How COVID-19 Informs Business Sustainability Research: It’s Time for a Systems Perspective

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Abstract In this essay, we argue that by taking a systems lens, sustainability researchers can better understand the implications of COVID-19 on business and society and prevent future pandemics. A systems lens asks management researchers to move from a firm-level perspective to one that also considers the broader socioecological context. We argue that for business to prevent future pandemics and assure future prosperity, business must recognize the limits to growth, alternative temporalities that do not pit the short against the long term, the nestedness of local phenomena in global systems, and leverage points that can reduce entrenched systems of social inequalities.

Keywords: COVID-19, grand challenges, sustainability, systems perspective, time

Introduction

Business sustainability scholars were quick to respond with thoughtful insights about the rapid onset of COVID-19. They posted numerous editorials on the Academy of Management website, underscoring the importance for organizations to quickly meet the immediate needs of people in their communities, the importance of innovating products and services, and the need to not only manage short-term risks, but also build long-term resilience (Bansal, 2020).

In spite of these rich observations, we believe sustainability scholars have much more to say about COVID-19. Most early commentaries took a firm-level perspective to COVID-related issues, discussing how organizations could or should respond. In this essay, we underscore the insights that a systems perspective can offer – a perspective that is starting to emerge in sustainability discourse and central to understanding the implications

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of COVID-19 to management studies (e.g., Bansal and Song, 2017; Linne-luecke and Griffiths, 2010; Williams et al., 2019).

The World Commission for Environment and Development report for the United Nations (WCED, 1987) highlighted the interconnected and recursive nature of environmental, economic and social systems through its definition of sustainable development: development that assures the ‘needs of present generations without compromising the ability of future generations to meet their own needs’ (WCED, 1987). This logic is rooted in systems principles. If economic development exceeds the Earth’s regenerative capacity, then there will be insufficient resources to assure social prosperity. COVID-19 has laid bare the excessive economic development that is now compromising the social prosperity of future generations. It demonstrated the importance of management researchers broadly, and sustainability researchers specifically, to speak to the dynamic, cross-scale effects of management and organizations. In this essay, we discuss some of the key issues exposed by COVID-19, which can guide future research on management and organizations.

COVID-19 Calls for a Systems Perspective

COVID-19 epitomizes systems failure. COVID-19 is just one of a long history of such zoonotic viruses, including SARS, the Avian Flu, and HIV, whose intensity, frequency, and morbidity have only increased over time (Smith et al., 2014). These viruses represent only a small fragment of the socioecological systems failures looming on the horizon, which include climate change, loss of biodiversity, and social inequalities. The wealth and prosperity that businesses have created in the last century are at risk of being erased in just one decade (Masson-Delmotte et al., 2018).

These macro systems failures are grounded in the same root cause – excessive industrial production. Management research takes for granted the benefits of business profits and growth. A systems perspective, moreover, suggests that different systems elements, such as business actions and societal outcomes, are interconnected and subject to non-linear, difficult-to-model dynamics because of feedbacks and delays. As well, business and society both contribute to and experience cross-scale effects. To understand, organizations require knowledge about macro socioecological systems (Folke et al., 2010). A systems perspective is holistic and relational, not linear and particularistic. Decisions arising from organizational analyses that ignore the socioecological context will inevitably result in systems failures – as witnessed with COVID-19. Such a perspective requires new research streams and new methods to better capture the interrelationships and reflexive connections among a much broader set of variables than typically incorporated in conventional theorizing and empirical approaches.

Research Questions Exposed by COVID-19

Limits to growth. The virus was most likely catalysed by the trade of wildlife, which is a direct result of businesses exploiting natural spaces. These natural spaces are critical to maintain the resilience of Earth’s ecological systems and support economic activity; yet over 68 per cent of biodiversity has been lost in just the last 50 years (WWF, 2020). With the depletion of the earth’s natural resources and rapid accumulation of industrial waste in land, air, and water, the dynamic balance of ecological processes tipping beyond
the point of no return (Rockström et al., 2009), which is affecting economic activity, as witnessed by the COVID-19 pandemic.

With more people competing for fewer resources, management scholars need to recognize the unintended consequences of exceeding the ecological limits to growth and offer alternatives to the growth paradigm – one that couples organizational activities with the regenerative capacity of natural systems. By offering a systems perspective, sustainability researchers in particular, and management scholars more generally, can describe and prescribe organizational actions that build societal and environmental resilience. There are a range of approaches that such research can take. For example, such research could explore a circular production system, rather than the linear take-make-waste approach. Alternatively, such theorizing can be based on models that are recursive and dynamic within resource constraints.

*Short-termism and organizational speed.* By forcing production to slow down in March 2020, COVID-19 revealed just how fast people, products, and organizations were moving. Businesses shuttered, schools closed, and people quarantined. As the fog of pollution lifted, revealing landscapes that had been hidden for decades, it became abundantly clear that industry was releasing pollution faster than the Earth could absorb. The issue was not only the limits to growth, but also the speed of that growth.

Sustainability scholars have an opportunity to explore the mechanisms that can help organizations slow down to think long term in an increasingly short-term, dynamic world. Organizational metrics of success need to be tuned not just to short-term capital markets, but to more macro, socioecological systems with longer time scales. Sustainability scholars could consider a broader array of temporalities than currently being considered within organizations, such as the relationship between production cycles and the cycles of regenerative natural systems. Scholars could analyse the increasing fragility of business systems, as organizational processes become fragmented and lean. Organizational speed and short-termism are also affecting employee organizational experience and mental health, as well as the resiliency of communities. The speed contagion has contributed to a race to the bottom. Sustainability researchers can initiate conversations with practice based on research insights about the means and mechanisms that will realign the rhythms and temporalities of business systems with macro socioecological systems.

*Global and local interdependencies.* What started as a virus infecting just one person, had spread to 190 countries within a mere 8 months (Dong et al., 2020). This transmission had been facilitated by the global movement of people, products and capital. Supply chains are increasingly global and interconnected, people travel around the world for work and pleasure, and money moves instantly across global markets. COVID-19 disrupted these international flows, which revealed the complexity and precarity of global systems and their interdependence on local systems.

A systems approach recognizes the nestedness of systems, and consequently, the relationship between the local and the global. This perspective asks researchers to consider how local issues become global and how global issues generate local ones. A systems approach recognizes that organizations operate within supply chains, which support national economies and that the interaction of these multi-scale phenomena are critical.
to sustainable development. A single organization can disrupt a supply chain, which can affect an economy, as was experienced through the transmission of the virus likely from a wet market in Wuhan. However, these multi-scale interactions are rarely acknowledged or modelled in management studies. Most management researchers draw the boundaries of analysis around the organization, often ignoring the interdependencies of the organization and its broader context. Sustainability researchers could explore not only within-scale (e.g., within organization) and between-scale (e.g., between organizations) effects, but also cross-scale (between organizations and socioecological systems) effects.

Social inequalities. COVID-19 revealed deep-rooted, persistent and visible social inequalities. It ravaged low-income communities, as people either lost their jobs or needed to return to work for the income, in spite of the risks to their own health or public health. The virus also exposed hidden inequalities through the poor working conditions in long-term care homes and the living conditions of migrants. And, it created new inequalities by affecting more significantly people with dependents, the elderly, and people without health care. A systems perspective recognizes that such power and resource imbalances can be resistant to change, yet must be changed for sustainable development.

Both sustainability and management researchers have recognized the importance of inequality, such as income, race, gender, and country-of-origin, to management studies. A systems perspective asks researchers to understand these inequalities as more than just topics or context, but to study their root causes and identify the leverage points that will catalyse change. Unlike traditional approaches to analysing inequalities, a systems perspective recognizes that often only a few elements of a system need to change for the system to change. For example, since 2002, the Tamarack Institute in Canada has been engaging in a nation-wide dialogue with 80 local collaboratives. They realized that the root causes of poverty differed by city, as did the leverage points, which included transportation, housing, food security, and early childhood development. From 2015 to 2018, poverty had declined by 24 per cent or more than one million Canadians (Tamarack Institute, 2020). By taking a systems lens to inequalities, sustainability scholars can point to not only the visible inequalities that lie at the surface, but also those that lie below the surface, and recognize that both need to be addressed in nonintuitive ways.

**Today’s Problems were Yesterday’s Solutions**

Over the last century, management studies have helped businesses amass enormous wealth, but in doing so, have created systems imbalances. COVID-19 has punctuated the need for a systems perspective. But, such a perspective is challenging, because it asks management researchers to embrace complexity and explore new theory, methodologies, and methods. In this essay, we ask sustainability researchers to lead this charge by unpacking the dynamic, cross-scale interactions among organizations and macro socioecological systems. Only then can management studies assure prosperity for all people – not just today, but also for tomorrow.
NOTE

[1] The complete collection of editorials is available at: http://one.aom.org/covid-19-insights-from-business-sustainability-scholars (accessed 6 November 2020).

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