

Chapter 10

Entrepreneurial Innovative Business Strategies for COVID-19 Impact Minimization to Enhance Sustainability

Booyesen Sabeho Tubulingane

Namibia University of Science and Technology, Namibia

ABSTRACT

The COVID-19 outbreak has caused a global health emergency and economic slowdown. The negative impact of COVID-19 has mostly been experienced by entrepreneurs. This is because entrepreneurs in the COVID-impacted sectors such as tourism are likely to lose 50% to 80% of their turnover. As a result, businesses around the world need to come up with sustainable and innovative solutions to avoid economic disruptions due to pandemics like COVID-19. To remain sustainable, businesses redirected their production to products and services that contributed to the fight against COVID-19. Thus, businesses adopted modern work practices that are based on deliverable rather than time spent at workplaces. Globally, many companies have turned to ICTs to deliver their products and services to customers using online platforms. This chapter argues that businesses need insurances that cover financial losses due to pandemic outbreaks. Hence, universities need to take the lead in research to advise businesses on the strategies to be undertaken during a crisis like COVID-19.

INTRODUCTION

Background and Statement of the Problem

The coronavirus (COVID-19) outbreak has resulted in a global health emergency, and economic slowdown (International Trade Centre, 2020a). Additionally, trade, investment, growth, and employment have all been negatively affected and the crisis has impacted on the attainment of the United Nations Sustainable Development Goals (UNSDGs). COVID-19 does not discriminate on the basis of the coun-

DOI: 10.4018/978-1-7998-7436-2.ch010

Entrepreneurial Innovative Business Strategies for COVID-19 Impact Minimization

try's economic status, that is developing or developed country economies. For example, France lost 15 points of its Gross Domestic Product (GDP) in 15 days and 10 million of people in the United States of America (USA) were laid off (Derderian, 2020). Countries such as China which contribute to the effective functioning of the global economy have also been affected severely. In China, due to the outbreak of COVID-19, revenue lost in both retail and food services during the Chinese New Year week was reported to be approximately US\$142 billion, as major chains closed stores across the country (Bouey, 2020). Furthermore, real estate sales and car sales also slumped while the service sector losses during the Chinese New Year in 2020 are expected to cost China 1 percent of lost GDP growth in the first quarter of 2020. According to Julius, Nuugulu and Julius (2020), due to COVID-19 outbreak, Namibia could lose between N\$5.1 billion (US\$305.2 million) and N\$7.5 billion (US\$448.8 million) in GDP. Additionally, an estimated loss in private demand of N\$6 billion (US\$359 million) to N\$12 billion (US\$7181.1 million) was estimated emanating from the lost business hours for non-essential retail shops, reduced demand for products and services due to loss of income (unemployment) and disrupted supply chains (restriction of supply of business products into and out of the country).

The negative impact of COVID-19 is most likely to be experienced by entrepreneurs' businesses. This is because entrepreneurs in COVID-impacted sectors are likely to lose 50% to 80% of their turnover, as well as a major portion of their market value (Glion Institute of Higher Education, 2020). For instance, the urban mobility e-scooter start-up Lime, formerly a star company, lost approximately 80% of its value during the COVID-19 crisis. The company during 2019 was valued at US\$2.4 billion whereas during May 2020 the company was valued just at US\$510 million (Glion Institute of Higher Education, 2020). Moreover, Maritz, Perenyi, Waal, De and Buck (2020) revealed that the impact of COVID-19 has all but demolished economic resistance through closure of hundreds of thousands of Small and Medium Enterprises (SMEs) around the world. For instance, in Namibia many businesses such as PEP, Pick and Pay Stores closed some of their branches to reduce their operational costs.

The COVID-19 pandemic has impacted negatively the world's education system. It has set the clock back on the attainment of international education goals, and disproportionately affected the poorer and most vulnerable especially in the developing countries such as Namibia and Zambia (United Nations [UN], 2020). This has necessitated the establishment of a project by the United Nations Educational, Scientific and Cultural Organisation (UNESCO), International Business Machines Corporation (IBM) and Systems, Applications, and Products in Data Processing (SAP), aimed at minimising the negative impact of COVID-19. The initiated project involves young developers, innovators, data scientists, and designers who are challenged to use their digital skills, creativity and entrepreneurial spirit, and to team up and inspire digital solutions to the current and future pandemic-related challenges particular in the business and education sector (United Nations Educational, Scientific and Cultural Organisation [UNESCO], 2020).

The consequences of businesses losing money and value is the increase in global unemployment numbers. This concurs with Maritz et al. (2020) who revealed that the impact of COVID-19 has led to millions of workers delegated to the unemployment line. Additionally, the International Labour Organisation (ILO) (2020) argues that to be negatively affected in terms of employment, is the quality of work. For example, salaries, wages and access to social protection is likely to decline. Arguably, if people are unemployed, they won't afford to pay for health services, particularly those infected with COVID-19 as they are likely to require advanced medication and health facilities.

The government, public health and economic responses to assist entrepreneur businesses are tremendously different per country (Derderian, 2020). In Namibia, the COVID-19 strategic measures

16 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:
www.igi-global.com/chapter/entrepreneurial-innovative-business-strategies-for-covid-19-impact-minimization-to-enhance-sustainability/280676

Related Content

A Bibliometric Analysis of Leadership and Social Responsibility: Status, Development, and Future Research Directions

Beatriz Lopes Cancela, Arnaldo Coelho and Maria Elisabete Neves (2024). *New Practices for Entrepreneurship Innovation* (pp. 396-454).

www.irma-international.org/chapter/a-bibliometric-analysis-of-leadership-and-social-responsibility/354116

The Studies on Veteran Entrepreneurship in the Past Decade in China: A Literature Mapping

Hua Geng, Benzhao Yang and Qingan Huang (2021). *Global Perspectives on Military Entrepreneurship and Innovation* (pp. 100-118).

www.irma-international.org/chapter/the-studies-on-veteran-entrepreneurship-in-the-past-decade-in-china/272344

Evolution of the Start-Up Ecosystem Traditional to Tech-Driven Industries

Ancia Katjiteo (2024). *Fostering Innovation in Venture Capital and Startup Ecosystems* (pp. 72-93).

www.irma-international.org/chapter/evolution-of-the-start-up-ecosystem-traditional-to-tech-driven-industries/341909

The Development of an Enterprise Realignment Framework for Firms Entering Emerging Markets

Rebecca De Coster (2020). *Journal of Media Management and Entrepreneurship* (pp. 42-54).

www.irma-international.org/article/the-development-of-an-enterprise-realignment-framework-for-firms-entering-emerging-markets/246065

Social Networking and Its Role in Media Entrepreneurship: Evaluating the Use of Mobile Phones in the Context of Online Shopping – A Review

Syed Far Abid Hossain (2019). *Journal of Media Management and Entrepreneurship* (pp. 73-86).

www.irma-international.org/article/social-networking-and-its-role-in-media-entrepreneurship/220051