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Corporate Parenting in Covid-19 Pandemic Era: A Strategic Tool for Value Creation

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ABSTRACT
The article looks at corporate parenting in this era ofcovid-19 pandemic as a strategic tool for value creation. The paper looks at how covid-19 affect value creation, it explain what corporate parenting is and use strategic guide, synergy manager, financial manager and financial sponsor and functional leadership as a way to provide parenting role by corporate entities. The issues of value creation were discussed from financial, non-financial and time management. The value gap theory helps in illustrating the role of corporate parenting on its subdivision. The aim of this article is to determine whether during this covid-19 pandemic, corporate parenting actually created any form of value for its subdivision. The paper list important factors that affect the selection of organizational parenting styles and the impacts it has on value creation in a time of covid-19.From the review of literature, this article concludes that during the covid-19 pandemic most corporate organizations were not able to carry out their parenting functions to their subdivisions. Based on this conclusion, we recommend that executives and managers should ensure that a firm's parenting styles should inspire the best in their subordinates and increase the support needed for success now and after the covid-19 pandemic.

KEYWORDS: *Corporate Parenting, Covid-19 Pandemic, Value Creation, Synergy Manager, Strategic Guide*

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1. INTRODUCTION
The global Corona Virus Disease (covid-19) outbreak has made all corporate organizations to remain anxious and worried on how to run its subdivisions or branches in its different locations around the world. The COVID-19 pandemic has impacted firms negatively by reducing demand for their products and services, disrupting the supply of inputs and tightening the provision of credit for organizations (Menezes&Muro, 2020). The covid-19 pandemic does not only affect the operations of the subdivision or branches, but extends it impacts to the employees of these organizations at an alarming rate. While the present situation is particularly unique, past crises have shown that sharp increases in corporate and personal insolvency typically follow the shocks of different pandemic(Baharuddin, 2021).As the cost of running the organization on daily bases increases with the outbreak of the covid-19 pandemic; employees that live and share work related activities in the office have to work from distances apart due to the fear of contracting the virus and this leave so much responsibility for the headquarters organization to play a parental role like never before (Baharuddin, 2021).

As the headquarters office battles to handle the impact of Covid-19 even at home, the subdivision or branch offices expect so much from her and these mounts so much pressure on the headquarters or home office. To provide the parenting role, the home organization resolves that jobs are carried out from homes, work team be created, virtual leaders be trained, social distance be adhered to and these has created a lot of unemployment that in turns affects the objectives of the overall organization (Nurkholis, 2020). This situation creates anxiety and worry for workers in carrying out their obligations as they are not sure of being able to provide for their love ones at home. Hence, to ensure that subdivision or branches are given a fair chance to survive the expected temporary market disruption, is therefore critical, while also ensuring that, as the crisis progresses, there is no proliferation of branches by their corporate parents during the present or post-covid-19 pandemic era.

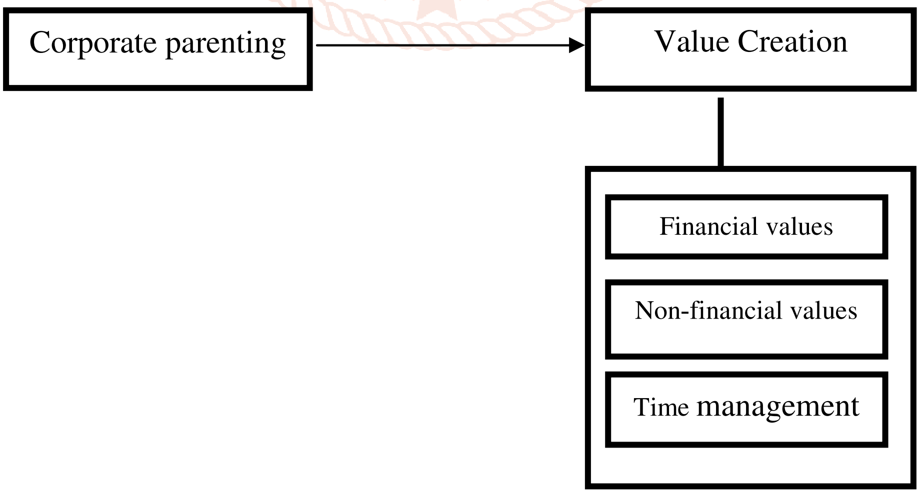
When the word corporate level is used, it refers to the highest management level in an organization (Johnson, Whittington, Scholes, Angwin, &Regner, Exploring Strategies, 2014). Corporate parenting is a metaphor deployed to describe how the headquarters of corporations efficiently and effectively control and coordinate their business units for superior performance through the tools of value creation and parenting advantage (Yoffie and Cusumano, 2019). A corporate parent can either add or destroy a firm's portfolio; hence it is important to identify how much a firm adds value to the organization and how much they destroy it (The Boston Consulting Group, 2012).

During this covid-19 pandemic, it can be observed that lots of corporate organizations face so much challenges, these challenges comes in the form of the intensity and reciprocity of the value transfer between a corporation and a particular subsidiary or the form of value appropriation conducted by the corporation (Gurkov, 2014). As such with the covid-19 pandemic, lots of these corporations trade their employee jobs for values; as much of the employee lost their jobs in other to strategically position the organization in the current global reality.

Despite the disruptive nature of the covid-19 pandemic, some corporations has not come to see reasons why they should provide parenting advantages for their subsidiaries, as like the "parents stay with its children at home in a covid-19 pandemic situation, the child will exhibit different habits and activities, these habits and activities are an additional task for families, especially parents" (Baharuddin, 2021). With this statement, it becomes relevant to accept that corporate parenting at this period globally leaves organization with the responsibility to work from the headquarters and help to maintain its subsidiaries in other location if it most remains competitive in this era.

With the desire to create value being at the top of affair when it comes to corporate parenting, scholars has continue to argue as to whether headquarters organization parenting the subdivision is actually relevant? As "companies like Philips electronics has multiple divisions which are operating separately with different division setting up their own divisional strategy and this has not by any means stop the organization from achieving its goals and objectives" (Vermeulen, 2013). For Hashai (2014) corporate parent can provide the necessary boost and edge through their distinctive competence and dynamic capabilities. As such, whether during covid-19 or not, an important part of selecting the right strategy whether corporate or business level, the first thing to understand is the competitive dynamics and growth dynamics of the organization (Johnson, Whittington, Scholes, Angwin, &Regnér, 2017). Hence, the aim of this article is to determine whether during this covid-19 pandemic, corporate parenting can actually create any form of value for its subdivisions.

Conceptual Review



Sources: Haksever, Chagant& Cook (2004).

2. Literature Review

To be able to explain the issue of corporate parenting either during covid-19 or not, the value gap theory helps to illustrate the role corporate parenting has on its subdivision. Value gap theory emphases that a company's total market capitalization should not be less than the aggregate value of its business units, should they break up and be individually valued. Premised on this theory and seeking grounds for justification of the multi-business organization, Gooldet *et al.*, cited in Landau & Bock (2013) conducted research and based on empirical findings, advocated the corporate parenting concept, which is currently still evolving.

2.1. Value Creation

Value creation has long been stressed in the business literature as the main objective of organizations. While some scholars insist that all organization must create one forms of value for its owners if it most continuous to exist, others insist that value must be created not just for shareholders, but also for all stakeholders (Haksever, Chagant& Cook, 2004). But with covid-19 at the corner, lots of businesses has been deprived of creating value, as most business functions was strongly disrupted by the outbreak of the pandemic. While some management researchers insist that value must be created for all stakeholders because it is morally the right thing to do whether there is covid-19 or not, others insist that a corporation's only moral obligation is to make a profit but to keep the business going all the time. In respective of the various views held by these individuals, it can be seen that covid-19 pandemic has actually redirected the minds of so many management scholars. With the advents of covid-19, the issue of what an organization sees as value becomes relative, as what is valuable to one corporate entity might not be necessaryto the other (Brytting and Trollestad, 2000).

Value is the capacity of a good, service, or activity to satisfy a need or provide a benefit to a person or legal entity.(Baier cited in Haksever, Chagant& Cook, 2004). The definition covers any type of good, service, or act that satisfies a need or provides a benefit, which may be tangible or intangible. Values actually entails positive contributions to the quality of life, knowledge, safety, physical and financial security etc. Value creation is any process that creates outputs that are more valuable than its inputs. Bowman and Ambrosini (2000) introduce and differentiate two types of value at the organizational level of analysis; use value and exchange value. Use value refers to the specific quality of a new job, task, product, or service as perceived by users in relation to their needs, such as the speed or quality of performance on a new task or the aesthetics or performance features of a new product or service. Exchange value refers to the monetary amount realized at a certain point in time, when the exchange of the new task, good, service, or product takes place, or the amount paid by the user to the seller for the use value of the focal task, job, product, or service (Lepak, Smith & Taylor, 2007).

Financial Value

Haksever,Chagant& Cook, (2004)financial value is created for shareholders when the firm makes a profit and also when it increases its net worth. Financial risk to a shareholder is the risk of losing the investment. The value of the stock of a poorly managed firm will decline and shareholders' wealth will diminish. Financial value is created for customers when the firm provides them with superior quality products at competitive prices. Financial value is created for employees in the form of wages and salaries, bonuses, stock options, health insurance, pension, tuition remission, membership in health clubs, and paid holiday/vacation time.

Non-financial Value

A financially stable and secure firm that pays regular dividends will provide a reliable source of income and create a sense of financial security for its owners. Financial security may provide autonomy for a shareholder and enable him/her to pursue a more enjoyable life. A successful company that is seen as a good corporate citizen may be a source of personal pride for its owners. Simpson, Siguaw and Baker (2001) a firm can create nonfinancial value for employees by creating a safe, pleasant, friendly, and cooperative work environment. Most employees see value in their job when they feel their work is challenging. A stressful or unsafe environment, a boring and unchallenging job, hostile management, and/or strict work rules that stifle.

Time Management

Any practice or decision of the management to sacrifice long term viability and success of the firm for short-term gains will destroy time value for shareholders. Decisions or activities that ensure the financial and nonfinancial benefits for the long term create value along the time dimension for employees. Time spent at work and commuting to work is nonmonetary cost to an employee. It is time he/she could have spent with family, or at a recreational activity, or for education. A job that does not provide valuable skills for an employee reduces the long-term viability of the employee in the job market and destroys value. A job that does not provide valuable skills for an employee reduces the long-term viability of the employee in the job market and destroys value (Amit, and Zott, 2001).

2.2. Corporate Parenting

In the recent times, so much value destruction and knowledge gaps created have been attributed to corporate headquarters' insensitivity to organizational practices. These brought to question the justification for multi-business corporations. Corporate parenting is a metaphor deployed to describe how the headquarters of corporations efficiently and effectively control and coordinate their business units for superior performance through the tools of value creation and parenting advantage. The fundamental features of corporate parenting are therefore value creation and parenting advantage. The features of value creation are partially summed up in the assertion that the business units perform better when grouped under the parent's ownership and control than they would if they were autonomous companies, and that the parent adds more than corresponding value to offset the costs it incurs (Goold*et al*. cited in Landau & Bock, 2013). Value creation is therefore essentially headquarters-centered. On the other hand, the features of parenting advantage are expressed in portfolio composition, structure of the parent, parenting activities and relationships with business units and stakeholders. It is relevant to point that corporate parenting comes in the form of strategic guide, synergy, financial manager and financial sponsor and functional leadership.

Strategic Guide

Among the many ways an organizational parenting can contribute to a organizations future one of the most important is aiding in the strategy development and planning. The strategy management is the road map to a successful and thriving organization; it acts as the game plan for a pleased group of consumers and a good financial record of the company (Tapera, 2014). The corporate parent can help devise the road map for the overall development of the business, monitor the mergers and acquisitions and formulate the top to bottom objectives of the company (The Boston Consulting Group, 2012).

Synergy Manager

Synergy refers to the cooperation between things and people of all kinds (Holubčík, 2016). Obtaining synergy in the business is seen as one of the primary goals of a corporate parent (Campbell &Luchs, 1992). The parent company assembles all the business portfolios that fit naturally by creating synergies across business units using the sales, marketing and operations throughout the businesses. The units are left with full accountability and the parent limits itself from any interference.

Financial Manager & Financial Sponsor

The corporate parent acts as a financial sponsor by providing guidance in the form of top-down financial targets and provides reviews and tries to challenge the financial plans of the company (Pidun, 2019). Financial management provides direction to achieve the organizational goals, it helps making the dividend decisions, it helps in deciding the source of financing and helps in the better utilization of resources (Jayashree&Priya, 2016). The second most important way through which a parent can add value to the organization is through financial management.

Functional Leadership

The majority of companies that exercise this strategy focus on adding value through functional excellence, shared corporate resources, and centralized services. Such leadership by the corporate parent is the most preferred strategy of many worlds' leading global companies (Roghé, Deutschländer, Michael, &Kempf, 2011). As a functional leader the bundled up services also include infrastructure technology, accounting services, cost advantage in procurement, etc. The downside of this strategy can prove to be very depreciating.

2.3. Corporate Parenting and Value Creation in Covid-19 Pandemic

Del Águila-Obra, Padilla-Meléndez&Serarols-Tarres (2007) value creation and new intermediaries on Internet. An exploratory analysis of the online news industry and the web content aggregators. This paper analyses this phenomenon from the value chain and value creation perspectives and explores the creation of value by new intermediaries. An exploratory study has been conducted based on strategic informants, web content analysis of 56 companies' websites and 5 received questionnaires (of 24 web content aggregators contacted). Companies from USA, Canada, Spain, France, Germany, UK, and Switzerland have been analysed. The information gathered provided a knowledge base to describe the value chain of the industry, the main players of the sector, and its roles in the value chain activities. Furthermore, we could identify the Web Content Aggregators (WCAs) as new players that provide third part content to other companies, institutions and end-users. They mainly concentrate in the content packaging and the distribution stages of the value chain, and aggregate the supply and demand in the industry, collect, organize, and evaluate dispersed information, and they also provide infrastructure to other industry players.

He & Harris (2020) the impact of Covid-19 pandemic on corporate social responsibility and marketing philosophy, we offer some initial examination on how Covid-19 pandemic can influence the developments of CSR and marketing. We argue that Covid-19 pandemic offers a great opportunity for businesses to shift towards more genuine and authentic CSR and contribute to address urgent global social and environmental challenges. We also discuss some potential directions of how consumer ethical decision making will be shifted to due to the pandemic. In our discussion of marketing, we outline how we believe marketing is being affected by this pandemic and how we think this will change, not only the context of marketing, but how organizations approach their strategic marketing efforts. We end the paper with a identifying a number of potentially fruitful research themes and directions.

Neumann, Van Erp, Steinhöfel, Sieckmann& Kohl (2021) the COVID-19 pandemic represents a massive, often unanticipated, external disruption for many companies. As a concept for responding to such disruption, organizational resilience has recently received great attention. In the organizational context, the overriding question is how companies can become more resilient. This study aims to contribute to answering this question by identifying, categorizing, and providing specific business model patterns for achieving resilience on the corporate level. For this purpose, a review of publications by major consulting firms was conducted. Patterns were extracted from publications until a convergence criterion indicated that no new pattern could be identified considering further publications. The 110 extracted unique patterns were clustered into 13 objectives, and additionally categorized according to resilience phases, as well as business model elements, to support the application in practice. The final catalog of patterns was validated through expert interviews and thus provides organizations, such as those in the electrical industry, with an overview and specific approaches on how to tackle industrial resilience through the adaption of their business model.

3. Conclusion and Recommendation

From the review of literature, this article concludes that during the covid-19 pandemic most corporate organizations were not able to carry out their parenting functions to their subdivisions. Most of the subdivisions were not able to meet their strategic objectives and most of them have to short down operations while other lay off some of their employee. Based on this conclusion, we recommend that:

A. Organization executives and managers should ensure that the firm parenting styles should inspire the best in their subordinates and increase the support needed for success now and after the covid-19 pandemic.

B. The organization should device policies and procedures designed to ensure there are penalties for those who tends to misrepresent the organization during this period of covid-19.

C. Organizations should create an enabling environment that will allow subdivision offices to get finance without getting to depend on the corporate headquarters.

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