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# The Role of Organizational Structure Factor in Shaping Corporate Strategic Decisions during the COVID-19 Crisis in Lebanon

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**ABSTRACT:** The COVID-19 pandemic spread a worldwide crisis that has significantly impacted businesses globally, including firms in Lebanon. This paper investigates and sheds light on the corporate strategic choices adopted by Lebanese companies to steer through this unprecedented crisis. The study explores various strategies adopted by the organizations, ranging from structural modifications to the diversification of products and services and even operations shut-down. Additionally, it analyzes the move towards digitalization and remote work and the implementation of new directions to ensure business continuity. Those are assessed based on qualitative research using in-depth interviews with a conveniently selected sample of 22 Lebanese organizations spanning several economic sectors. Results are commensurate to the challenges faced by companies in Lebanon, such as limited resources, political instability, and economic downturn. The findings suggest that companies in Lebanon have to adapt their strategies in response to the COVID-19 crisis, with a focus on resilience, agility, and innovation to ensure their survival and future growth in these challenging times. Findings follow a 10-theme style covering the research questions. The outcomes and lessons learned from this study serve as an eye-opener to Lebanese managers, leaders, researchers, and policymakers in the area of proactivity to confront future crises.

## KEYWORDS: Corporate strategy, decision-making, COVID-19, crises, Lebanon

## INTRODUCTION

Corporations are physical entities that function in a hyper-dynamic ever-changing world, where the only constant state is the continuously changing one. According to Jones (2007) and Sjödin et al. (2020), the end deliverable of the corporation is value. Meanwhile, the velocity of change is increasing, inciting a severe need for adaptation of the corporation to maintain pace and mitigate vulnerability.

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Several external and internal forces shape and affect the corporations' long-term and short-term decisions (Kansongue, Njuguna, and Vertigans, 2023). External forces represent the macroenvironment where corporations exist. Daft (2013) summed these forces with the word "PESTEL." Forces represent the political, economic, social, technological, ecological, and legal forces (Jones & Georges, 2016). PESTEL can provide more detailed guidance to decisionmakers on issues that will impact the success of their initiatives (Bell and Rochford, 2016). Moreover, Jones and George (2016) identified the micro-environmental forces playing a crucial role in corporate decisions and performance. This microenvironment constitutes four main parties; competitors, customers, suppliers, and market intermediaries. On the other hand, internal forces are the factors under the corporates' control and significantly influence the strategy and other corporate decisions (Mirzakhani, Parsaamal, & Golzar, 2014). These internal factors are the value system, the corporate vision, the mission statement, the hierarchy of goals, the internally embedded culture, and the human resources that are considered the human assets holding tacit knowledge and partners in innovation (Hejase et al., 2016), the physical resources, and the corporate structure. Internal factors need to be revised according to the need and situation and adapt properly to the dynamic business environment. Thus, decision-makers must employ a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis, to capitalize on strengths, mitigate weaknesses, exploit opportunities, and avoid and neutralize threats (Hejase, Baltagi, & Kassak, 2000; Jones & George, 2016; Ebert & Griffin, 2020).

Ebert and Griffin (2020) posit that corporate structure is about specifying "the jobs to be done in an organization and how these are related within an organized framework" (p. 202). Jobs include the authority levels and the span of control of management and supervision. Jones and George (2016) assert that "organizational structure is a subset of a whole organizational architecture which includes the culture, control systems, and human resource management (HRM) systems that together determine how efficiently and effectively organizational resources are managed and used" (p. 279). An additional constituent of an organizational structure is the design system that ensures communication, coordination, and integration across departments. Turner (2022) contends that "A hierarchy provides rationality in decisionmaking, clear policies, uniformity in systems and processes, and accountability for strategy and operations through delegated management" (p. 189).

Organizational structure is a potential determinant of corporate strategy (Posaric, 2020). Strategies are blueprints crafted by top-level managers to direct the long-term orientation of the corporation. However, according to Michael Porter, corporate strategies should maintain competitiveness according to two variables. The first is the scope of the business being either broad or narrow, and the second is the objective and functionality of either reducing the cost or increasing differentiation. Therefore, the corporate structure may influence the shape of the corporate strategy (Palmer, 2021; Menz, Kunisch, Birkinshaw, et al., 2021). In flourishing circumstances, corporations exploit their competitive advantage and leverage their key competencies to expand their market share and increase profitability, thus reaching organizational success. However, during crises and harsh circumstances tend to strive more for stability and status quo or rather apply retrenchment, combination, merger, restructuring, reengineering, or defensive strategies (David & David, 2017, p. 123). At the same time, some organizations search for opportunities in crises and apply their expertise and professionalism

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Published by the European Centre for Research Training and Development UK to secure growth during bad days (Bar-Am, Furstenthal, Jorge, & Roth, 2020; Younis et al., 2021).

Covid-19 is one of the severest crises that stroke Lebanon through history for its ramifications to other sectors. First, it is a health pandemic for being a new type of mutating virus not having public awareness or previous medication interest. Second, for being a trigger for a new lifestyle for society in general and for business in specific, where the way of conducting work changed (Hejase, 2021). Thus, this pandemic stroke international business and forced marketplaces to lockdown and paralyze countries. Furthermore, in Lebanon, the government was already passing through bankruptcy and downturns and was unable to support both businesses and citizens to face the pandemic, which catalyzed the intensity of the crisis (Hubbard & Saad, 2021; Khalife, Yammine, & El Bazi, 2022; Rkein et al., 2022).

Researchers (Jones & George, 2016; David & David, 2017) proved that expansion strategies are functional during flourishment periods when the corporate's interest lies in increasing the market share and targeting a high-profit formula. However, during downturns, more status quo and stability strategies are employed. That goes back to the fact that in hard times, external forces exert threats rather than opportunities concerning corporations at that time (Younis et al., 2021).

The effect of internal factors on strategy, especially corporate structure, has not been fully clarified. Mixed outcomes have resulted whereby effects are negative or positive. So it is not obvious whether structure affects the implementation of strategies. For example, Fauzia, Santosab, Purwantia, & Nurhayati (2021) did not find a relation. Mahmood (2012) reported mixed outcomes through his literature review work, Langley (1990), Langley, Smallman, Tsoukas, et al. (2013), and Tsoukas and Chia (2002) reported temporality impact characterizing the structure relation to strategic decision-making, while Burgelman, Floyd, Laamanen, et al. (2018) and Shatilo (2019) substantiated the relationship.

Therefore, this study aims to explore how corporate structure affected strategic decisionmaking in a selected sample of Lebanese corporations during the Covid-19 crisis. It is worth mentioning that this study is an intersection between strategic choices in pandemics and the importance of organizational structure in strategic choices and decision-making.

The merit of this study lies in the fact that, as far as the authors' knowledge, no such work has been conducted in Lebanon, therefore, shedding light on an important subject and enriching the empirical research content for Lebanon.

Following a perspective based on organizational theory, crisis management theory, and strategic management theories, this research uses an abductive approach to explore the strategic choices employed by decision-makers in organizations in Lebanon during Covid-19 depending on their corporate structure.

#### **Research objectives**

This study intends to assess the following objectives:

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- To highlight the role of external macro and microenvironments in shaping corporate strategic decisions.
- To elaborate on how crises affect the corporation's functionality, operations, and success.
- To shed light on the significant role of the internal environment, specifically structure, in shaping strategic decisions.
- To elaborate on the structural components as an indicator of strategic decisions during the Covid-19 crisis in Lebanon.
- To recommend new indicators for decision-makers to weigh when making strategic decisions.

## **Research questions**

The following research questions describe the intended contributions:

- How do external environmental forces affect strategic decisions and choices?
- How do crises affect a corporate's functionality, operations, and success?
- How do the corporate structure and its components (work specialization, departmentalization, communication, information sharing, centralization and decentralization in decision-making, span of control and chain of command, and formalization of rules and regulations) influence strategic choices during the Covid-19 crisis in Lebanon?

To address the research objectives and answer the research questions, the authors first present a review of the literature on organization theory, crisis management theories, and strategic management theories. Then, address the methodology and main findings, followed by a discussion of the main insights, implications, limitations, and future research in strategic management and crisis management.

## LITERATURE REVIEW

#### **Definition of crisis**

Seeger et al. (2003) assert that crisis is "a specific, unexpected and non-routine organizationally based event or series of events which creates high levels of uncertainty and threat or perceived threat to an organization's high priority goals" (p. 7). In addition, Ulmer (2001), states that "crises are complicated and include diverse elements that leave long-term effects and outcomes whether at the social, psychological, cultural, technical and structural levels." Also, "A crucial stage or turning point in the course of something, especially in a sequence of events,' and 'condition of instability or danger, as in social, economic, political, or international affairs, leading to a decisive change" (HarperCollins, 2021).

Pearson & Clair (2008) argue that a crisis is a low-probability, high-impact situation perceived by critical stakeholders who have a hand in shaping organizational decisions and are affected by it. They also describe crises as highly ambiguous situations where causes and effects are unknown and offer little time for organizations to respond where data and time are scarce. A crisis surprises organizational members, distructs their workflow, and presents a dilemma in need of decision or judgment that will result in admitted change either for a better situation or Published by the European Centre for Research Training and Development UK a worse one. However, Coombs (2007) notes that a crisis is a significant threat to operations folded with negative consequences if not held and managed properly at the right time. Thus, a clear crisis management plan would be beneficial in some stance to benefit from the crisis (Younis et al., 2022). Crises are analyzed involving multiple disciplines, such as psychological (Habermas, 1975), socio-political (O'Connor, 1987), and technological-structural viewpoints (Calonius, 1996). However, an agreed assumption is that during the crisis, decision-making is pressed by perceived time constraints and colored by cognitive limitations (Pearson & Clair, 2008).

#### **Types of crises**

Researchers Boin, Hart, & Kuipers (2017) contend that "The crisis approach brings together ideas of vulnerability, risk, threat, trigger, process, response, and outcome" (p. 24). Crises are not similar, they differ in terms of their originality, severity, and scope. Mitroff, Shrivastava, & Udwadia (1987, p. 287) identify four types of crises distributed in a two-dimensional window where crisis is labeled along four quadrants: (1) internal - Technical/economic, (2) external - Technical/economic, (3) internal – people/social/organizational, and (4) external - people/social/organizational. Moreover, Boin, Hart, & Kuipers (2017) assert that a crisis occurs when a group, organization, or community experiences a "serious threat to the basic structures or the fundamental values and norms of a system, which under time pressure and highly uncertain circumstances necessitates making vital decisions (Rosenthal, Charles, & 't Hart, 1989, p. 10). Therefore, a gamut of crises that have passed over history may be classified and compared according to Mitroff et al.'s (1987) classification "Natural disasters and environmental threats, financial meltdowns, and terrorist attacks, epidemics and exploding factories, infrastructural breakdown, and organizational decline" (Boin et al., 2017, p. 24).

## **Causes of Organizational Crisis**

External forces and internal factors cause organizational crises (Younis et al., 2022). As Daft (2013) mentioned in his book, external forces are mainly political, economic, social, technological, ecological, or legal triggers that change how work was supposed to be done and diverge its scope. Another set of factors mentioned by Tran & Tian (2013), Daft (2013), Jones & George (2016), and Younis et al. (2022) refers to an additional bundle of internal factors that affect the organizational direction and workflow and may disturb the settled timelines and proposed milestones. The internal factors include any modification to the organization's value system, vision, mission statement, objectives, corporate culture, human, physical, and technological resources, and structure.

However, Snowden & Boone (2007) posit that each crisis is related to a group of causes and sources.

## **Crisis Life Cycle**

Younis et al. (2022) contend that leaders or even managers who deal with crises must clearly understand the particular crisis life cycle because a crisis is multi-phased; each phase necessitates a unique approach and set of actions. Jugo (2017) presented three approaches,

- a. Three-phase approach: pre-crisis, crisis, and post-crisis (Coombs, 2007, p. 18)
- b. Four-phase crisis cycle: prodromal, acute chronic, and crisis resolution stage (Fink, 1986)

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c. Five-phase crisis cycle: warning signs, prevention period, damage containment, business recovery, and organizational learning period (Pearson & Mitroff, 1993; Langford, 2009, pp. 433-434).

Chandler (2009, p. 3) added to the above a six-stage crisis life-cycle: 1) warning, 2) risk assessment, 3) response, 4) management, 5) resolution, and 6) recovery.

#### **Crisis Management**

Simola (2003) posits that "Corporate crisis management is concerned with managing organizations in such a way that potential crises can be averted, and that damage from the actual crises can be minimized" (p. 351). Younis, Hejase, Dalal, et al. (2021) and Kelly, Gee, and Butler (2021) assert that crisis management is a must due to the different difficulties and challenges, especially internal pressure arising from the growing demands for better governance, increasing stakeholders' influence, insufficiency of specialized personnel due to low retention rate, duties overload, scarcity of resources, and the continuous demand for high-quality services. The aforementioned brings forward the need to act systematically, transparently, based on a well-prepared plan, resourceful team, literate about crises, and motivated to reach positive results. According to Abbas (2023), "Effective crisis management involves a systematic and coordinated approach that aims to minimize damage, protect stakeholders, restore normal operations, and maintain or rebuild trust and confidence in the organization" (para 10). However, crisis management "requires careful planning, swift decision-making, clear communication, and ongoing evaluation to ensure the best possible outcomes in times of uncertainty and adversity" (para 11).

#### **Crisis Response**

Coombs (1999) highlights that for organizations to respond to a crisis, top-level executives tend to develop a crisis management plan that encompasses a full range of thought processes, procedures, and steps that predict the complex nature of real crises and perceived crises. Crisis management plans are established proactively and handled in the archives to be activated once the first signals of crisis are sensed. Lockwood (2005) of SHRM asserts that "A successful crisis management plan incorporates organizational programs such as emergency response, disaster recovery, risk management, communications, and business continuity, among others" (p. 2). In addition, "crisis management is about developing an organization's capability to react flexibly and thus be able to make prompt and necessary decisions when a crisis happens" (ibid). Fener and Çevik (2015) assert that "Leadership comes first among the achievement criteria in crisis management" (p. 698). Younis et al. (2022) assert that "Crises and leadership are closely interrelated. Leaders should be ready to deal with uncertainty and harsh crises that are uniquely characterized and must be managed well in terms of time duration and resource requirements. Therefore, leaders are to be fully aware of what is happening to act proactively and to be able to predict future events accurately, precisely, and informatively starting from a set of relevant and reliable information collected" (pp. 61-62). For example, Mitroff (2005) posits that "Innovative thinking is a key aspect of crisis leadership; the higher the severity of a crisis, the more leaders should think outside the box" (para 1).

#### **Organizational Structure**

Organizational structure is a holistic view of multiple parts that include task specialization, reporting mechanism, relationships, the span of control, chain of command,

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departmentalization, centralization and decentralization of decision-making, power structure, and communication methods (Ahmady, Mehrpour, & Nikooravesh, 2016; SHRM, 2023). It may be viewed as a dual structure consisting of physical and social structures (Ahmady et al., 2016, p. 457).

Daft (2013), Ahmady et al. (2016), Jones & George (2016), and Ebert & Griffin (2020) contend that the organizational social structure represents multiple types of structures that differ in the way internal organizational relations are coordinated. They mentioned functional, divisional, geographic, matrix, horizontal, virtual, and hybrid structures. Each type of structure has its structural components and has a set of strengths and weaknesses. However, each organizational structure is favored in certain situations and would function less in others.

Ahmady et al. (2016, p. 458) also argue that structural forms could be mechanistic, organic, or a mix. In addition, Ahmady et al. assert that "Content variables (goals and strategy, environment, technology, and size) determine the type of mechanistic and organic structure. Of the combination of structural variables, organic or mechanistic form is created" (ibid).

According to Daft (2013) and Jones and George (2016), a mechanistic organization is distinguished by a rigid and tightly controlled structure with high job specification, rigid departmentalization, narrow spans of control, high work formalization, limited information network, and centralized decision-making. On the other hand, organic organizations have a highly flexible and adaptable structure encompassing non-standardized jobs, fluid team-based structure, little direct supervision, minimal formal rules, an open communication network, and decentralized decision-making that results in more empowered employees.

## **Organizational Structure and Crisis**

Mitroff, Shrivastava, & Udwadia (1987) warn that "Corporate crises are disasters precipitated by people, organizational structures, economics, and/or technology that cause extensive damage to human life and natural and social environments" (p. 283).

John Davison, Managing Director at F-24 UK Ltd., posits, "Crisis managers have the responsibility for managing a critical event when it occurs, throughout all the crisis phases. They manage information flows, enable competent decision-making, and log the various actions that need to happen during a crisis to ensure the whole company acts promptly and effectively" (n.d., para 1). The aforementioned necessitates that crisis managers "define and distribute roles throughout a command structure which is potential across different locations and time zones" (para 2). Moreover, there is considerable empirical evidence that organizational structure exerts vigorous influence on information flow within the organization. That shows that organizational structure acts either as a facilitator and incubates information flow in the organization, or as a barrier and inhibits information processing and communication (Egelhoff, 1982). Therefore, relying on organizing the information flows with clear and specific destinations reduces noise during a crisis and achieves the appropriate responses when needed. David & David (2017) capitalize on the organizational function of management to "achieve coordinated effort by defining task and authority relationships" (p. 185). A wellstructured (organized) firm has motivated managers and employees committed to seeing the organization succeed and crisis mitigation achieved. Casida (2007), Fischer, Jones, and Verran (2018), and Jankelová et al. (2021) study the effect of institutional background elements in a Published by the European Centre for Research Training and Development UK leadership role. They conclude that the most critical elements were the facility's culture, networks and communication, resources, management system, information sharing, feedback, and champions (Younis et al., 2022).

### **Organizational Strategy and Structure**

According to Daft (2013), the achievement of strategic goals is facilitated by changes in organizational structure that accommodate and support change. The strategy implemented by an organization is highly driven by the organizational structure.

Davison (n.d.), for example, recommends that crisis must be subdivided into the three levels recommended for crisis management, namely, the strategic level whose task is minimizing business interruption; a tactical level where "alerts are activated, emergency forces mobilized, contingency plans enabled, and all activities monitored" (para 5); and operational level "to save lives, assets, and to eliminate the cause of a crisis, often in cooperation with expert emergency and rescue services or other external specialist resources" (para 5).

#### **Contemporary Crisis in Lebanon: Covid-19**

In 2019, Lebanon was amid an aggressive and painful financial and economic crisis, and the general external business environment for the organizations was turbulent and full of uncertainty. Later in October, the population formed an anti-government political force increasing the country's ambiguity (Karkouti, 2022).Political and financial insecurities were not enough for either Lebanon or its citizens (Hubbard, & Saad, 2021; Khalife, Yammine & El Bazi, 2022; Rkein et al., 2022) but Covid-19 invaded the borders and printed its first initials in the country. February was the month of infection with the 21st day being the day of symptoms exhibition, and 2020 was the year of crisis (Hasan, 2020). At first sight, the news was hazardous since Lebanon was not ready to face an additional crisis.

Since Lebanon was not prepared for such a crisis, a reactive response plan took place, and an alliance was formed between the government and the National Committee for COVID-19 (NCC) as a first step to facing the health crisis (Khoury. Azar, & Hitti, 2020). The problem was that 84% of the hospitals were private, 16% were public, and 80% of the funds spent on privately owned hospitals" (ibid, p. 548). As in the initial phase of responding to the crisis, only the public hospitals got authorized to handle the crisis. In addition, the problems increased since the Lebanese health procurement system highly relies on foreign supply chains. This, amid the continuing national financial crisis, and considering the depreciation of the local currency, was hard to secure the funds to get the necessary quantities of masks and ventilators. However, in the response strategy, the government mandated a partial lockdown that extended later to a full lockdown to decrease the rising infection rate. With time, private hospitals were involved and supplied with PCR tests and medications. Later, the country was re-opened in multiple phases depending on two essential dimensions: the risk of transmission and the effect on the economy matrix.

The Lebanese government took the initiative to respond to the crisis according to its internal capabilities and capacities. Initially, it secured a USD 40 million loan "under the current Health Resilience Project (USD 120 million) to strengthen the Ministry of Public Health's capacity to respond to the crisis by equipping governmental hospitals and increasing their ability to test

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Published by the European Centre for Research Training and Development UK and treat suspected cases" (The World Bank, 2020, para 1). Hence, each crisis needs sound crisis management to mitigate its consequences on the organization, industry, and society.

According to Ahmady, Mehrpour, & Nikooravesh (2016) and SHRM (2023), each organization has its structure, and structural determinants include decision-making, communication, the span of control, chain of command, formalization of rules and regulations, and departmentalization. As reviewed in the literature, organizations with flexible and diverse forms of communication and information sharing respond to crises effectively and more proactively. In this study, for the sake of determining the strategic decisions implemented by a group of organizations in Lebanon during the pandemic, 22 purposive unstructured interviews were conducted and analyzed thematically.

## **RESEARCH METHODOLOGY**

This paper is based on a qualitative methodology as it deals with non-numeric data and, specifically, primary insights gained from interviewed participants. This research aims to investigate the insights from decision-makers in several organizations from different industries in Lebanon about how they responded to the Covid-19 crisis and how they crafted their strategies concerning their organizational structure. This research is exploratory since the subject under investigation is not defined (Hejase & Hejase, 2013, p. 79). The theoretical foundation for the study includes three grand theories, namely the organizational theory, crises management theory, and strategic management. Data are collected from a selected number of Lebanese decision-makers to assess research questions, test, and generate primary conclusions. Therefore, the approach to new knowledge development is abductive (Blaikie, 2010). Abductive reasoning is also a form of creative inference, which involves the integration and justification of ideas to develop new knowledge (Mirza, Akhtar-Danech, Noesgaard, et al., 2014).

## Sampling and Sample Size

Data are collected by conducting 22 semi-structured in-depth interviews to explore the area of interest of the interviewees using a narrative inquiry strategy. The interviewees were asked to narrate their experiences fully; so, the proposed research themes could be analyzed and formulate conclusions. The sampling technique follows non-probability sampling. Thus, judgmental/purposive sampling is employed (Saunders, Lewis, & Thornhill, 2019). Interviewees were selected based on their willingness to participate. They were briefed about the topic and informed that they were free to stop whenever they desired. Also, they were assured confidentiality of identity and that their responses will be used for research purposes only.

Twenty-two (22) unstructured interviews were conducted with decision-makers from corporations belonging to varying industries in Lebanon. The reason behind choosing multiple industries and not sticking merely to one is the factor of diversity, which allows the researchers to study interviewees' decision-making in different industries having different corporate structures and thus compare and contrast decision-making, corporate structure, and crisis management.

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#### **Data Analysis**

Data were analyzed using thematic narrative analysis.

The following steps were set to analyze the data generated from the interviews:

- Identify analytical themes within narratives
- Focus on the content of narratives
- Analyze multiple narratives separately
- Identify initial themes and check which themes occur in what narratives in the data set
- Evaluate the application of prior theory to the data set

Most of the interviews were held online using LinkedIn or other online platforms due to the convenience of both the participants and the researchers; however, a few offline interviews were performed.

Interview themes:

- The extent to which decision-making authority is delegated or not.
- The nature of communication in the organization.
- The length of the organizational hierarchy.
- The extent to which rules and regulations are formalized.
- The extent to which employees rotate in the organization or additional tasks and authority are added to their job description.
- The type of categorizing departments in the organization.
- The degree of organizational adaptability to environmental factors.
- The degree of infection of the corporations' functionality by the Covid-19 crisis.
- The strategy implemented to respond to the pandemic.
- The organizational operations before, during, and after the Covid-19 crisis.
- The lessons learned from the pandemic.

## **RESULTS AND FINDINGS**

#### **Profiling of the Interviewees**

Name	Industry	Org. Size	Decision-makers position	
Organization 1	Sports & Tourism	SME	Digital Strategic Manager	
Organization 2	Finance	SME	Head of Dealing Room	
Organization 3	Education	Large	Information Technology	
			Manager	
Organization 4	Accounting & taxation	SME	Owner	
Organization 5	Accounting & taxation	SME	Board Member	
Organization 6	AI & innovation	SME	Board Member	
Organization 7	Tissue manufacturing	SME	Owner	
Organization 8	ganization 8 Software & high-tech		General Manager	
Organization 9	Education	Large	Owner	
Organization 10	Education	SME	Board Member	
Organization11	Delivery	Large	Chief Technology Officer	

 Table 1: Profiling of interviewees

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Organization 12	Packaging	SME	General Manager	
Organization 13	Food & Beverages	Institution	Owner	
Organization 14	Cosmetics	SME	Co-founder	
Organization 15	Healthcare	Large	General Manager	
Organization 16	E-commerce	SME	Co-founder	
Organization 17	Sports	SME	Owner	
Organization 18	Coaching	SME	Founder	
Organization 19	Tourism	SME	Co-founder	
Organization 20	E-commerce	SME	Co-founder	
Organization 21	Transportation	SME	Co-founder	
Organization 22	Mental Calculations	Large	Head of Academic Department	

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Table 1 shows that five (5) interviewees were owners (22.73%), three (3) board members (13.64%), one (1) founder and five (5) co-founders (4.5% and 22.73%, respectively), three (3) general managers (13.64%), three (3) technology and digital managers (13.64%), one (1) head of academic department (4.5%), and one (1) financial dealing room manager (4.5%). Therefore, all of the interviewees belong to a high decision-making rank and are capable to provide a real and concise picture of how their corporations dealt with the COVID-19 crisis. Also, it is not strange to have the great majority of firms being small and medium enterprises knowing that these constitute at least 95% of Lebanese firms (Matta, 2018).

#### **Discussion of Themes**

Research questions include "How do external environmental forces affect strategic decisions and choices?"; "How do crises affect a corporate's functionality, operations, and success?"; "How do the corporate structure and its components (work specialization, departmentalization, communication, and information sharing, centralization and decentralization in decisionmaking, span of control and chain of command, and formalization of rules and regulations) influence strategic choices during the Covid-19 crisis in Lebanon?" are responded by discussing the interviewees' responses divided into ten themes as follows.

Theme 1: The extent to which decision-making is delegated or not.

Different insights resulted from this theme classified into three groups.

**Group 1**: Centralization of decision-making.

Ten organizations (45.46%), namely interviewees from 2, 4, 5, 7, 10, 11, 12, 13, 15, and 21, implied that decision-making is the responsibility of the top-level management, while operational employees should maintain routine work only. Observe here that since these firms are MSEs no tactical decision-making is involved.

Group 2: Decentralized or delegation of specific decision-making.

Eight organizations (36.36%) or interviewees from 1, 6, 14, 16, 17, 18, 20, and 22 valued the decentralization of decision-making and permitted their employees to participate in certain decisions as flexibility and diversity are proper values embedded within the corporate culture.

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#### Published by the European Centre for Research Training and Development UK Group 3: Delegation of minor decision-making

Four remaining organizations (18.18%) with managers from 3, 8, 9, and 19 delegated minor decisions as they preserved major decisions for top management.

#### Theme 2: The nature of communication in the organization.

Two answers were salient when interviewees were asked about the nature of communication in the organization: Either 1-way communication or 2-ways communication.

#### **Group 1**: 1 –way communication

Seven organizations (31.82%) with managers from 3, 7, 10, 11, 12, 13, and 15 claimed that communication occurs from top to bottom in a command-and-control mechanism. It is surprising that Firm 3, being a large education institution, uses a command-and-control form with its information technology manager. All of the other firms use centralized decision-making.

#### Group 2: 2-ways communication

The remaining 15 organizations (68.18%) represented by their managers (1, 2, 4, 5, 6, 8, 9, 14, 16, 17, 18, 19, 20, 21, and 22) claimed that communication occurs in two directions, where top-management value the voice of employees and believe that they are the human capital that should invest in. Also, one must observe that six firms using centralized decision-making; also allow their employees to voice themselves.

## Theme 3: The length of the organizational hierarchy

Two types of organizational hierarchy were detected: The first stands for tall organizations, and the second for flat organizations.

#### Group 1: Tall organizations

Ten organizations 1, 2, 3, 6, 7, 10, 11, 12, 15, and 17 (45.46%) whose interviewees claimed that the hierarchy is tall with a clear chain of command and a narrow span of control. Employees in these organizations report to a specific person that reports back to another key person. Thus, the mentioned organizations are said to be "multi-layered."

#### Group 2: Flat organizations

Twelve organizations 4, 5, 8, 9, 13, 14, 16, 18, 19, 20, 21, and 22 (54.54%) whose interviewees claimed to have short or flat organizations. The cause of employing this type of hierarchy is either due to the small number of employees or the type of departmentalization grouped into team-based or project-based departments minimizing the number of layers in an organization. Worth mentioning here that firms 9 and 22 are Academic and classify themselves as flat though per specialization (per major or program) classification.

#### Theme 4: The extent to which rules and regulations are formal.

Two general responses were detected when tackling this theme, i.e., either high or low formalization.

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Published by the European Centre for Research Training and Development UK Group 1: High formalization in rules and regulations

Only six interviewees from organizations 2, 3, 7, 10, 12, and 15 (27.3%) claimed that rules and regulations are highly formal. They asserted that codes of conduct are clear and unique protocols of doing things that are written and disseminated by the human resources department to all organizational members to sign on and become accountable for. In other words, as posited by the board member of Organization 10, "There is no corner for innovation and flexibility, rather rigidity occupies the air."

# Group 2: Low formalization of rules and regulations

The remaining interviewees from 16 organizations 1, 4, 5, 6, 8, 9, 11, 13, 14, 16, 17, 18, 19, 20, 21, and 22 (72.7%) claimed that formalization is low. Employees learn the rules from the flexible culture they work in. Thus, the culture is the host of the rules and regulations.

Theme 5: The extent to which employees rotate in the organization or more tasks and authority are added in their job descriptions.

Four categories were detected while investigating this theme. These included high job specialization, job rotation, enlargement, and enrichment.

# Group 1: High job specialization

Eleven organizations 3, 4, 5, 7, 8, 10, 11, 12, 15, 16, and 21 (50%) whose interviewees claimed high job specialization where employees know their jobs very well and are strictly committed to their job description. In critical or high-technological duties, particular expertise is requested from employees banning others from approaching these jobs.

# Group 2: Opportunity for job rotation, enlargement, and enrichment

Eight organizations 1, 6, 9, 14, 18, 19, 20, and 22 (36.4%) whose managers and owners claimed that employees rotate between jobs and have the opportunity to learn additional skills and gain new expertise in new fields. Hence, employees in these organizations undergo job rotation not to take on others' tasks but to collaborate to get the work done optimally. The head of the academic department in organization 22 stated, "The organization is highly dynamic, where innovation is a must and is the responsibility of every single employee, so all must know at least more than what they are supposed to know."

# Group 3: Job specialization for some employees and rotation for others

The head of the dealing room in organization 2(4.5%) claimed that the core function employees stick merely to their jobs while the support teams rotate. On the other hand, the Owner of Organization 17 (4.5%) stated that front-liners undergo job rotation to maintain innovation and flexibility, while back-end employees have high job specialization.

# Group 4: One-man show style

Organization 4 (4.5%) is a specialized institution for Accounting and Taxation; thus, the Owner is the only person working for its success. In high seasons outsourcing is needed.

*Theme 6: The type of categorizing departments (Departmentalization) in the organization* Four types of groups were recognized upon discussing organizational departmentalization: Team-based, functional, project-based, and divisional departmentalization. British Journal of Multidisciplinary and Advanced Studies: Business and Management Sciences 4(4),91-116, 2023 Print ISSN: 2517-276XOnline ISSN: 2517-2778 Website: https://bjmas.org/index.php/bjmas/index

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### Group 1: Team-based departmentalization

The interviewees of eight organizations 1, 4, 8, 14, 16, 18, 19, and 20 (36.4%) reported working in team-based departments to secure operations and reach organizational goals. Employees in these organizations work with high team spirit and are highly motivated for their work, and they share all ideas to have the right to a valuable voice in the organization.

## Group 2: Functional Departmentalization

Owners, board members, and managers of eleven organizations 2, 3, 5, 9, 10, 11, 12, 15, 17, 21, and 22 (50%) reported having functional departmentalization, whereby departments are grouped based on core functions. These departments are headed by managers who hold well-defined Functional Knowledge.

#### Group 3: Project-based departmentalization

Organization 6 (4.5%) operates within a project-based approach; hence the board member and decision-maker in this organization stated that "departmentalization signifies that the structure is a matrix one that depends heavily on projects. Work is conducted remotely and from different countries, and it is not mandated by the employees to stay in the country where the headquarters are located".

Finally, the Owner of Organization 13 (4.5%) is the only full-time person operating within the organization and relies heavily on outsourcing upon demand.

*Theme 7: The degree of organizational adaptability to environmental factors.* Responses led to classifying organizations into two categories: A high level of environmental adaptability and a low one.

## Group 1: High level of adaptation

Seventeen organizations 1, 2, 3, 4, 5, 6, 8, 9, 11, 14, 16, 17, 18, 19, 20, 21, and 22 (77.3%) recorded a high level of adaptation to environmental changes. The interviewees mentioned that they either had contingency plans to proactively mitigate the crisis before it occurs, or at least at the initial stages, or developed response plans quickly to secure the operations and to maintain the organization's welfare. These organizations imply that their ability to adapt is due to their flexible culture and that their businesses never got out of the technological trends. Moreover, the Owner of Organization 18 stated, "When God sends you a gift, he wraps you in a problem and the bigger the problem is, the bigger the gift will be."

## Group 2: Low level of adaptation

Five organizations, namely 7, 10, 12, 13, and 15 (23.7%), reported low degree of adaptability to environmental changes. However, all decision-makers in these organizations agree that the organizations are closed ones with rigid boundaries with the environment. That is the reason behind the failure to adapt to the changes.

*Theme 8: The degree of infection (negative impact) of the corporations' functionality by Covid-*19

Four groups were detected from this theme.

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## **Group** 1: The functionality was not infected

50% of the interviewees representing eleven organizations 2, 3, 4, 5, 6, 11, 12, 17, 20, 21, and 22 claimed that the operations resumed with a slight decrease in the frequency of work at first glance, then everything went normal. That was either due to the type of industry it operates within or to the preparedness of contingency plans and infrastructures.

## Group 2: A pause in the operations

Five interviewees representing organizations 1, 9, 10, 13, and 19 (22.73%) claimed that their operations paused due to a lack of plans. They had to stop their operations, then plan, test, evaluate, and resume.

# Group 3: An increase in the operations

Three interviewees from organizations 7, 14, and 18 (13.64%) claimed that the functionality, operations, and demand increased as the type of business was able to operate from a distance. The co-founder of the cosmetics organization (14), the Founder of the coaching firm (18), and the Owner of the tissue manufacturing organization (7) reported that they earned a special license to operate during the pandemic to supply the assigned COVID-19 public hospital with tissue papers.

## Group 4: A decrease in the operations

The decision-makers of organizations 8 and 15 (9%) claimed that they were not able to keep pace with the change, and thus, their functionality decreased. A serious and massive amount of change was needed to correct the situation.

## Theme 9: The strategy implemented to respond to the pandemic

Different views were collected on this theme as decision-makers mentioned what, how, and why they implemented a particular strategy. According to Jones & George (2016), "Managers must help their organizations respond to threats due to challenging forces and choose a strategic move to continue creating value" (p. 231). That applies to COVID-19 in this study. Along the same line, top managers must propose aggressive actions with strategic direction to contain the threats and adopt strategic moves to either grow, stabilize, or retrench their businesses. David & David (2016) contend that the "Grand Strategy Matrix is a popular tool for formulating alternative strategies" (p. 265). Data from the different interviews lead to the aforementioned suggestions. Therefore, strategic alternatives are classified accordingly to five possible directions.

# Group 1: Restructuring

Six organizations took such a stance (27.3%). The digital strategic manager of Organization 1 responded that his organization was restructured from a team-based structure to a project-based one, as the decision-makers sensed that project-based organizations are more agile, in addition to renovation and related diversification strategies implemented from their end. Also, the general manager of healthcare organization 15 tended to restructure the organization into a more organic design to increase its competitiveness and adaptability. Moreover, the head of the academic department in organization 22 and the owners of 17 and 19 mentioned that delayering took place to decrease the height of their organizations and transform them from

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tall hierarchies to shorter and flatter ones. That fosters two-way communication and eases decision-making in the organization. In addition, the Owner of Accounting and Taxation Organization 4 restructured itself toward a virtual structure using a complete digital transformation strategy.

### Group 2: Stability

Another four organizations, namely 2, 3, 9, and 10 (18.2%), employed a stability and survival strategy to maintain their status quo as they failed to keep pace with the turbulence in the environment.

#### **Group 3**: Stability and then expansion

Organizations 8 and 21 (9.1%) employed the two strategies, one after the other. The interviewees started with survival at first and then step by step toward expansion.

#### Group 4: Expansion

Eight organizations, namely Accounting & Taxation (5), Tissue (7), Delivery (11), Packaging (12), Cosmetics (14), E-Commerce (16), Coaching (18), and E-Commerce (20) (36.4%), were proactive and employed expansion strategies. There are several reasons behind the growth in the time of crisis that are the preparedness of the infrastructure, the preparedness of contingency plans, the type of the industry it operates within, the demand for their products or services in the time of crisis, and the adaptability to the environmental changes.

#### Group 5: Shut-down

The Owner of Organization 13 (Food & Beverage) went to shut down his institution's operations during the lockdown period since the type of business mandates physical presence that contradicts the lockdown regulations imposed by the government. Finally, the decision-maker of Organization 6 (AI & Innovation) stated, "Being proactive is the key," and he was not.

#### Theme 10: The organizational operations before, during, and after Covid-19

When tackling such themes, distinct insights are extracted from interviewees, as everyone has her/his story. Table 2 summarizes the results.

Name	Industry Org. Size Decision-makers Action		Decision-makers Action
Org 1	Sports &	z SME	The Digital Strategic Manager claimed that before the
	Tourism		pandemic, the newly initiated website was in the testing
			phase, and then all operations stopped during the
			pandemic. However, during the pandemic, the
			organization planned for new projects that were
			launched right after the opening of the country.
Org 2	Finance	SME	The Head of the Dealing Room stated that operations
			were not affected since the infrastructure was already
			prepared. So, remote work went smoothly.

Table 2: Decision-makers actions due to the impact of Covid-19 on their firms' operations

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			packaging increased during that period, and the demand and sales increased too.
One 12	Food &	Institution	
Org 13		Institution	The Owner mentioned that his work is done by visiting
	Beverages		clients and suppliers. That was against the law during
	~ .		the lockdown. So he closed the business at that time.
Org 14	Cosmetics	SME	The Co-founder responded that the operations increased
			at the time due to the increase in interest in online
			shopping.
Org 15	Healthcare	Large	The General Manager had a different response,
			especially since the business is a hospital. The workflow
			was normal until the pandemic arrived, serious training
			for all staff was mandated, a change in the way of doing
			things was imposed, and a new warrior mentality was
			cultivated. The organization responded to the crisis
			optimally, as it was the first line of defense.
Org 16	E-commerce	SME	The Co-founder responded that the operations increased
0			at the time due to the increase in interest in online
			shopping.
Org 17	Sports	SME	The Owner claimed that the type of industry is related
01817	Sports		to sports, online classes were run, new sections opened
			to operate in such a pandemic, and automation was
			implanted in every single point.
Org 18	Coaching	SME	The Founder claimed that online classes were ongoing
OIg IO	Codeming	SIVIL	and all operations resumed due to the preparedness of
Ore 10	Tourism	CME	infrastructure and contingency plans.
Org 19	Tourism	SME	The Co-founder stopped all operations after performing
			some restructuring by decreasing the layers of
			employees as it belongs to the tourism industry.
0 20	Г	CME	
Org 20	E-commerce	SME	The Co-founder responded that the operations increased
			at the time due to the increase in interest in online
			shopping.
Org 21	Transportation	SME	The Co-founder claimed that there was a sudden shock
			initially. However, preparedness and training helped to
			resume operations as it belongs to the transportation
			industry.
Org 22	Mental	Large	The Head of the Academic Department claimed that
	Calculations		online classes were ongoing and all operations resumed
			due to the preparedness of infrastructure and
			contingency plans.
		1	

## Lessons learned from the Covid-19 pandemic

On this theme, some interviewees agreed at some points while others gave distinct ones.

- 1. Seventeen interviewees suggested that adaptation to change is a must.
- 2. Sixteen interviewees strongly believe that restructuring their organizations helped them adopt strategic decisions to survive the pandemic.

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- 3. All interviewees learned about the importance of diversification so operations can resume in case of any similar issue.
- 4. Five interviewees stressed the strategic value of proactivity based on technology and having the appropriate infrastructure.
- 5. All interviewees agreed that having the capacity to move their work remotely and adapt to hybrid working were impenitent lessons.
- 6. Interviewees regarded highly that their organizations should value patience, investing in talents, and business.
- 7. In addition, the preparedness of infrastructure and contingency plans were common points among most of the interviewees.

In summary, as the co-founder of the organization, 20 (E-Commerce) mentioned, "The Covid-19 crisis taught the organization that at a certain point, operations may increase during the crisis and fulfilling the needs should be learned on a daily basis, so operations should never be put on hold." On the other hand, the Board Member of Organization 6 (AI & Innovation) made a tough decision to shut down all operations although he mentioned that "Being proactive is the key," strangely enough looking at the type of business such an organization was performing. However, that case is a vivid case of a company not having a contingency plan amid a crisis like Covid-19, even though Lebanon was suffering from the already aggressive and detrimental economic and financial crises.

# CONCLUSION

When crises happen, organizations may respond proactively or reactively according to their establishment of contingency plans and securement of infrastructure and resources (Fischer, Halibozek, & Walters, 2018). So, to discover how corporations in Lebanon responded to the pandemic and explore the strategic choices implemented, a sample of 22 conveniently selected Lebanese corporations was selected. Corresponding high ranked-personnel were interviewed to describe the organizational structure changes. They narrated in detail how their operations were conducted before the pandemic, how they were affected, and how did the organization respond to the crisis. Interviews were recorded, coded, analyzed, and written in report form cited to the participant narrating it. Different interviewees' insights were collected, critically analyzed, and validated. Different industries were included for the assumption that corporations in the same industry tend to have similar organizational structures and may thus implement similar response strategies.

The selected interviewees were exactly the persons to report on the steps adopted against the crisis, as posited by Fischer, Halibozek, & Walters (2018), "Employees with a broad understanding of the enterprise and its mission, goals, and objectives are much better suited to manage a crisis than those with a narrower perspective of the business" (p. 261). The research proved that external and internal environments affect the organization, and that was shown in the political, economic, and financial forces most of the participants talked about, in addition to the Covid-19 crisis that triggered the corporations to change the ways they used to conduct work through and apply strategies in accordance to their resources and type of industry. Moreover, the functionality was affected, especially the organizations that did not have contingency plans or a readily established infrastructure. Also, operations were affected by the

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Published by the European Centre for Research Training and Development UK crisis but sometimes positively. Thus, crises and risks are not always negative in context. Some

crises would be viewed as opportunities to exploit, as advised by Wade & Bjerkan (2020), who advised organizations to move from a reactive to a proactive response mode.

In addition, the internal environment had a great deal in the research, where the organizational structure was one of the main determinants of the corporate strategic decisions implemented by the organizations during the pandemic. Such an approach is encouraged by Sobotkiewicz (2021) who posits that "A properly designed organizational structure and strategy should be flexible to changes taking place in the internal and external environment of the organization" (p. 724).

However, the structure and its components are determinants hand-in-hand with other indicators of the corporate strategic decisions implemented during the Covid-19 crisis in the interviewed decision-makers in Lebanon. Furthermore, new participants' insights are deduced as an aim for further research "the nature of the industry, the establishment of infrastructure, the preparedness of contingency plans, and the supply-demand curve."

# **IMPLICATIONS**

## Social implications

The study is a new source of knowledge for decision-makers in organizations by presenting the success and failure stories of corporations for others to observe, analyze, and benefit from.It may exert significant change on the public attitudes toward believing that in every darkness there exists a spot of light if exploited, may enlighten the organization again and lead it toward success.

This study shows the importance of conducting continuous training for all organizations' members to enhance their communication skills and other skills to handle a crisis like the one highlighted in the research. This research highlights the importance of the role of the decisionmaker to handle a crisis, to overcome obstacles, and to shed light on the level of knowledge and experience needed to properly engage and mitigate the crisis' damages. A fact supported by Fischer, Halibozek, & Walters (2018).

## **Practical implication**

This study is valuable to examine how decision-makers can turn threats into opportunities. It implies that the continuous preparation and enhancement of infrastructure is an important business practice as researched by Zakrzewska-Bielawska (2015). It also reveals that the development of contingency plans and the ability to either be proactive or quickly respond to changes in the environment are keys to success in handling crises (Wade & Bjerkan, 2020). Thus, adaptability is an asset.

The study also implied that the nature of the industry in which the organization operates may either limit or increase the risk of being negatively affected by a certain crisis. In addition, the supply-demand curve on deliverables in organizations is one determinant of the strategy implemented by the decision-maker.

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## Methodological implications

This research used a qualitative methodology for the sake of exploring and attracting new participants' insights and encouraging a free flow of their responses without any constraints. However, this research may be a building block for other researchers to use the insights gained from the participants and test them using structured interviews or surveys in a quantitative approach.

# LIMITATIONS

The main limitation was reaching more high-rank organizational leaders and managers from more organizations because of the busy schedules that these persons have. In addition, even though the number of interviewees in this study provided a good insight into the behavior of Lebanese firms during Covid-19, nevertheless, no decision-makers from public offices were involved. Therefore, this study's outcomes may not be generalizable but serve as an eye-opener for further research in the future. In addition, to the fact that the different themes discussed may act as a seeding for a survey construction in case quantitative work is intended.

# RECOMMENDATIONS

The authors of this study recommend a set of proposals for other researchers and scientific communities to continue researching the same topic but with new variables and check the validity of the research objectives and questions.

To benefit from the lessons learned by other decision-makers, implement contingency plans, be alerted and prepared, conduct regular market analysis, be pioneers in technological advancements, and maintain flexibility as much as possible.

To use a mixed-method approach to increase the generalizability of results.

To increase the personal network of connections to find participants easily and to learn from each participant's insights.

Securing an optimal sample size and searching for diversified insights increases the value of the research and makes the study richer.

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