

**A COMPARITIVE STUDY OF THE TRADITIONAL AND MODERN  
BUSINESS CONTRIBUTING TO THE POST PANDEMIC FINANCIAL  
GROWTH: AN EXPERT PERSPECTIVE**

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**Abstract**

Decline in GDP has affected financial condition in a worst way. Whether it's about finance of companies, or personal finance; people are facing shortage. Many companies had faced shutdown phase due to pandemic. They failed to finance their working operations and labor salaries, due to which labors left the companies and production stopped. The uncertain availability of raw materials also led to production breakthroughs. Some of the sectors that were terribly affected due to pandemic were Apparel industry, Automobile industries, Travel industries, etc. The pharmaceutical companies were on peak due to health and safety measures. The medical was needed for the survival and products were demanded highly.

Mostly, companies who were financially strong before lockdown didn't face such severe problems. They salaried their labors even in lockdowns and invested more in technologies to overcome the pandemic affect. Companies which were solely dependent on the public funds faced shutdowns as market was lacking finance.

**Introduction**

In 2020, major economic and health pandemic was witnessed by the world. The world economy fell up to around 8% due to pandemic. According to the data, India faced the most decline in its GDP by 23.9%, followed by UK by 21.7% and France by 18.9%. This was major economic recession after 1987. According to International Labor Organization, approximately 400 million full time jobs were lost with estimated loss of \$3.5 trillion. The damage this pandemic resulted to economy was a reminder of past pandemics and it also gave indication of possibilities of such pandemic happenings in future. No country or no person remained unaffected by this pandemic (Allen, F., & Carletti, E., 2010).

Pandemic generally happens at the interval of 10-50 years and that cannot be actually prevented at the time of occurrence. The day by day increase in population insist human to

live closer to animals which increases transfer of disease in human often It takes high amount of time and knowledge with technologies, to identify the disease, effects, symptoms and remedies.

Talking about finance requirements and investments, after pandemic, people are less initiating to invest the funds but to keep with themselves and save for the uncertainties. They believe in expensing for the necessary products rather than luxurious products. A remarkable change in the pattern has been observed in the public. Due to lockdown, feeling of isolation has led to depression and many other unacceptable changes in behavior like domestic violence, suicide, anxiety etc. Some of the people brought the best out of it and invested their time in nurturing their hidden talent and art. Many beautiful and valuable creations came out to knowledge due to enough time for self. Other change observed was change in food habits. People shifted their preferences from junk to healthy and organic food. They have become more health and hygiene conscious (**Melissa, 2006**).

The pandemic has also affected the decision power of the human. Many people have lost senses due to lack of outward exposure because of lockdown. People are less exposed to outside and are supposed to stay at home and maintain social distance. The purchase pattern has also affected. People are preferring to purchase from local suppliers than travelling way long for purchase. They have adapted the 'new normal' and gradually changed the habits of travelling frequently to travelling minimally.

Decline in GDP has affected financial condition in a worst way. Whether it's about finance of companies, or personal finance; people are facing shortage. Many companies had faced shutdown phase due to pandemic. They failed to finance their working operations and labor salaries, due to which labors left the companies and production stopped. The uncertain availability of raw materials also led to production breakthroughs. Some of the sectors that were terribly affected due to pandemic were Apparel industry, Automobile industries, Travel industries, etc. The pharmaceutical companies were on peak due to health and safety measures. The medical was needed for the survival and products were demanded highly (**Madeira, A., Palrão, T., & Mendes, A. S., 2021**).

Mostly, companies who were financially strong before lockdown didn't face such severe problems. They salaried their labors even in lockdowns and invested more in technologies to overcome the pandemic affect. Companies which were solely dependent on the public funds faced shutdowns as market was lacking finance (**Kolodko, 2020**)...

Talking about the post effect of pandemic on businesses, the companies which adapted consumer trends and served those best, taking care of their preferences are recovering from losses compared to companies that failed to update their serving methods. Many companies shifted their working patterns and adapted modern technologies for serving customers. While some are still following their traditional methods for sales. Adapting one of them fully will not be perfectly beneficial as a whole. But some situations arise where companies need to shift and update their working patterns just to survive in the market. These situations can be manmade or natural calamities or pandemics which give a strict call to make changes in the patterns.

Companies which can deeply and instantly realize the need of change with immediate effect can survive the market and companies failing to change need to face shutdowns. This pandemic was a call to the world to be ready for such situations in the coming future too.

In this report, are some of the criteria from which it can be concluded that either modern or traditional business is contributing more to the financial growth (**Bagliano, F. C., & Morana, C., 2012**).

## **Literature Review**

The pandemic affected the economy on large scale. There was change in behavioral pattern and living style of public. Some companies faced shutdown where other took it as an opportunity and recovered the losses soon. Following are some highlighted points showing difference between comparison in contribution of traditional and modern business to the post pandemic financial growth (**Bentolila, S., Jansen, M., & Jiménez, G., 2018**).

### **➤ Cashless and Contactless Services**

The pandemic insisted people to make safe social distance. People were not allowed to come out of their homes for any kind of contact. In such situation, having contactless services was the need of the hour. The disease spreads through touch and thus avoiding contact like exchange of goods and services and money was more dangerous and thus going cashless was more preferred.

Traditional business technique involves hand to hand exchange of money and products and services. But modern business technique allows people to avoid direct contact and still access the product and services. Therefore, in this case, the contribution and growth of modern business technique is more and remarkable because people prefer cashless and contactless

exchange of money and goods, after this pandemic. Very few people risk to avoid contact and get in direct touch. So, here contribution of business adopting modern technique of allowing cashless and contactless service was more compared to the traditional techniques (**Bezemer, D. J., 2011**).

➤ **Acceleration to E-commerce**

Purchasing through online was the only escape with the public during lockdowns. Many stores selling ‘non-essential’ items were closed during lockdown and people have no option left but to purchase online. Companies like Amazon, Flipkart etc. were serving public through online from many years and thus their demand increased during lockdown.

Serving online was never a traditional technique. People usually were purchasing from physical stores. But modern technologies allowed people to make purchase online while sitting inside home. This was needed in the lockdown as people were not allowed to go outside. Businesses adapting this modern technique survived in the lockdown and are still surviving. Many companies started providing online purchase facility like Walmart introduced Walmart Plus membership program offering delivery services and discount for certain items. Again here, adapting modern techniques helped the company to survive in the market and contribute to the financial growth (**Godley, Wynne & Wray, 2000**).

➤ **Delivery**

Due to pandemic, earlier people were not allowed to go outside their homes, later people voluntarily opted to stay homes as much as possible. They avoided going out for unnecessary things. When it comes to getting things like grocery, food, ration at home, they preferred home deliveries than going outside and make purchase.

Many companies were already offering this facility, but after pandemic; many other companies realized that customers are willing to make safe purchase and thus demand deliveries of their purchase at homes. Thus, they accelerated their efforts into the same and hired workers and delivery boys for the same. Delivering services at home is again a modern technique and people preferring such facility allows companies to survive and grow in the market (**Godley, Wynne, 2004**).

➤ **Robotics**

Replacing labors with robots was already into technology even before pandemic. This help avoiding gathering of more humans at place and thus maintain safe distance. The remedies of Corona Virus were focusing on avoiding contact with other people. High need of automation in the industries insisted adaption of robotics. They can't get frequent sick like humans, and one robot can be a backup of another robot.

This modern technology was supporting social distance and thus companies working with robots have less fear of getting disease spread and production breakthroughs. Such companies were surviving strongly and are also contributing better than traditional companies following same traditional ways of working through workers. Example of some modern machines are machines automatically cleaning and sanitizing work place and drones delivering packages at customers place after order. These changes in technologies helping companies on large extent to contribute and maintain financial growth. Many companies have even adapted this change for safe and healthy working at place (**Gaiotti, E, 2013**). .

➤ **Shop and local source**

The pandemic has made the market very uncertain. There is no surety whether people or companies will be availing products they need or not. Uncertain supply of raw materials has forced companies to shift their purchase only from foreign market to purchase from local suppliers too. People are more conscious to keep backups ready to fulfill their uncertain needs. When it comes to make purchase, people opted to make purchase from their nearby local shops and suppliers rather than travelling distance to purchase the same. Companies choose to create new supplier base providing organic and better items compared to foreign suppliers, thus increasing demand of local suppliers. Here, local suppliers rely mostly on traditional methods for doing business. But due to restricted access on foreign market, companies have to purchase from traditional and local suppliers. Thus, local suppliers gained more market and contributed higher than the foreign market (**Jagannathan, R., Kapoor, M., & Schaumburg, E., 2013**).

➤ **Video Conferencing**

As there was no direct contact possible and people were working from home, video conferencing was the only way to held conference meetings. This tool aided on large extent in pandemic and served the purpose even being contactless physically. The need of this modern method of business is going to increase in coming days because people are still

preferring to work from home maintaining safer distance. This also helps to increase labor efficiency by cutting travelling time to work place. People are saving considerable time by avoiding travels to work areas (**Mian, A., & Sufi, A., 2010**).

Companies adopting this technique are still able to manage its working affectively by getting in regular touch with the employees compared to companies who have lost any kind of contact with employees and are failing to take follow ups. This modern way of business is allowing companies to continue work smoothly and accurately and thus contributing constantly to the financial growth even after pandemic (**Das, 2008**).

➤ **Technology Investments**

The pandemic insisted companies to adopt automation more and replace the traditional ways of doing business. People are not ready to keep direct contact and thus companies are considering their concern and allowing safer purchase and services. On the other hand, employees are less willing to come at work place and continue work. For a safety purpose, they are relying more on working from home. All these changes clearly give rise to increase in IT and update the system working according to the pandemic. Some companies have easily adapted this change while some are still preferring the traditional ways of calling employees on alternate days and continue work. Companies whose employees are working alternatively are not able recover loss and gain market compared to companies who are taking regular work from employees on daily basis. Thus, adopting traditional way here is not resultantly fruitful to the companies (**Das, Dilip, 2006**).

➤ **Working from Home**

Lockdown restricted home outgoing for any reasons. In such situations, employees were not able to join work place and thus companies were facing production breakthroughs. Companies with modern ways of doing business asked and facilitated their employees to work from home. These companies didn't face breakthroughs and there was constant production in such companies. Whereas companies who failed to adopt work from home technique and were not financially strong to avail required elements to work from home didn't contributed great to financial growth. Some of the companies even face shutdown due to production stoppage. Hence modern business technique allowed employees to work from home, staying at distance along with safety maintenance.

➤ **Reserves**

Talking about the reserves, companies following traditional techniques usually keep large number of reserves. They believe to fund the uncertainties by their own and thus keep reserves for safety purposes. Companies which act modern don't keep reserves in large number and choose to collect the fund from market whenever needed.

This pandemic insisted total shutdown and curfew in the market. Companies which are self-funding survived strongly using their reserves to recover losses and stand strong compared to companies depending highly on market funds. Thus, this technique of maintaining large reserves helped companies to stand still and bear market risk by being stable.

➤ **Employment layoff**

Modern businesses are more profit-oriented and thus they layoff the employees when facing loss. This pandemic resulted job loss of 400 million full time workers on global level. When it comes to traditional business, they treat their employees as family and having strong financial base, they fulfill their employee's financial needs in bad times. They don't lay off employees easily because they are financially strong to self-fund their expenses and survive the market (**Fabio Bagliano and Claudio Morana, 2012**). Whereas modern business lay off their employees when faces losses. Such pandemic situation makes them financially weak and they fail to cover up their own and employees' expenses.

Employment layoff is higher in modern business and they gain less loyalty and trust from employees because they are less certain and can't provide job security as compared to traditional business.

**Conclusion**

The report can be concluded by coming to the conclusion that companies need both traditional and modern ways of doing business. No single way will serve them fully. As discussed in the report, the pandemic restricted social gathering and thus modern techniques like work from home and video conferencing helped the companies to survive. Companies providing cashless and contactless services were preferred by the customers compared to companies having direct contact while purchase. Also, the companies which are working through robots and eliminating human contacts at work are surviving more stable in markets reducing production breakthroughs. Taking follow up of work was not possible if worked

traditionally, and thus companies adopted video call facility to get regular follow up and be in employees' contact ensuring work accomplishment. But traditional business techniques also proved fitness survival when it comes to self-fund the losses. Traditional business keeps large number of reserves and recover themselves easily from the losses and even sustain their employees by fulfilling their financial needs.

Modern technologies come with higher uncertainty whereas traditional methods ensure loyalty and trust delivery at larger extent. Both, traditional and modern techniques of business have some loop holes in working. Thus, post pandemic, comparatively modern business survived much better than traditional business. Businesses who adopted consumer's changing habits and patterns and employees work concern, survived better contributing larger to financial growth than traditional businesses which choose to not change.

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