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COMMENTARY

WORLD IN THE COVID-19 ERA – REPERCUSSIONS AND AFTERMATH

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ABSTRACT

After the “Spanish Flu” episode (1918-20), COVID-19 is another global scale pandemic to hit us. It has changed our lifestyle, occupations, mode of doing business and over, psyche and even the world order. Although COVID has a low mortality rate yet its transmission mode from human to human is highly effective and air-borne. With the arrival of the vaccine, nothing is going to change overnight and we should try our level best to cope up with the neo-normal world. In this article, four aspects which are most important for the functioning of an organization: economic leverage, leadership and technological modifications in functioning and governance are discussed in the light of the pandemic and the neo-normal world.

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INTRODUCTION

As it is popularly observed, mankind faces large scale epidemics every hundred years, the “Spanish Flu” being the last to hit us during 1918-20s. Yet, pandemic of the proportion of COVID-19 is an ‘overwhelming’ threat which the world faces today. It is termed so as, although, COVID has a low mortality rate of (2-3%) yet it highly contagious and human to human transmission occurs via respiratory droplets and fomites. Moreover, the non availability of any therapeutic or prophylactic agent against COVID 19 has put the entire world at threat against the virus. In this article we will delve into those four aspects which are primary to the functioning of an organization: economic leverage, leadership and technological modifications in functioning and governance. These four aspects are key for the functioning of societies and nations at large.

Governance: To start with, let’s talk about governance during the pandemic. Man has in the true sense of the term, gained considerable mastery over the environment as evident from the fact that within two weeks of the first COVID case to be reported in Wuhan, the world was ready at least to detect the pathogen and got its whole genome sequenced. This is quiet in contrast to our situation during the “Black Death (1347-51)” where death of millions had to be accepted by mankind as destiny.

But this present day advancement in science also gives rise to a lot of expectations of the masses from the leaders. If this expectation could not be met with, it gives rise to a sense of fragility among the people against their leaders. Unfortunately, barring a few countries like Vietnam, South Korea and Germany almost none of the heads of states could emerge as messiah to their own citizens, leave alone providing global leadership. Even during the Ebola outbreak in West Africa (2013-16), President Obama emerged as a father figure to bail out the nations of Guinea, Liberia and Sierra Leone out of immediate crisis. But this time the present US authorities has come up with a policy of “America First” and the image of America being a global superpower is in shambles. The world has lately seen the rise of right winged authoritarian or quasi-dictatorial leaderships in many countries namely Brazil, Turkey, Russia and Australia who could not show the world any viable exit plan in healthcare or economics in the face of the pandemic. All these abovementioned governments thrive on the concept of jingoism, focus on self-interest and have a myopic vision regarding global cooperation. Moreover, mudslinging of US and its allies (France, Australia etc) against China and demand of reparation from China has further worsened the situation of global non-cooperation and blame game. According to historian Yuval Noah Harari, this attitude of US and its cronies will poison international relations in years to come and block flow of information between nations which is crucial at this time to fight the pandemic in a better way. One interesting observation regarding the management of the COVID situation and the way a given country is governed (authoritarian or democratic) has no bearing with the success with which it has managed the pandemic.

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This is mentioned by Richard Nathan Haass, President, Council of Foreign Relations, US Government in his tweet on 16 May, 2020 which runs as follows "The range in pandemic outcomes shows what matters is NOT the nature of the system-there are successful (Germany, Australia, SK, Taiwan) & unsuccessful (US, Brazil) democracies & successful (Vietnam, China?) & failed (Iran, Russia) authoritarians-but the quality of the leadership." Discussion on the aspect of governance during the pandemic will be concluded by taking up a comparative case study between the two countries Italy and Vietnam and how they handled the pandemic. Italy failed miserably in containing the pandemic. During 21 February to 22 March, 2020 a tsunami of positive cases flooded Italy. The Italian authority fell prey to boiling frog syndrome (inability to react to significant changes in time) at the beginning of the crisis. Even as the pandemic swept in, only localized partial lockdowns were initiated and no total lockdown was called for, in time. Adding to the sorrow, the average Italian age is 45 years which also played a significant role in high mortality rate. Vietnam succeeded to contain COVID, although it shares border and trade with China by using prior experience to tackle SARS. Its authorities reacted immediately, decisively and with severity. The importance of hand washing and staying at home was communicated to the masses as a part of patriotic propaganda and public health surveillance system worked flawlessly to track down whereabouts of infected people. Thus what Italy could not achieve being a first world country was achieved by Vietnam being a developing nation (Harvard Business Review).

Economy: COVID-19 pandemic will be viewed as a watershed event in the history of mankind, as it will redefine the way we interact with each other in workplace and in society. It will modify jobs, create newer ones and decimate some of the established jobs. World economy is estimated to shrink by 10% (The Economist) due to recession caused by the pandemic. The sectors that are worst hit are the "high contact industries" like service sector, entertainment, travel including aviation and hospitality industry, only to name a few. In China alone, consumer footfall and hotel occupancy has been reduced to 50% and people using airlines has dropped to 25% as compared to that in mid-January 2020 although the Chinese government has withdrawn lockdown completely in current times. The pandemic has taken its toll in the manufacturing sector as well, because of the disruption of logistics chain in terms of shipping of raw materials to factories and that of finished goods to potential markets. Interestingly, the drop in consumer spending pattern of people in Sweden (25% decrease; which was never under lockdown) has been found to be very similar to that of Denmark (29% decrease; which was under lockdown) during the recent months due to economic uncertainties and fear of infection. This similarity in spending pattern between the two countries undergoing two different socioeconomic conditions may be attributed to public perception and low confidence of the masses on the system in both the countries regarding pandemic management. Presently, it is the people's own voluntary decisions about how they behave are shaping economies rather than what the government is telling people to do. Economic impact of a particular event is not correlated to number of victims, but it is positively correlated to the element of shock or surprise, fear, anxiety and loss of confidence that is associated with the event.

This can be exemplified by the fact that although there were only 3000 victims in 9/11 attack of the World Trade Centre yet the direct and indirect damage caused by it were 68 bn USD and 190 bn USD respectively as compared to 70,000 victims of the 2003 heatwave shock over Europe having almost no significant economic impact. Presently, the global economy is receiving overwhelming levels of state aid to keep it afloat. In Europe's five largest economies (Germany, UK, France, Italy, Russia, Spain), one in every five employees are covered under state sponsored wage dispensing schemes. Around 750 billion Euros has been dispensed to companies as state funds in Europe to keep them running (The Economist). When this state aid will be withdrawn at some later point of time, only then the actual impact/damage caused by the pandemic will be visible to us at all rungs of the economy. With lowered business volumes, organisations (especially small businesses) will not be able to pay overhead expenses, mortgage loans etc. and will not take the risk to make fresh investments also. This will plunge the world economy into a long lasting recession. Unemployment will also rise as there will be lay-offs and organizational downsizing (unemployment in US is already at an all time low since The Great Depression; Bureau of Labour Statistics, US Government). The low paid workers will bear the burn of these lay-offs at the first go. In a post COVID world, issue of healthcare cover of workers is going to emerge in a big way and companies need to have serious concerns regarding this matter.

Leadership: Leadership at any level (from intra and inter organizational level to international governments) should look beyond the immediate fear of the pandemic and search for new hope. Embedded within every crisis remains a grain of opportunity. It is the leader who can identify the opportunity and work on the ways and means to use it for organizational benefit. He should also not let fear engulf his followers because fear tends to skew decision making capacities. Leaders should encourage employees to communicate any physical distress early on and not report to work if the need arises. Workers should be made to understand that on time reporting is crucial for the seamless functioning of the company. Importance of adopting new norms at workplace, namely staggered reporting time, no contact interaction, use of protective gear are to be popularised among the workforce by the management. The message from the leader should have clarity, positivity and simplicity so that he can actually reach out to the workers. The leader should have the capacity to pull the company through adverse times and regain control over the market situation by cashing the present situation or by getting prepared for a favourable future. Post Unlock 1.0 in India, there has been a three to four times increase in the retail sale of bicycles, especially in the urban areas as plying of public transport has not reached normalcy, but workplaces are thrown open. Hence pandemic is creating newer habits among population thereby opening up scope for established businesses in a new way.

Technology: As already mentioned, COVID-19 pandemic will continue to be a watershed event in the history of mankind, as it has and will further revolutionize the way we interact with each other and do business. This paradigm shift will be technology driven and will create new working platforms. The buzzword of today's doing business is 'remote working' that includes 'work from home', 'video

conferencing' etc. This concept of remote working is already passed as a resolution in World Economic Forum's Annual Meeting, January, 2020 at Davos, Switzerland. Remote working methods require a lot of infrastructure restructuring namely strengthening of the information technology hardware, making cyber security more stringent etc. A lot of endeavour will be required to re-skill or train the workers according to the new working norms. The difference between office and home will definitely blur away, which may create some disturbance in work life balance.

COVID-19 will definitely alter the present world order and as former prime minister of Australia Kevin Rudd puts that "neither a new Pax Sinica nor a renewed Pax Americana will rise from the ruins.

Rather, both powers will be weakened, at home and abroad. And the result will be a continued slow but steady drift toward international anarchy across everything from international security to trade to pandemic management." Only time will tell, whether Rudd's prediction will come true or not.

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