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## **STUDY OF COVID-19 IMPACT ON ORGANIZATION DEVELOPMENT IN THE FIELD OF TRADE**

**Summary:** The purpose of the article is to determine the impact of COVID-19 on organization development in the field of trade and assess the consequences of the pandemic for Ukrainian enterprises. The object of study is organization in the field of trade development process in terms of Covid-19. The basis for the study were general scientific and economic methods, publications of famous scientists on the impact of environmental factors, data from statistical and analytical reports, Internet resources and other sources. A number of abstract-logical techniques allowed formulating intermediate and final conclusions and proposals. The study of COVID-19 impact is quite relevant today due to the lack of assessments in the scientific literature of its influence the development of the organization in the field of trade. It was found that the emergence of this disease has exacerbated other changes in the environment, which also affect organization development. The study found that COVID-19 had both positive and negative effects. It can also have both opportunities for the development and functioning of the organization and threats. Among the threats are such as: recession in the economy, cessation of work during lockdown, limited mobility, termination of supplies of goods from foreign suppliers due to border closure, complete closure of offline stores. Among the possibilities are such as: provision of services, transition to online trading, improving marketing activities, introduction of social responsibility, creating a positive reputation.

**Key words:** COVID-19, pandemic impact, organization development opportunities, organization development threats.

### **1. INTRODUCTION**

Any organization is under influence and in constant interaction with business environment. The environment in which organizations function is formed as a result of the influence of various factors that change rapidly. The success of any organization depends on strength of the environment that needs to be considered and interacted with. Organizations in field of trade today are in a difficult situation due to such changes in the external environment as the emergence of COVID-19,

which influence threatens organization's development, planned process of strategy implementation, planning etc. Today, for effective development of the organization its leader should have information about the state of the business environment, development trends and organizations attitude in it, and should understand possible affect of external forces, nature and strength of its influence, because they create threats and opportunities, which should be considered while composing goals and identifying ways to achieve them for the effective functioning of the market organization. Therefore the analysis of the impact of COVID-19 as an environmental factor is relevant today to identify trends in changes and develop adaptation systems, make strategic changes to offset the negative impact of the pandemic on trade organization and use opportunities for further development. The aim of the article is to define the impact of the COVID-19 pandemic on organization in field of trade.

## **2. EXPERIMENTAL MATERIAL AND METHODOLOGY**

Analysis of the impact of organization external environment as well as changes in its factors has been and remains relevant for both foreign and domestic scientists. Researches on this issue were conducted by the following scientists: O.S. Vikhansky [Vihanskij 2002], M.E. Porter [Porter 2016], Z.E. Shershneva [Shershneva 2001], I. Ansoff [Ansoff 1999], L.V. Sokolova [Sokolova 2006], J.-J. Lamben [Lamben 2017], V.D. Nemtsov [Niemtsov 2001], M.H. Mescon [Mescon 1993], M.I. Melnyk [Mel'nyk 2008], V. Saveliev [Savel'iev 2014], G.O. Shvets [Shvets 2017] and others. The relevance of this study is based on lack of impact assessments of such environmental factors as COVID-19 and lack of analyses of its influence on organization in field of trade development.

## **3. RESEARCH RESULTS**

Many changes took place in 2020. However, the most significant one was the emergence of a new infectious disease, which quickly spread around the world and grew into a pandemic [Hladyshchuk 2020]. The World Health Organization (WHO) has recognized the pandemic of the disease as an international emergency. In order to avoid stigma associated with the geographical region in which the first cases of the disease occurred, as well as racial or ethnic origin, the WHO has approved the official name of the disease as „coronavirus disease 2019 (COVID-19)“.

The emergence of COVID-19 has become a clear example of the impact of the external environment on the development of organizations in various fields.

It is known that these unforeseen external events have affected almost every business at both the micro and macro levels. The economic situation around the world has become significantly more complicated with the introduction of strict

quarantine and complete or partial activities cessation of enterprises, organizations etc. Retail enterprises were particularly affected.

As a result of the pandemic, significant changes have taken place, namely: a state of emergency has been declared in countries or in some regions, districts, areas; sanitary and epidemiological measures have been introduced in almost all countries (quarantine zones, body temperature control, cancellation of mass events, closure of educational and cultural facilities, etc.); restrictions on travel to and from countries have been introduced; the role of public administration in emergency situations has significantly increased; restrictions on employment appeared; remote forms of work and study were introduced [4].

The lockdown measures imposed during COVID-19 have significantly slowed economic activity in Ukraine [OECD 2020].

As a result of the pandemic, small businesses in Ukraine and around the world have ceased operations, some have seen their incomes fall and some became on the verge of bankruptcy. Across the sample, 41.3% of businesses reported that they were temporarily closed because of COVID-19 [Bartik 2020]. Almost two-thirds of respondents in the survey of MSME owners indicated that the pandemic ‘significantly’ impacted their way of doing business (57.4 percent), less than a third of businesses (29.7 percent) had to ‘fully’ suspend business activities. The largest share of ‘significant’ transformations in doing business under the impact of the pandemic took place in small enterprises with under 50 employees (60.9 percent). Businesses reported facing a range of challenges caused by the pandemic, the most common of which were lower market demand (83.9 percent of urban and 74.2 percent of rural businesses), cancellation of orders by customers (71.2 percent urban, 51.6 percent rural), and difficulties due to costs during the pandemic (procurement, taxes, utilities). The most prominent problems experienced by businesses/entrepreneurs were procurement costs (55.2 percent), cost of utilities, rent and utilities (50.5 percent). In addition, the detailed interviews with MSME owners revealed that the shut down in public transportation created difficulties for workers who had to travel to get work [5]. According to the International Labor Organization, the number of enterprises on the verge of bankruptcy exceeds 436 million, among them the vast majority – small businesses [Kulyts’kyi 2020, p. 43–57].

In particular, the negative impact is that trade companies were not ready for change during COVID-19, they lost money during lockdowns, were forced to shut down, and many organizations ceased operations and went bankrupt.

But on the other hand – COVID-19 contributed to the fact that companies started to update, improve business, and also because they could not only occasionally make adjustments to their activities, enterprises had to act immediately, analyze the current situation, design a new development strategy, methods of promoting goods, new ways to attract customers and increase their loyalty, to establish sales channels through the Internet and improve marketing activities.

COVID-19 has changed the line between trade and services, which has become more blurred, and now people want to receive both quality goods and services

at the same time. This also affected the online business, where it also became important to provide services, such as booking a product or providing a catalog of goods, selection, comparison, demonstration, delivery service etc.

Another negative point is that before the crisis – efficiency and cost were key criteria in the choice of supply chains, leading to a single supplier and a small amount of inventory. As it turned out, during the pandemic, this choice was the most significant reason of the crisis in many types of business, and the criterion of efficiency was the reason of instability in the critical period. At the same time, 100% dependence on a single foreign supplier started to transform into the necessity to diversify supplies [Tikhonova 2020]. Thus, changes in supply affect the fact that companies need to look for other suppliers. Specifically, during the pandemic and border closures, Ukrainian suppliers need to be found.

In turn, COVID-19 has influenced the strengthening of existing environmental trends such as the rapid development of science and technology, widespread informatization of society and the business environment, complicating the actions of buyers, competitors, infrastructure agents of the market. In such times, it is quite difficult to expect constant growth or stable development. Aimed at success organizations that rely on scientific and technological progress pay attention to innovative development despite the intensification of competition. To force this, the management of organizations must anticipate their own future and respond adequately to changes in the environment.

The emergence of COVID-19 has also led to a change in market competition, which requires managers to make new proposals for the production of goods and services, low prices, high quality, environmental friendliness, resource conservation in the use of products and cooperation with consumers whose interests go beyond organization's commercial interests. These aspects of organizations are related to health, environment, waste recycling, education, etc. Competition forces to shift the emphasis of management towards social responsibility of organizations, addressing issues of territorial development and infrastructure development, and so on. New conditions require organizations to make researches and use inventions, strategic marketing, market monitoring, assessment and forecasting of the business environment to form and implement strategic goals of the enterprise.

Various changes in the market environment encourage organizations to use innovative methods of business management, to develop forms and mechanisms of interaction with consumers, suppliers, competitors, shareholders. Specific conditions of competition and national security – are relations in the external economic activity of companies. The dominance of economic globalization forces organizations to withstand the pressure of external competitors, which, thanks to more favorable factors of production and pricing, are able to overcome the institutional and economic barriers of national markets to increase their own profits. This can be counteracted by identifying global trends and development priorities, proposing a better strategy that can ensure high profitability and competitiveness of the organization or proposals for strategic changes. Current situation requires application and adaptation of such an approach to the study of competitive advantage,

which harmoniously combines the capabilities and resources of the enterprise, which form its key competencies, create consumer value of goods and services and determine the uniqueness of the enterprise in a competitive environment.

Thus, increased competition in domestic and foreign markets forces companies to look for new sources and methods of obtaining competitive advantages that determine the position of enterprises in a competitive environment.

On the one hand, companies lose money during the crisis, but on the other hand, they can use the crisis as an opportunity to maintain profits at the appropriate level or even to increase it. Thus, in the period of COVID-19, the introduction of corporate social responsibility can be used as an opportunity, as it is closely linked to the company's reputation and allows to create a positive reputation of the company.

Creating a positive reputation of the company in a market economy is an option for investing in long-term activities, because organizations with good reputation have loyal regular customers, long-term partners, wide access to investments, loans and more. Also, certain sectors of economy of any country have a certain social significance, and some non-profit enterprises and organizations can exist only because of a good reputation [Bukharina 2014]. Managing an organization focused on creating a positive reputation can be done by many organizations, as it reflects the general concept of corporate social responsibility to society, socially oriented company philosophy and more.

The reputation of the organization is one of the factors in achieving strategic goals of the company and an important tool for ensuring its competitiveness both among similar companies and in comparison with its own results of previous reporting periods [Hladyshchuk 2019].

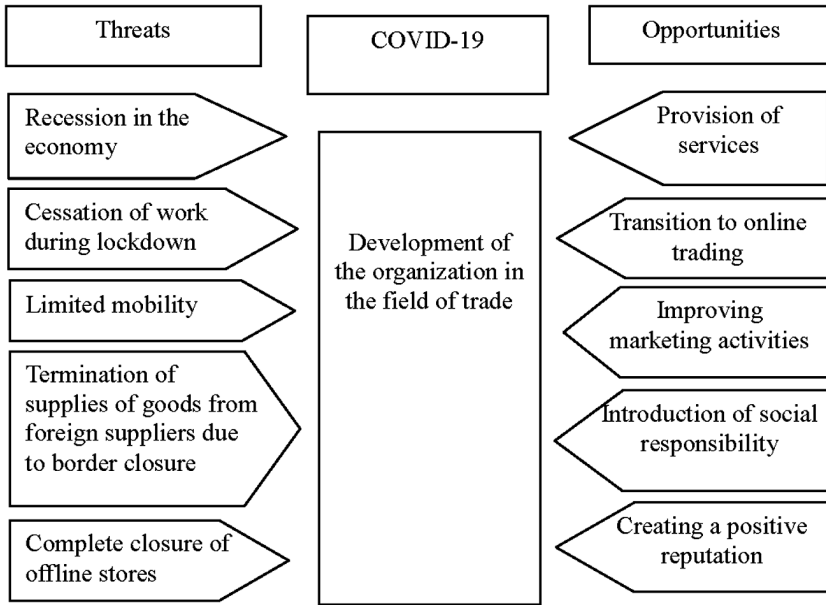
Scientific research has proven that the „people first” principle – caring for the long-term health of organizations and communities, production of truly meaningful goods and services, is the most effective business approach in the world [Peters 2021].

By investing in social programs, guaranteeing the quality and safety of products sold, as well as caring for its customers, the company will have a favorable social environment. Which, in turn, will ensure a stable financial and economic situation.

Analyzing all the above, we can state that Covid-19 has both positive and negative impact on the development of the organization in the field of trade, the company has both threats and opportunities. The impact of COVID-19 on the development of the organization in the field of trade is presented in Figure 1.

Thus, the development of any organization in the field of trade depends on environmental factors. Today the main one is COVID-19, which has both positive and negative impact on the development of the organization in the field of trade. Ultimately, how organization will be able to use its strengths to minimize threats and weaknesses under such influence, will only depend on the organization's management. It also depends on the managers whether the organization will be able to take advantage of the opportunities that have emerged to ensure its development and effective functioning in a changing environment.

**Figure 1. The impact of COVID-19 on the development of the organization in the field of trade**



#### 4. CONCLUSIONS

Today the development and success of any organization depends on the external forces, especially on such a factor as COVID-19. Due to which, many trade organizations turned up in a difficult situation. The study identified the impact of COVID-19 as a major factor in the external environment of trade organizations. Which carries both threats and opportunities for effective development and functioning of the organization in the market. The choice to implement a number of strategic changes will depend on organization and management. Today, in a period of rapid changes in the environment, a strategic solution for the development of the organization may be the introduction of corporate social responsibility, online business development, improved marketing activities and more. However, before that, any organization needs to perform a detailed analysis of its internal and external environment.

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## **BADANIE WPŁYWU COVID-19 NA ROZWÓJ ORGANIZACJI W DZIEDZINIE HANDLU**

**Streszczenie:** Celem artykułu jest określenie wpływu COVID-19 na rozwój organizacji w obszarze handlu oraz ocena skutków pandemii dla ukraińskich przedsiębiorstw. Podstawą badań były ogólne metody naukowe i ekonomiczne, publikacje znanych naukowców na temat wpływu czynników środowiskowych, dane z raportów statystycznych i analitycznych, zasobów elektronicznych i innych źródeł. Szereg technik narzędzi abstrakcyjno-logicznych pozwolił na sformułowanie wniosków i propozycji pośrednich i końcowych. Przedmiotem badań jest proces rozwoju organizacji w dziedzinie handlu pod kątem Covid-19. Badanie wpływu COVID-19 jest dziś dość istotne ze względu na brak oceny w literaturze naukowej jego wpływu na rozwój organizacji w dziedzinie handlu. Stwierdzono, że pojawienie się tej choroby zaostriżyło inne zmiany w środowisku, które również wpływają na rozwój organizacji. Badanie wykazało, że COVID-19 ma zarówno pozytywne, jak i negatywne skutki. A może nieść ze sobą zarówno szanse rozwoju i funkcjonowania organizacji, jak i zagrożenia. Wśród zagrożeń znajdują się takie jak: recesja w gospodarce, zaprzestanie pracy w okresie kwarantanny, ograniczenia mobilności, zaprzestanie dostaw towarów od dostawców zagranicznych w związku z zamknięciem granicy, całkowite zamknięcie sklepów stacjonarnych. Wśród możliwości są takie jak: świadczenie usług, przejście do handlu online, poprawa działań marketingowych, wdrażanie społecznej odpowiedzialności, tworzenie pozytywnej reputacji.

**Słowa kluczowe:** COVID-19, wpływ pandemii, możliwość rozwoju organizacji, zagrożenie rozwoju organizacji.

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