challenging time that he/she is worded as successful and effective.

In the COVID-19 era, there are numerous challenges. It shows up in business ventures with vigour. Many businesses are obliged to decrease consumer discharge as a result of physical separation and curfew. The number of clients that come to use/purchase goods and services has significantly decreased. Almost all business sectors experience considerable revenue losses as a result of the epidemic. Loss of revenue has a direct impact on a company's balance sheet, income statement, and other financial statements. Consequently, the business company may shiver to cover expenses including salary for employees. This may lead business leaders to worry about continuity of the business for the years to come i.e. during and post COVID-19 period.

In various ways, emerging countries are particularly vulnerable to challenges. The problems in running a business during a pandemic can be ascribed to the employment of backward technologies by most businesses. As a result, businesses are unable to adapt to new business models.

One of the most common problems that most businesses confront is a lack of funding. Even in normal/non-crisis times, capital deficiency is evident in developing countries' corporate operations. This is a bottleneck because corporate leaders are failing to meet the necessary requirements to combat the pandemic.

The majority of developing countries have inadequate infrastructure, such as internet and transportation. Low-speed internet may make it difficult for firms to go digital. Despite the fact that digital marketing has begun in most developing country capital cities, it has not been able to scale up. For most organizations today, not digitizing their operations is a significant restriction. Many developing countries have inadequate transportation facilities. As a result, getting goods and services to the place of consumption isn't always easy.

Because utilizing paper money raises the risk of COVID-19 contamination, health organizations recommend that transactions be made through digital financing systems.

Despite the fact that payment systems supporting digital financing are still underdeveloped in poor countries, efforts have been made and are still being made to improve them. In this regard, it's worth noting that online ticketing in transportation enterprises began in Ethiopia as a result of the epidemic.

Finally, there is a lack of trust in online purchases since, despite improvements, the majority of purchasers in developing nations do not wish to go online. This is due to the trust that has been established via traditional purchasing and selling. Buyers are dissatisfied if they cannot touch, feel, see, or experience the thing with their hands. They are wary about deception and low-quality goods.

## 5. Conclusion

Because it is part of a competitive advantage game, an effective and timely reaction to the COVID-19 situation is critical. If the leader fails to respond to the crisis effectively, the company suffers a competitive disadvantage. In today's highly competitive business world, a poor response to a crisis might jeopardize an organization's survival [6]. The actions and reactions of the leader during the crisis are crucial for a positive crisis aftermath and a quick recovery of the organization. As a result, leaders that ignore the problem early on, present deceptive half-truths, lie, and blame others are the ones who fail the most in a crisis. These signs have a two-fold effect. For one thing, it exacerbates the crisis' effects, and for another, it makes the post-crisis era even worse.

According to [16], leaders must work on personal relationships because they are the foundation for completing tasks. This relationship talent has to do with forming strong bonds amongst players. Leaders' communication is crucial in speeding the relationship amid a crisis [14]. In addition, crisis leaders are expected to have cognitive, emotional, and dispositional flexibility.

In a crisis, leadership is not a one-way street. Rather, it must adhere to the Multi-directional rule. Think inside-out to control the external environment. It is simple to confront or satisfy the external environment if you understand organizational capabilities and resources. Out-of-the-box thinking is also important since it shows us what's out there and how to manage it with our current abilities. If the outer environment cannot be handled by existing capabilities, the leader must consider new ways to reduce or eliminate the crisis' impact [12].

During COVID-19, developing countries will face problems such as a lack of money, poor telecommunication facilities, insufficient transportation, and a lack of e-business systems. Business leaders are confronted with the task of bringing these concerns to the attention of the public, if not resolving them. With these obstacles, business leaders must see them as an opportunity to improve or start an electronic business. Challenges, on the other hand, serve as a learning experience for future business endeavors.

## 6. Recommendation and Way Forward

It is critical for leaders to encourage adaptive behavior. According to [10] business leaders must adapt in order to be prepared for the corporate environment of tomorrow. Whatever challenges you face, preparing for and implementing adaptive and flexible leadership is critical.

Leaders must work hard to earn the trust of their consumers and staff [9]. Employees that have faith in their leader begin to give their all for the betterment of the organization they work for. Employee turnover is reduced, and a sense of organizational involvement is developed. This enables the companies to complete their tasks despite the fact that they are in a crisis.

As [15] points out, leadership is in the eyes of the beholder and fluctuates according to time, place, and circumstance. As a result, in order to be compatible with current situations, leaders must acquire key talents and attributes. Compatibility in terms of comprehending and acting to enjoy the benefits of a crisis rather than allowing the firm to fail due to negligence.

The more proactive and prepared executives are, the less influence unforeseen crises have on the organization's survival [5]. As a result, the necessity for preparation that can accommodate activities behind the scenes, as well as the leaders' readiness, is critical in running businesses smoothly and profitably.

Concerned government organizations in developing countries must take use of COVID-19 to establish and expand digital funding platforms. For this to happen, National Banks/Central Banks and other involved departments must adjust their policies to create an atmosphere conducive to the digitization of payment systems and Internet commerce.

## Conflict of Interest

The author declares there is no conflict of interests.

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