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MODELS OF ACCESSING CRISIS MANAGEMENT OF ENTERPRISES IN TERMS OF COVID-19

A crisis in an enterprise environment corresponds to any negative unconventional, unexpected situation having the notable potential to cause an unstable and dangerous situation affecting an enterprise stakeholder as well as the enterprise at large [1]. In the wake of the global outbreak of coronavirus disease 2019 (COVID-19), various challenges have come into the light for all and sundry around the world to deal with. While the human cost in terms of death toll as a result of COVID-19 cannot be overlooked, its impact on the global economy cannot be overemphasized as the World Bank described COVID-19 as an unexpected occurrence that caused the largest economic shock the world has experienced in decades based on global economic prospect reporting a 5,2 % contraction in the global gross domestic product in 2020 [2].

Price Waterhouse Coopers (2020) also reported 80 percent in global recession at the onset of the pandemic [3]. The specific impact of COVID-19 on businesses has not gone unnoticed either as businesses have been faced with significant challenges that threatened and affected their performance and sustainability of their organizational structure at the height of the pandemic. COVID-19 pandemic has thus

been earmarked as an unanticipated novel crisis in the environment of businesses. A summary of the major impact on businesses around the world is summarized as follow.

Table 1 – Impact of COVID-19 crisis on Businesses

S/N	Facts
1	The Connected Commerce Council surveyed about 5016 European small and medium-sized businesses between November and December 2020 and reported COVID-19 to caused 20% decrease in sales as well as a 16% decrease in customer base
2	In the first months of the COVID-19 crisis in United States, temporary layoffs and furloughs reportedly accounted for 77% of gross staffing reductions while over 3m Americans reportedly filed for first-time unemployment benefits during a first week of May 2020. The net impact is reported in terms of the number of applications rising to 33.5 million in the first three months of lockdown
3	The number of working business owners in the United States plummeted from 15.0 million in February 2020 to 11.7 million two months later in April. A survey of 43% of 5,800 small businesses surveyed were predicted to be closed by December 2020 due to COVID-19 crisis

Source: Belitski et al (2021)

The principle and practice of crisis management has been earmarked as a novel model or strategy that played an integral role in the survival of businesses that survived the challenges of COVID-19 and achieved safety towards safety. According to Tokakis et al., crisis management (CM) represents the systematic effort and cooperation of individuals or groups of individuals to prevent or manage a crisis [4]. As a model framework, crisis management functions primarily to prepare, prevent, and manage the crisis with the overall goal linked to reducing the actual damage that could be inflicted, as well as managing handle the post-crisis situation [5]. Crisis management aims to provide information about the level of the crisis, providing managers and executives some time to define and evaluate the crisis, providing alternative methods to improve plans for escaping from the crisis, creating crisis management abilities, being always ready against possible crises [1]. The process of crisis management is a cyclical process that includes the pre-crisis, crisis, and post-crisis phases. The pre-crisis phase includes the signal detection of a forthcoming

crisis, crisis preparation, and crisis prevention, while the crisis phase on the other hand entails crisis recognition and crisis containment [4]. The final phase of crisis management corresponds to the post-crisis phase which entails recovery and learning from a managed crisis.

References

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