

Recovering From a Never Faced Economic Disruption, and Advancing on the Path to the Next Normal



Matei PURCĂREA

Abstract

It is a real need of restarting economies, considering major risks, restoring confidence, and prioritizing customers' valuable problems to solve. It is the right time to better understand how to adequately manage the economic risk of health shocks, offering business contingency planners a practical framework in which to develop and execute their plans. It is a real chance to build a more inclusive and receptive (recovered) economy, managing the economy wisely, acknowledging the incomplete knowledge of our own knowledge's limits, and seizing opportunities, valorizing innovation.

Keywords: Recovered Economy; Economic Disruption; Major Risks; Next Normal; Innovation

JEL Classification: A11-14; B10; D01, 21, 40, 78, 80; E02; F00; I00; L20; M21; M31; O10; O31

Restarting economies: considering major risks, restoring confidence, and prioritizing customers' valuable problems to solve

We are witnessing the continuous work of the governments and organizations toward containing COVID-19, and the businesses' struggling toward keeping the steps with the new normal, toward surviving and thriving through and after (when it will come this after...) the COVID-19 crisis, the business impact of COVID-19 manifesting in powerful ways, even disastrous in some significant cases, being hard to see a sudden recovery for these last ones. A MKOR Consulting research (conducted between April 25-30 on a sample of 243 companies: entrepreneurial businesses, 89%; multinational companies, 5%; NGOs, 2%; other type of

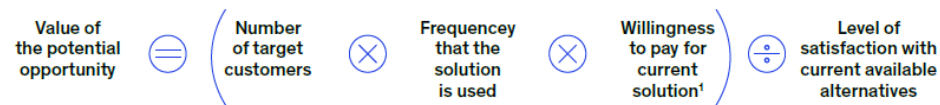
organizations, 4%) about COVID-19 pandemics impact on business environment in Romania revealed, for instance, that the majority of respondents (91%) felt affected by this epidemics (with an average total impact of -10.2% for the current year, the mentioned figures being in line with the European Commission forecast estimates warning a decrease of -7.5%), 95% of respondents taking measures to survive the new coronavirus crisis (the respondents from the consumer goods industry being the most prudent, with a record number of 6.5 measures taken on average, followed by those from industries such as consulting, automotive and tourism, which took an average of 4.5 measures; from the point of view of the size of their organizations, the sample consisted of 67% micro-enterprises, 22% small enterprises, 8% medium-sized enterprises and 3% large enterprises).

Exactly twelve years ago the Society for Applied Microbiology let us now “*A history of influenza*” epidemics (annual epidemics being due to antigenic drift) and pandemics (which are occurring at 10 to 50 years intervals being due to new virus subtypes resulting from virus reassortment), in that framework being underlined from the very beginning that: “*Nothing has been introduced during the past 100 years to affect the recurrent pattern of epidemics and pandemics; and our future in the new century is clearly indicated by our past*”. (Potter, 2008) On the other hand, as highlighted recently by the U.S. Department of Health & Human Services, Centers for Disease Control and Prevention, there are some *key differences between Influenza* (Flu, which is caused by infection with influenza viruses) *and COVID-19* (which is caused by infection with a new coronavirus (called SARS-CoV-2), despite the fact that they are both contagious respiratory illnesses, being hard to tell the difference between them based on symptoms alone (some of the symptoms of flu and COVID-19 being similar), and that is why to confirm a diagnosis it is necessary to do a test (both can have varying degrees of signs and symptoms, ranging from no symptoms/asymptomatic to severe symptoms).

These are difficult times, and there is no doubt that it takes time to restart economies, being also necessary to restore confidence, to facilitate both demand (by making money available to circulate), and employment capacity to satisfy it, valorizing companies’ marketing function (which has as the prime asset the professional marketers) as the businesses’ driving force in producing and maintaining the levels of profitable revenue, being creative and effective in managing resources, which can be redistributed so as to ensure the best ROMI, on the basis of the adequate understanding of the cost, benefit and contribution to the generation of sustainable profitable revenue of all marketing activities (beginning with the maintaining of the levels of profitable revenue, knowing how dangerous can be to cut the marketing budget considering the implications). (Watkis, 2020) There is also no doubt within the current crisis that innovation (on the way to unlocking post crisis growth) is really a choice, being a real need of leaders “to re-Discover customer needs and Evolve their business models to meet those needs”, as highlighted recently by McKinsey’s representatives, who recommended to clearly define and prioritize customers’ valuable problems to solve by using an equation as shown in the figure below. (Bar Am et al., 2020)

What makes something a good idea?

Equation to use with valuable problems to solve



¹Willingness to pay is a proxy for customer ascribing meaningful value. Whether companies choose to charge and who pays is a business-model decision.

Figure no. 1: Equation to use with valuable problems to solve

Source: Bar Am, J., Furstenthal, L., Jorge, F. and Roth, E. (2020). *Innovation in a crisis: Why it is more critical than ever*, McKinsey & Company, Strategy & Corporate Finance Practice, June 2020 (work cited)

The Visual Capitalist (Vancouver, BC, Canada), well-known for creating visual content focused on the latest trends, offered recently a suggestive graphic by using data from a World Economic Forum (WEF) survey of 347 risk analysts with regard to the ranking of the likelihood of major risks (defined as uncertain events or conditions with potentially significantly negative impact on different countries and industries) faced in the aftermath of the pandemic, considering the 31 risks grouped in the WEF's report into major categories (Economic, 10 risks; Societal, 9 risks; Geopolitical, 6 risks; Technological, 4 risks; Environmental, 2 risks), the economic factors being ranked high (see the figure below). (Ghosh, 2020) According to the above mentioned WEF report the first four risks are economic risks (Prolonged recession of the global economy, Surge in bankruptcies - big firms and SMEs - and a wave of industry consolidation, Failure of industries or sectors in certain countries to properly recover, High levels of structural unemployment, especially youth), the fifth risk is a geopolitical risk (Tighter restrictions on the cross-border movement of people and goods), followed by other three economic risks (Weakening of fiscal positions in major economies, Protracted disruption of global supply chains, and Economic collapse of an emerging market or developing economy), then by a technological risk (Cyberattacks and data fraud due to sustained shift in working patterns) as the ninth risk, and a societal risk (Another global outbreak of COVID-19 or different infectious disease) as the tenth risk, while the eleventh risk (Additional unemployment from accelerated workforce automation) is also a technological risk, the twelfth risk (Exploitation of COVID-19 crisis for geopolitical advantage) being also a geopolitical risk (to name but a few). The societal and geopolitical factors took more importance with regard to the ranking of the risk considered to be of the greatest concern for the world (as shown in the next figure below), the first two risks are economic risks (*Prolonged global recession*, 58,5%; *High unemployment*, 43,8%), the third risk is a societal risk (*Another disease outbreak*, 40, 1%), then the following three are also economic risks (*Weakening major economies*, 39,2%; *Industries fail to recover*, 35,4%; *More bankruptcies/consolidation*, 35,2%), the seventh risk is a geopolitical risk (*More restricted travel/trade movement*, 34%), the following two are also economic risks (*Emerging market collapse*, 33,7%; *Prolonged supply chain disruption*, 33,7%), while the tenth risk (to also name but a few) is also a geopolitical risk (*Geopolitical exploitation of COVID-19 crisis*, 28,5%). In other words, there is a clear evidence of the significant importance of the economic risks.

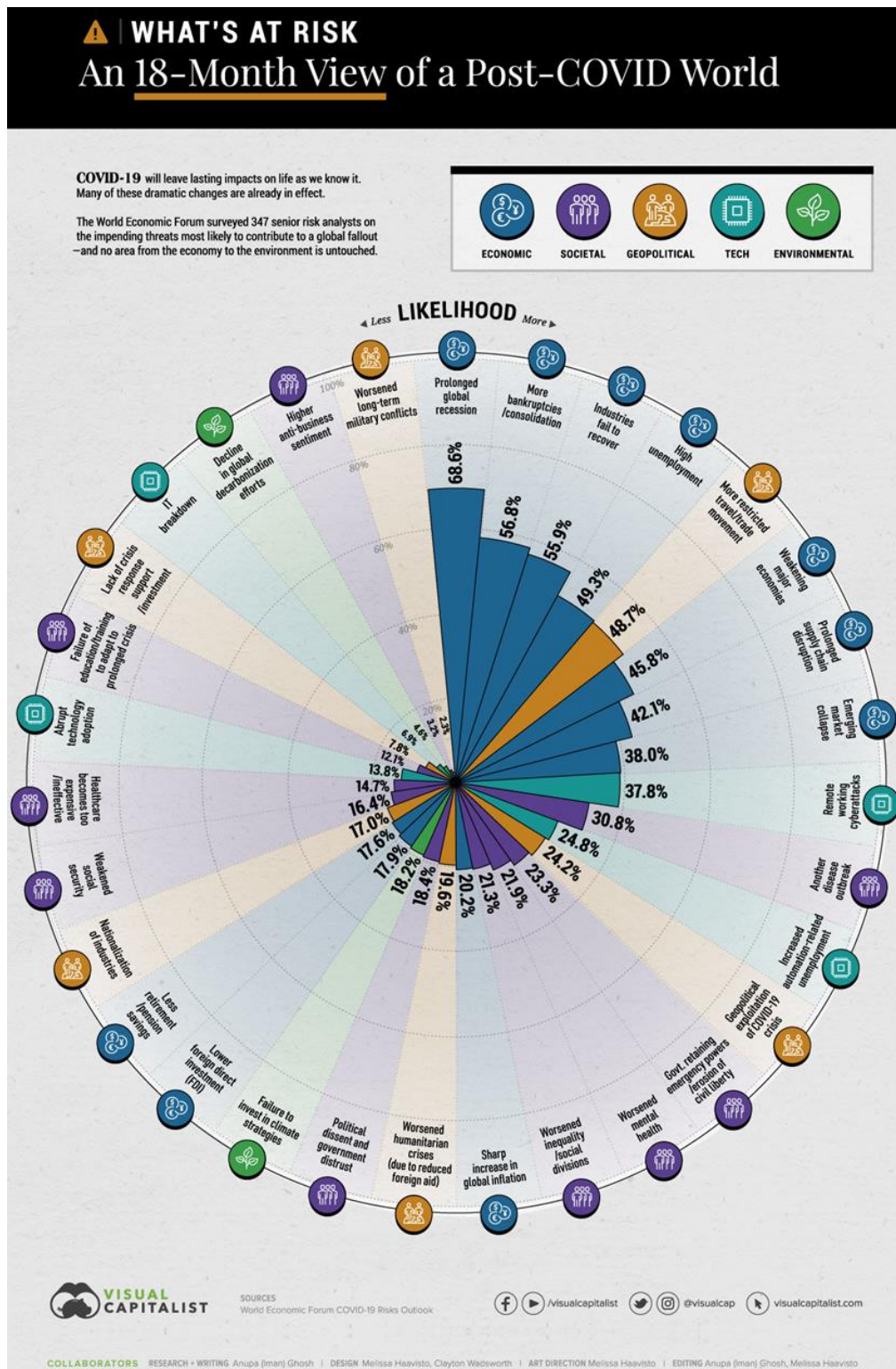


Figure no. 2: What's At Risk: An 18-Month View of a Post-COVID World, Visual Capitalist, on the basis of data from a WEF survey of 347 risk analysts

Source: Ghosh, I. (2020). What's At Risk: An 18-Month View of a Post-COVID World, Visual Capitalist, June 24, 2020 (work cited)

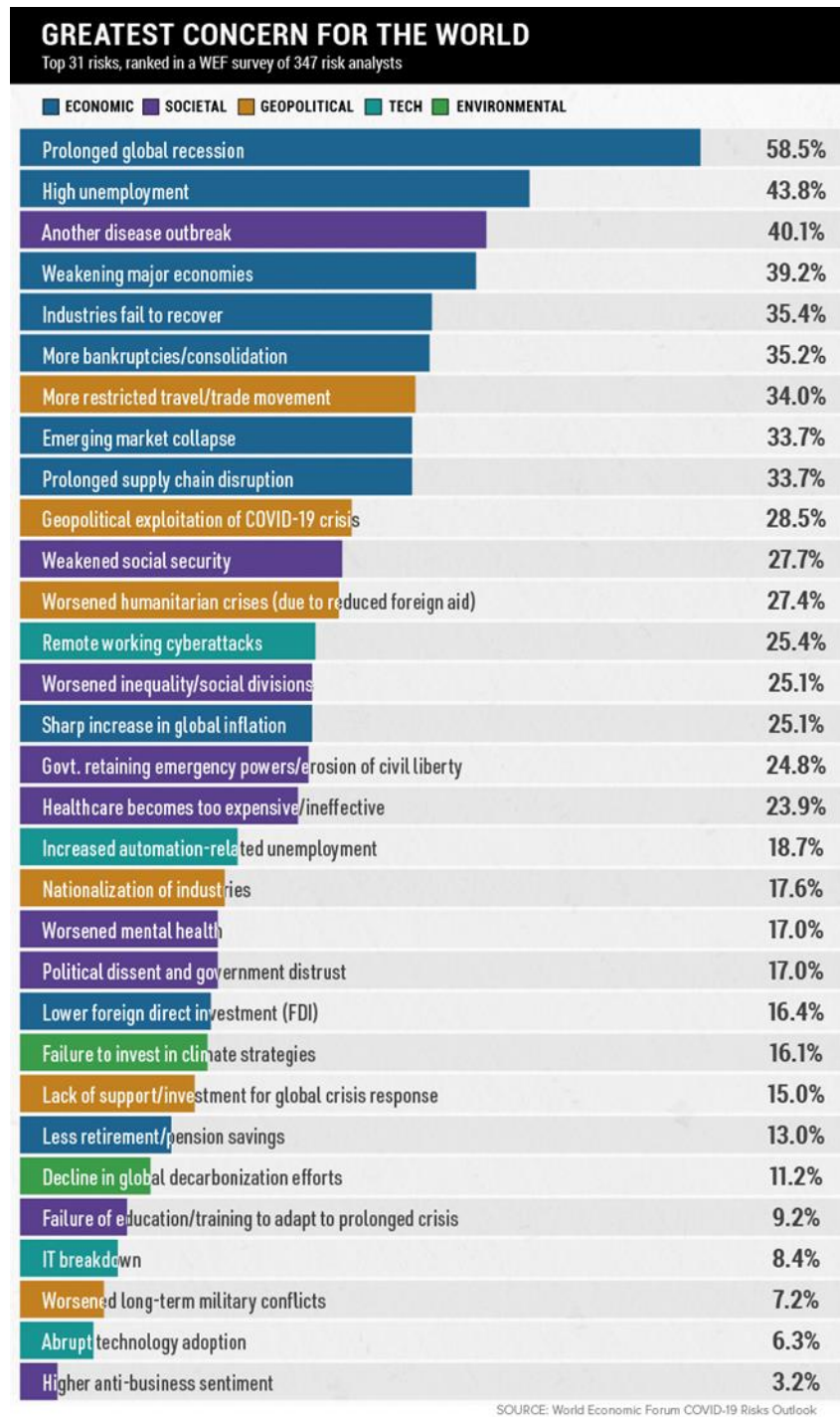


Figure no. 3: Greatest concern for the world, WEF COVID-19 Risks Outlook

Source: Ghosh, I. (2020). *What's At Risk: An 18-Month View of a Post-COVID World*, Visual Capitalist, June 24, 2020 (work cited)

Adequately managing the economic risk of health shocks, offering business contingency planners a practical framework in which to develop and execute their plans . A real chance to build a more inclusive and receptive (recovered) economy

We recently came across an article of Klaus Schwab (Founder and Executive Chairman, World Economic Forum) and Thierry Malleret (Co-Founder, Monthly Barometer) – entitled “*COVID-19's legacy: This is how to get the Great Reset right*” – announced as accompanying the launch of the new book (of the above mentioned co-authors) “*COVID-19: The Great Reset*”. (Schwab and Malleret, 2020) According to the views expressed in this article our world (described here not only as having as defining feature the systemic connectivity making risks amplifying each other, but also including from its significant fault lines) has been dived quickly and energetically, into the most challenging times which it has ever faced, by the COVID-19 pandemic: “*It is a defining moment – we will be dealing with its fallout for years, and many things will change forever. It has wrought (and will continue to do so) economic disruption of monumental proportions, creating risk and volatility on multiple fronts – political, social, geopolitical – while exacerbating deep concerns about the environment and also extending the reach (pernicious or otherwise) of technology into our lives*”. Schwab and Malleret pledge for refusing “silo-doing” and “silo-thinking”, and to generate the necessary collective will so as to make a better and more resilient world which involves a change with immense scope (new social contract, improved international collaboration etc.). This made us recall some other significant related approaches over the years up till now, such as:

- The assessment entitled “*A Potential Influenza Pandemic: Possible Macroeconomic Effects and Policy Issues*” by the U.S. Congressional Budget Office (CBO, December 8, 2005; revised July 27, 2006) which (as shown in the introductory letter signed by the CBO’s Director) prepared an assessment of the possible macroeconomic effects of an avian flu pandemic, concluding that: “*a pandemic involving a highly virulent flu strain (such as the one that caused the pandemic in 1918) could produce a short-run impact on the worldwide economy similar in depth and duration to that of an average postwar recession in the United States...* ”; this assessment underlined, among other aspects, that: “*In making decisions about how to proceed, there are competing risks. The risk of inaction is that a pandemic will occur that could have been prevented or mitigated. The risk of action is that it is costly, diverts resources from other priorities, and could be damaging by itself, as was the case in the reaction to the swine flu scare of 1976*”.

- The “*Pandemic Influenza. Preparedness, Response, and Recovery*” Guide for critical infrastructure and key resources, by U.S. Department of Homeland Security (in September 2006), which stated that: “*Understanding the pandemic planning context offers business contingency planners a practical framework in which to develop and execute their plans. The context provides the nature of the threat and support variables essential to networking the business’ plan within the greater operational environment... Business planners should integrate and network their plans given current facts and insights... The potentially catastrophic impacts*

demand a new, tailored, business contingency plan and preparedness effort... Pandemic preparedness must involve all types and sizes of businesses. Moreover, it demands a shift in business continuity planning from one that anticipates a short-term, near-normal condition, to one that prepares for extreme long-term, catastrophic contingencies... Businesses should examine each impact and assumption in the context of its operational environment... More and more, businesses rely on the just-in-time delivery of materials, goods, and services to maintain their economic livelihood... Business planners should assume some level of social disruption and plan for direct security risks to their operations and along their supply chain". Within this framework it was provided, for instance: a "big picture" (see the figure below) with the *Critical Infrastructure* (13 sectors) and *Key Resources* (4 sectors) identified formally by the U.S. Government as being essential (making difference between what is really essential and what may be "simply" critical or useful) to U.S. nation's security, and economic and social stability (in consideration of the December 17, 2003 Homeland Security Presidential Directive/Hspd-7 having as Subject the Critical Infrastructure Identification, Prioritization, and Protection); a *Continuity of Operations Plan-Essential* (COP-E, for each COP-E scenario being identified the impacts from disruptions to essential functions, services, and goods, these impacts being assessed in terms of priorities, time and the moments of greatest strain), as a mean to address the extreme case, also taking into account that *"the scale and scope of the impacts and possible outcomes from a pandemic demand a dedicated level of effort, investment, and planning beyond most existing business continuity planning"*. On the other hand, it is worth mentioning that within the *COP-E Recovery Phase* (comprising: Action, Issues to Consider, and Supporting Actions) there are listed examples of 13 major recovery challenges, such as: *Examine competition impacts on small businesses, Assess insurance and business impacts, Coordinate government and community support, Continue enhanced risk communications and information sharing, Maintain public and media relations, and Measure, monitor, and adjust* (to name but a few). There is a clear recommendation, for instance, to consider the so-called STARCC principle, which means having a Simple, Timely, Accurate, Relevant, Credible, and Consistent message to employees and the media.

17 NATIONAL CI/KRs

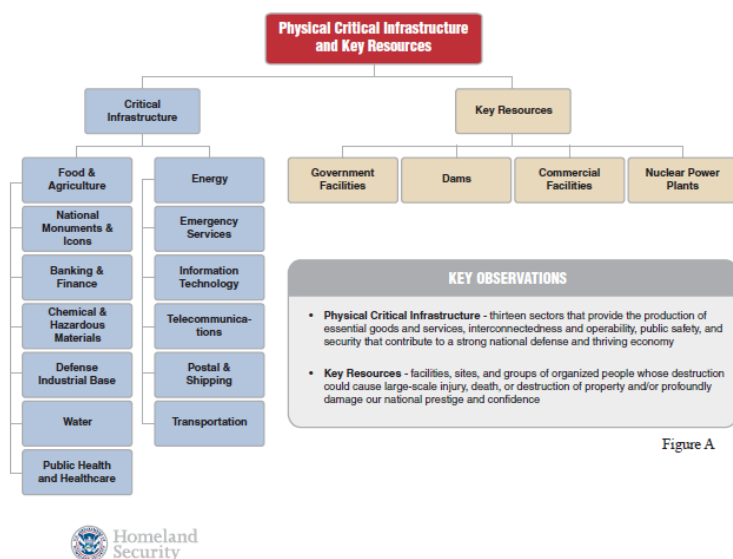


Figure no. 4: 17 U.S. National CI/KRs

Source: “Pandemic Influenza. Preparedness, Response, and Recovery”, Guide for critical infrastructure and key resources, by U.S. Department of Homeland Security, September 19, 2006, p. 7 (work cited)

- The PGDA Working Paper No. 9 “*Epidemics and Economics*” by David E. Bloom and David Canning, Harvard School of Public Health (in 2006), who argued that: “*The links between epidemics and economics are broadly similar to those between health and wealth in general. Prosperous societies not only have better health; they are also at least somewhat protected against epidemics. Like other health problems, meanwhile, epidemics can hamper economic development and trigger vicious spirals whereby worsening health reduces wealth and diminishes the protection against further health threat... Epidemics can have economic impacts far beyond the borders of their source countries – and these potential economic impacts are often amplified by those aspects of the modern world that facilitate disease spread, affect tourism and trade, disseminate awareness and fear, and exacerbate counter-productive forms of protective behavior and isolationism*”.

- The “*Future Global Shocks: Pandemics*” 2011 report prepared by Harvey Rubin as a contribution to the OECD project “Future Global Shocks”, considering risks (within the framework for risk analysis suggested by the Wharton School Risk Management and Decision Processes Center - Kunreuther and Useem, 2009), threats and vulnerabilities as either symmetric or asymmetric, and underlining among other aspects that: “*In considering the traditional national security threat, the survival of the sovereignty, territory and physical condition of the nation is at stake; to the environmental community, the sustainability of an ecosystem is at risk; to the economic sector, survival includes protecting the means of production. To the medical community in general and especially to the public health and infectious diseases sectors, survival*

under a pandemic global shock clearly refers to taking every action to minimize morbidity and mortality as well as to minimize the effect of the pandemic on the economic, social and political stability of communities, nations and transnational organizations ". Within this framework there were underlined, among other aspects, some interdependencies and critical links (Biological, Corporate/financial, Governmental/policy/infrastructure, Research/information, Illegal activities, Social unrest) which can deteriorate (beyond the progress made on a number of fronts) the overall situation in controlling infectious diseases. (Rubin, 2011)

- The “*Flu Outbreaks Reminder of Pandemic Threat*” by the World Bank (in March 2013), which highlighted the need of connecting systems, professions, and disciplines while facing disruptions, citing within this framework the economic adviser for the World Bank health team, who attracted the attention on the fact that in a worst-case scenario business and consumer confidence would go down very quickly and suddenly, worker absenteeism rising sharply, and public services moving with difficulty.

- The article “*Epidemics and Economics*” by David E. Bloom, Daniel Cadarette, and JP Sevilla (in June 2018): “*The health risks of outbreaks and epidemics – and the fear and panic that accompany them – map to various economic risks... The consequences of outbreaks and epidemics are not distributed equally throughout the economy ... There is a significant market failure when it comes to vaccines against individual low-probability pathogens that collectively are likely to cause epidemics... If outbreaks do occur and impose a substantial health burden, there are tools to limit the risk of economic catastrophe... Concerted action now at the local, national, and multinational levels can go a long way toward protecting our collective well-being in the future*”. (Bloom, Cadarette and Sevilla, 2018)

- The article “*Toward a More Resilient Europe*” by Poul M. Thomsen (in July 2020): “We cannot just return to the way things were before... Finally, another key priority in the coming period will be to ensure an uninterrupted supply of bank credit to the economy. History has taught us that, when efficient savings allocation breaks down, crises tend to last longer”. (Thomsen, 2020)

- The study “*Why Sustainable Food Systems are Needed in a post-COVID World*” by Nicoletta Batini, James Lomax, and Divya Mehra (in July 2020), who highlighted, among other aspects, the *four broad shifts in the food system* (being at the cross-roads of human, animal, economic and environmental health) suggested by United Nations agencies in order to adequately transform the global food system: *resilient food supply chains, healthy diets, regenerative farming, conservation*. (Batini, Lomax and Mehra, 2020)

- The article “*The Next Phase of the Crisis: Further Action Needed for a Resilient Recovery*” by Kristalina Georgieva (in July 2020), who pledged for further action in two key spheres: *domestic policies* (sustaining targeted lifelines by protecting people and workers, supporting firms, and preserving financial stability) and *collective efforts* (capturing

opportunities for a better future by: guaranteeing adequate health supplies; avoiding further ruptures in the global trade system; ensuring that developing countries can both finance critical spending needs, and meet debt sustainability challenges; strengthening the global financial safety net), so as to ensure a more inclusive and resilient recovery. She insisted on investing in people, supporting low-carbon and climate-resilient growth, and taking advantage of the digital transformation. (Georgieva, 2020)

Managing the economy wisely, acknowledging the incomplete knowledge of our own knowledge's limits, and seizing opportunities, valorizing innovation

Recent opinions expressed (at the level of the reputed American Institute for Economic Research) the conviction (in the tradition of Friedrich A. Hayek approach and not in that of Keynes) that in the post-pandemic economy would be better served by managing the economy wisely on the basis of the knowledge (of individual preferences) made necessary by particular circumstances or regulations, conveying that knowledge considering the market prices, and improving the ability to engage in a close struggle with the next crisis. (Cachanosky, 2020) What presupposes including looking carefully at what the political scientist Roger Pielke, Jr. called the elite experts' (myopic) tendency to have incomplete knowledge of their own knowledge's limits, and inviting them to consider the point of views expressed by more pragmatic detail-oriented people, what will be useful for them in revising their envisaged plans (by better taking into account the local and tacit knowledge specific to those individual preferences directly connected to concrete conditions). (Hanley, 2020) On the other hand, it is worth recalling the largely confined view with regard to the fact that: the justification starts with all one's present beliefs and experiences; the factive attitudes (know, regret, resent) are seen as attitudes toward facts (rather than propositions), so understood these factive attitudes being more basic than propositional attitudes. (Harman, 2003)

We see here a very important link (as the recognized driving force of capitalism is creative destruction, and the current need of being entrepreneurial, thinking strategically is obvious) between what we underlined above – at the beginning of our article, with regard to the innovation as being really a choice on the way to unlocking post crisis growth, according to McKinsey's representatives' approach – and Schumpeter's approach of innovation as driving both economic development and business cycles (more recently Schumpeter's arguments being formalized and extended by Philippe Aghion and Peter Howitt, while economic historians such as Joel Mokyr and Deirdre McCloskey highlighting both innovation's importance, and the culture embracing innovation, as very recently underlined by the below mentioned Senior Fellow at the American Institute for Economic Research, who commented the valuable book "The Essential Joseph Schumpeter" written by Russell S. Sobel, and Jason Clemens). "The Essential Joseph Schumpeter" by Russell S. Sobel (Professor of Economics & Entrepreneurship in the Baker School of Business at The Citadel in his hometown of Charleston, South Carolina) and Jason Clemens (the Executive Vice President of the Fraser Institute and the President of the Fraser Institute Foundation) Sobel and Clemens took us with their book – as shown by Art

Carden (also an Associate Professor of Economics at Samford University in Birmingham, Alabama and a Research Fellow at the Independent Institute) – through *“brief and easy analyses of Schumpeter’s theory of economic development (driven by innovation) and his theory of business cycles (where major innovations draw capital into the newly innovative sector with the cycle happening as the economy adjusts to the new technological and commercial possibilities”*. (Carden, 2020) Sobel and Clemens pointed from the very beginning in their above mentioned book about Schumpeter that: *“His timeless phrase describing the entrepreneurial process as one of “creative destruction” is likely second only to Adam Smith’s “invisible hand” in its daily use in popular tweets, blog posts, speeches, and articles”*. (Sobel and Clemens, 2020)

Maybe now and here it’s time to review some things on a personal note, taking into account that:

- **Joseph Schumpeter** was at the beginning of this academic career a Professor of economics and government at the University of Czernowitz (“Universitatea din Cernăuți”, in Romanian; it is well-known that after the dissolution of Austro-Hungarian Empire in 1918, Bukovina became part of the Kingdom of Romania and this university was renamed “Universitatea Regele Carol I din Cernăuți”; Romanian Bucovina was an integral part of Romanian Moldavia in the 14th century) between 1909-1911 (he wrote here the first version of “The Theory of Economic Development”), moving then, in 1911, to the University of Graz, where he remained until the World War I;

- **One of the Schumpeter’s reputed students was Nicholas Georgescu-Roegen** (born Nicolae Georgescu, a Romanian mathematician, statistician and economist who is well-known for: his 1971 magnum opus “The Entropy Law and the Economic Process” (where he argued that all natural resources are irreversibly degraded when put to use in economic activity); his decisive contribution in establishing ecological economics as an independent academic sub-discipline in economics, strongly influencing later developments.

- **This link between Joseph Schumpeter** (having as main favored themes innovation, entrepreneurship, and business) **and his reputed students Nicholas Georgescu-Roegen** was also suggested by the respected and admired hard, innovative, and strategic work of the **Vice President of the Romanian Distribution Committee, Valeriu Ioan-Franc, Correspondent Member of the Romanian Academy, Deputy General Director of the National Research Economic Institute (INCE), General Director at the Economic Informational and Documentation Centre of INCE**, who has been awarded with significant prizes and scientific awards for his papers and his activity as a researcher and publicist, one of the most important being:

- the Diploma of Excellence and silver medal of the Romanian Academy and BNR (Romanian National Bank) **for coordinating the collection “Nobel Laureates in Economics” (2001)**;

- the Diploma of Excellence of the General Association of Economists from Romania (AGER) **for the promotion of the golden works of the Romanian economic research – Nicholas Georgescu-Roegen Collection – The Complete Works (2010)** etc.



Coming back to the comments of Art Carden with regard to the Harvard Professor Schumpeter as the “Prophet of Innovation” (as coined by Thomas McCraw, who put it in his 2007 biography of Schumpeter entitled “Prophet of Innovation”, pp. 151-152), it is worth adding that competition for the prophet of constant change means the introduction of new products and new ways of doing things. On the other hand, as Thomas C. Leonard, from the Department of Economics of the Princeton University, wrote in 2009 (analyzing the valuable Thomas K. McCraw’s book), if the hero for Adam Smith was the prudent man, while for John Maynard Keynes was the economist *qua* expert, for Schumpeter the hero was the entrepreneur as the “the agent of innovation”, and – in the words of Schumpeter – “the pivot on which everything turns”, innovation being the function of entrepreneur (who is driven by competition to improve technology, finance and organization), and entrepreneurial innovation driving forward capitalist economies towards a higher place (although along a very desolating track), while the disruptions of entrepreneurial innovation occurring – in the words of Schumpeter – at “irregularly regular” intervals. (Leonard, 2009)

And as an example of entrepreneurial innovation in these hard times allow us to introduce a recent CB Insights report (created with data from CB Insights’ emerging technology insights platform) entitled “Covid-19 Has Scrambled Fintech’s Winners & Losers” that revealed how certain parts of the fintech ecosystem actually stand to benefit long-term from the Covid-19

pandemic (despite the fact that both deals, and dollars to global fintech companies are down). They looked at the short-term (showing, for example, that some payments companies will face existential challenges) and long-term (showing, for instance, that e-commerce payments companies benefit from accelerated shifts in tech and consumer behavior) effects of Covid-19 on five parts of the fintech ecosystem: Payments (as the above mentioned examples), Insurance, Banking & Lending, Wealth & Capital Markets, Real Estate (as shown in the table below). To remain at the payments' case (and giving another example from this CB Insights report), let's note the Covid-19 both caused payments volume to accelerate in some key areas (while wreaking havoc on certain industries), and contributed to an explosion in e-commerce (with the loss of physical retail), generating a displacement for both consumers and merchants (these last ones beginning to turn to online B2B marketplaces for their procurement and supplies) because of the transaction volume driven to the payments companies behind online retailers (taking this way market share away from those serving physical retailers).

Table no. 1: Short-term and long-term effects of COVID-19 on fintech

Short-term and long-term effects of Covid-19 on fintech A LOOK AT HOW COVID-19 IS CHANGING THE GLOBAL FINTECH LANDSCAPE		
	Short-term effects	Long-term effects
Payments	Payments companies in hard-hit verticals will face existential challenges.	E-commerce payments are set to boom on top of accelerated secular shifts.
Insurance	Impacts are mixed, depending on insurers' lines of business.	Digital will become essential as new business models emerge.
Banking & Lending	Although PPP represents easy money, challenger banks will continue to suffer.	A slowdown in online lending will lead to industry consolidation.
Wealth Tech	Wealth tech startups will continue to consolidate and shore up cash reserves.	Consumers will look for hybrid robo-advisors and deeply integrated platforms.
Real Estate	A perfect storm will keep the market frozen.	Acceleration of digital processes and capabilities will become a priority.

 **CBINSIGHTS**

Source: CB Insights' Report, "Covid-19 Has Scrambled Fintech's Winners & Losers". Here's The Short- & Long-Term Outlook, June 3, 2020 (work cited)

Conclusions

Some time ago, while making reference to the 100th anniversary of the 1918 influenza pandemic, the World Economic Forum underlined (within the "Global Health Security: Epidemics Readiness Accelerator" project, *as part of the WEF's* "Shaping the Future of Health and Healthcare", "Shaping the Future of Mobility", and "Shaping the Future of Technology Governance: IoT, Robotics and Smart Cities" *Platforms*) that: *"Globalization has made the world more vulnerable to societal and economic impacts from infectious-disease outbreaks...*

Outbreaks and epidemics are causing more economic damage when they occur. Recent work on pandemics suggests that the potential economic losses from outbreaks of infectious disease are massive and similar in magnitude to the annual impact of climate change... Among businesses, the risk of infectious disease is rarely emphasized in their considerations of risk... Within this framework WEF (and partners) stated the aim “*to enable business leaders to better understand the anticipated costs associated with infectious disease outbreaks and to pursue pathways for public-private cooperation*”, considering that “*this is designed to mitigate costs and strengthen health security more broadly*”, and highlighting the work streams addressing challenges to public-private cooperation relied on for effective readiness (Travel and Tourism, Supply Chain and Logistics, Legal and Regulatory, Communications, Data Innovations).

There is clear evidence about the considerable differences for each country, sector, and company while going on the road to the next normal, facing high uncertainty and trying to better understand the economic implications, and to learn from the identified patterns from previous recessions and recoveries, as recommended by McKinsey’s representatives while analyzing European businesses. (Allas et al., 2020) They highlighted mainly *the role of consumers* (the sectors benefitting most from a rapid recovering of the consumer expenditure being the hospitality, retail, and food and drink sectors) *and exports* (until most of the world will be on a path to both containing the virus and rebuilding their economies – matters being complicated because of the timing of the different COVID-19 epidemic waves across world’s regions – the overall export demand is unlikely to get on, being necessary to consider a range of adequate scenarios, thinking about each business future strategic posture with imagination and open mind, observing closely the changes (the general shifting to remote channels) in customer behavior and perceptions outlasting the crisis, the different way in which social distancing is affecting sectors, and the ways to think about planning for the next normal (*Bounce back; Lean in; Restructure; Swerve*, this last one being considered the most challenging, concerning sectors facing both a slow recovery, and fundamental changes in delivery modes and customer behavior). In the opinion of McKinsey’s representatives the speed of recovery and the magnitude of structural change constitute the factors which will shape European recovery, every business having, of course, its own mode of behavior or way of thought different to what is normal or expected.

But let us end by focusing on **PEOPLE caring about what happens in the future**, about their fears (while trying to understand) and hopes (trying to overcome their fears by acting), doing something regarding COVID-19 (acknowledging the need of trade-offs involved by the new coronavirus) and the economy, the business, their community, and their life in general. **The great Romanian sculptor Constantin Brancusi**, considered the patriarch of modern sculpture, argued that: “*Mere theories are always worthless samples, only action matters... Out of the plenitude of my sunny country, I made a life-long provision of joy and so I could withstand... Look, my Endless Column is living in a beautiful garden in Romania. From the base up to the top, it has the same shape and needs no neither pedestal, nor socle to support it, and the wind*

won't uproot it, because it will resist by its own forces ... Go to hug the Column of Infinity with your open arms. Then, raising your eyes, look at it and thus you'll meet the very Self of the sky".

References

- Allas, T., Sjatil, P. E., Stern, S. and Windhagen, E. (2020). How European businesses can position themselves for recovery, McKinsey & Company, April 2020. Retrieved from [How-European-businesses-can-position-themselves-for-recovery-final](#)
- Bar Am, J., Furstenthal, L., Jorge, F. and Roth, E. (2020). Innovation in a crisis: Why it is more critical than ever, McKinsey & Company, Strategy & Corporate Finance Practice, June 2020. Retrieved from [Innovation-in-a-crisis-Why-it-is-more-critical-than-ever-vF](#)
- Batini, N., Lomax, J. and Mehra, D. (2020). Why Sustainable Food Systems are Needed in a post-COVID World, The International Monetary Fund, July 14, 2020. Retrieved from <https://blogs.imf.org/2020/07/14/why-sustainable-food-systems-are-needed-in-a-post-covid-world>
- Bloom, D. E., and Canning, D. (2006). Harvard Initiative for Global Health, Program on the Global Demography of Aging, Working Paper Series, PGDA Working Paper No. 9, p. 25-26. Retrieved https://cdn1.sph.harvard.edu/wp-content/uploads/sites/1288/2013/10/BLOOM_CANNINGWP9.2006.pdf
- Bloom, D. E., Cadarette, D. and Sevilla, JP (2018). Epidemics and Economics, The International Monetary Fund, Finance & Development, June 2018, VOL. 55, NO. 2. Retrieved from <https://www.imf.org/external/pubs/ft/fandd/2018/06/economic-risks-and-impacts-of-epidemics/bloom.htm>
- Cachanosky, N. (2020). A Keynesian Path Would Be the Wrong Path for the U.S. Economy, American Institute for Economic Research, July 15, 2020. Retrieved from <https://www.aier.org/article/a-keynesian-path-would-be-the-wrong-path-for-the-u-s-economy/>
- Carden, A. (2020). The Essential Joseph Schumpeter: An Easy and Accessible Introduction to an Important and Complex Thinker, American Institute for Economic Research, July 14, 2020. Retrieved from <https://www.aier.org/article/the-essential-joseph-schumpeter-an-easy-and-accessible-introduction-to-an-important-and-complex-thinker/>
- Georgieva, K. (2020). The Next Phase of the Crisis: Further Action Needed for a Resilient Recovery, The International Monetary Fund, July 15, 2020. Retrieved from <https://blogs.imf.org/2020/07/15/the-next-phase-of-the-crisis-further-action-needed-for-a-resilient-recovery/>
- Ghosh, I. (2020). What's At Risk: An 18-Month View of a Post-COVID World, Visual Capitalist, June 24, 2020. Retrieved from <https://www.visualcapitalist.com/whats-at-risk-an-18-month-view-of-a-post-covid-world/>
- Hanley, J. E. (2020). Adding Detail to Paul Romer's Simplistic Plan for Reopening America, American Institute for Economic Research, July 17, 2020. Retrieved from <https://www.aier.org/article/adding-detail-to-paul-romers-simplistic-plan-for-reopening-america/>
- Harman, G. (2003). Reflections on Knowledge and its Limits, Princeton University, June 9, 2003. Retrieved from <http://www.princeton.edu/~harman/Papers/Williamson.pdf>
- Kunreuther, H. and Useem, M. (2009). Principles and Challenges for Reducing Risks from Disasters. Learning From Catastrophes: Strategies for Reaction and Response. Upper Saddle River, Wharton School Publishing
- Leonard, T. C. (2009). Prophet of Innovation: Joseph Schumpeter and Creative Destruction, by Thomas K. McCraw, Cambridge: Harvard University Press. Retrieved from <https://www.princeton.edu/~tleonard/papers/McCraw.pdf>
- Potter, C.W. (2008) A history of influenza, Society for Applied Microbiology - Wiley Online Library, 07 July 2008. Retrieved from <https://sfamjournals.onlinelibrary.wiley.com/doi/full/10.1046/j.1365-2672.2001.01492.x>
- Rubin, H. (2011). "Future Global Shocks: Pandemics", OECD/IFP Project on "Future Global Shocks", Multi-Disciplinary Issues, International Futures Programme, IFP/WKP/FGS(2011)2, pp. 4, 18-19, 21. Retrieved from <https://www.oecd.org/gov/risk/46889985.pdf>
- Sobel, R. S. and Clemens, J. (2020). The Essential Joseph Schumpeter, the Fraser Institute, 2020, Library and Archives Canada Cataloguing in Publication Data, p. 3. Retrieved from <https://www.essentialscholars.org/sites/default/files/essential-joseph-schumpeter.pdf>
- Thomsen, P. M. (2020). Toward a More Resilient Europe, The International Monetary Fund, July 12, 2020. Retrieved from <https://blogs.imf.org/2020/07/12/toward-a-more-resilient-europe/>

Watkis, N. (2020). The Post Virus Recession, CustomerThink, July 7, 2020. Retrieved from <https://customerthink.com/the-post-virus-recession/>

Schwab, K., Malleret, T. (2020). COVID-19's legacy: This is how to get the Great Reset right, The World Economic Forum, 14 Jul 2020. Retrieved from <https://www.weforum.org/agenda/2020/07/covid19-this-is-how-to-get-the-great-reset-right/>

*** <https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/global-surveys-of-consumer-sentiment-during-the-coronavirus-crisis?>

*** <https://mkor.ro/studii/studiu-impact-covid19-afaceri/>

*** Similarities and Differences between Flu and COVID-19, <https://www.cdc.gov/flu/symptoms/flu-vs-covid19.htm>

*** A Potential Influenza Pandemic: Possible Macroeconomic Effects and Policy Issues, U.S. Congressional Budget Office, December 8, 2005; revised July 27, 2006, pp. 16-17. Retrieved from <https://www.cbo.gov/sites/default/files/109th-congress-2005-2006/reports/12-08-birdflu.pdf>

*** "Pandemic Influenza. Preparedness, Response, and Recovery", Guide for critical infrastructure and key resources, by U.S. Department of Homeland Security, September 19, 2006, pp. 6-7, 12, 20-21, 23, 25, 28, 31, 35, 60-63, 78. Retrieved from <https://www.dhs.gov/sites/default/files/publications/cikrpandemicinfluenzaguide.pdf>

*** December 17, 2003 Homeland Security Presidential Directive/Hspd-7, Subject: Critical Infrastructure Identification, Prioritization, and Protection. Retrieved from <https://georgewbush-whitehouse.archives.gov/news/releases/2003/12/20031217-5.html>

*** Flu Outbreaks Reminder of Pandemic Threat, World Bank, March 5, 2013. Retrieved from <https://www.worldbank.org/en/news/feature/2013/03/05/flu-outbreaks-reminder-of-pandemic-threat>

*** https://en.wikipedia.org/wiki/Joseph_Schumpeter

*** https://en.wikipedia.org/wiki/Nicholas_Georgescu-Roegen

*** Valeriu IOAN-FRANC, Honorary Academician of AEDEM, Spain, 19 Dec 2016. Retrieved from <https://www.crd-aida.ro/2016/12/valeriu-ioan-franc-honorary-academician-of-aedem-spain/> administrator

*** CB Insights' Report, "Covid-19 Has Scrambled Fintech's Winners & Losers". Here's The Short- & Long-Term Outlook, June 3, 2020. Retrieved from <https://www.cbinsights.com/research/fintech-covid-outlook/>

*** Global Health Security: Epidemics Readiness Accelerator, <https://www.weforum.org/projects/managing-the-risk-and-impact-of-future-epidemics>





2017 SCM 4 ECR Conference

Digital Intelligence and
digital marketing effectiveness
Costel Iluț NEGRICEA
Ioan Matei PURCĂREA

*"From the Digital Supply
Chain to the Augmented
Reality Supply Chain"*
Ioan Matei Purcarea



Source: <https://holisticmarketingmanagement.ro/great-success-of-the-academic-business-partnership-2017-scm-4-ecr-conference/>