COMMENTARY

A commentary on the COVID-19 crisis, sustainability and the service industries

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Over the last two decades sustainability strategies and programmes have assumed an increasingly high profile within the leading companies in the service industries. However, the Covid-19 (Coronavirus) poses a major challenge to the majority of companies within these industries and may reduce their commitment to sustainable development. At the same time, a counter argument holds that a continuing commitment to sustainability will be vitally important in maintaining the relationships between the service industries and the natural and social capital on which many of them depend. This commentary paper explores sustainability within the retail and hospitality industries through the lens of the COVID-19 crisis. The paper provides an outline of the COVID-19 crisis and of its impact within the retail and hospitality industries and explores some of the relationships between COVID-19 and sustainability.

1  |  INTRODUCTION

Over the last two decades sustainability strategies and programmes have assumed an increasingly high profile within the leading companies in the service industries. However, the Covid-19 (Coronavirus) poses a major challenge to the majority of companies within these industries and may reduce their commitment to sustainable development. Emily Salter, an analyst at Global data, the data analytics and consulting company, for example, was reported as claiming “making changes to materials, logistics and production processes to improve the sustainability of products and operations will slow, as sustainability is no longer top of retailers’ and consumers’ agendas” (365RETAIL, 2020). In the hospitality sector Henry Kuokkanen, Associate Professor at Institut Paul Bocuse, in France, argued “COVID-19 will wreak havoc in the hospitality industry and some operators will cut all non-essential operations to survive” and that “unfortunately, I can see how sustainability initiatives could be categorized in this group” (Hospitality Net, 2020).

However, a counter argument holds that a continuing commitment to sustainability will be vitally important in maintaining the relationships between the service industries and the natural and social capital on which many of them depend. Jose Koechlin von Stein, Chief Executive Officer at Inkaterra Hotels, the Peruvian eco-tourism company, for example, argued “the COVID-19 outcome reminds us how essential it is to manage sustainably all the natural and cultural resources that define each destination – main assets in the hospitality industry.

Hence, it is more urgent than ever to establish global strategies for the conservation of historic and natural patrimony, considering them as a main source of sustainable development” (Hospitality Net, 2020). Sustainable Brands (2020), a global community of brand innovators, advised “when the world emerges out of this crisis, consumers will have a renewed interest in protecting humanity against existential risks such as climate change and they will seek leadership in that fight from companies. This is a crucial time for you to anchor your business around environmental responsibility and set yourself apart from competitors.” With these thoughts in mind, this commentary paper explores sustainability within the retail and hospitality industries through the lens of the COVID-19 crisis. The paper provides an outline of the COVID-19 crisis and of its impact within hospitality and retail industries and explores some of the relationships between COVID-19 and sustainability.

2  |  THE COVID-19 CRISIS

COVID-19 is an infectious disease caused by SARS-CoV-2, a newly discovered coronavirus. Coronaviruses are part of a large family of viruses that can affect birds and mammals, including humans. In recent
years this family of viruses have been responsible for several outbreaks around the world, including Severe Acute Respiratory Syndrome (SARS) in 2002–2003 and the Middle East Respiratory Syndrome (MERS) first reported in South Korea in 2012. COVID-19 primarily affects the lungs and airways leading to mainly respiratory symptoms (e.g., cough and shortness of breath) and fevers. The majority of people with COVID-19 experience mild disease and recover without requiring special treatment. However, older people, and those with underlying medical problems such as cardiovascular disease, diabetes, chronic respiratory disease and those with a weakened immune system are more likely to develop serious illness and are at an increased risk of dying from the disease.

The disease can spread from person to person through small droplets from the nose or mouth which are spread when a person with COVID-19 coughs, sneezes or exhales. These droplets land on objects and surfaces around the person. Other people then catch COVID-19 by touching these objects or surfaces, then touching their eyes, nose or mouth. People can also catch COVID-19 if they breathe in droplets from a person with COVID-19 who coughs, sneezes or exhales droplets. Precise details of the origins and initial spread of COVID-19 are hard to confirm, but there is some agreement that the disease originated in a wholesale market in Wuhan, a city of some 11 million people, in Eastern China, and that some of the market traders may have contracted the disease following contact with animals at the market.

On December 31, 2019 China alerted the World Health Organization to several cases of unusual pneumonia in Wuhan, and several of those infected, worked at one of the city’s market. Early in 2020 the disease spread rapidly, first to other regions of China, and then to the majority of the world’s countries, and the World Health Organization declared the global outbreak of COVID-19 a pandemic on March 11, 2020. Though the nature of the response to the crisis has varied from one country to another, all medical authorities and governments have struggled to combat COVID-19. Medical pressures included providing large numbers of bed spaces and specialist equipment to treat seriously ill patients, sufficient numbers of, and personal protection equipment for, medical staff, and adequate testing facilities. The policies adopted by many governments have centred on enforcing social distancing by strongly recommending restrictions on the movement of people, popularly described as lockdown, and instructing many businesses to close down, in an attempt to prevent the spread of the disease.

The impact of the COVID-19 crisis on the global economy has been devastating, threatening national and global growth, with the closure of many manufacturing plants and production facilities, the large-scale disruption of supply chains, reductions in the production output and profitability of large multinational corporations, and reduced trade in consumer goods from less developed economies. The COVID-19 crisis has had a very damaging impact on sectoral economies. In April 2020, the United Nations Department of Economic and Social Affairs (2020) suggested “growing restrictions on the movement of people and lockdowns in Europe and North America are hitting the service sector hard, particularly industries that involve physical interactions such as retail trade, leisure and hospitality, recreation and transportation services.”

Within the retail industries, for example, there have been impacts throughout supply chains covering consumer behaviour, product demand, store operations, distribution and production. However, such impacts have not been universally felt across the whole of the retail spectrum. While fashion, furniture and electronics retailers have followed government instructions to close down temporarily, food retailers have, of necessity, continued to trade to enable customers to buy food supplies. Elsewhere within the service industries, the University of Oxford (2020) reported that “the travel and tourism industry has been the hardest hit by the economic disruption from the COVID-19 pandemic, with impacts on both travel supply and demand as well as huge job losses.” In a similar vein, Stephanie Segal (2020, webpage), for example, writing under the banner of the Centre for Strategic and International Studies, claimed “at the sectoral level, tourism and travel-related industries will be among the hardest hit as authorities encourage social distancing and consumers stay indoors.”

3 | SUSTAINABILITY AND THE COVID-19 CRISIS

The relationship between the COVID-19 crisis and sustainability within the service industries can be seen in a number of ways. Initially, a number of environmental improvements were identified including marked reductions in pollution levels and greenhouse gas emissions following the closure of many power generation plants and factories, the dramatic fall in the volume of air travel and the restrictions on the movement of people in motor vehicles on journeys to work or shopping trips within towns and cities. However, such improvements will surely not be maintained if/when the economy recovers. Inger Anderson, Head of the United Nations Environment Programme, for example, was reported as arguing “we need to take on board the environmental signals and what they mean for our future and wellbeing because COVID-19 is by no means a silver lining for the environment,” that “visible positive impacts – whether through improved air quality – are but temporary because they come on the back of tragic economic slowdown and human distress” (Hospitality Net, 2020). Inger Anderson also suggested “the pandemic will also result in an increase in amounts of medical and hazardous waste generated. This is no one’s model of environmental response, least of all an environmentalist’s.” (United Nations News, 2020).

However, although the COVID-19 crisis has brought some environmental gains, it has also caused devastating economic and social problems throughout the world and had very damaging consequences for economic and social sustainability. While many people are no longer in employment, either temporarily or permanently, in many developed economies, the impact on the many millions of low wage workers in the service industries in many less developed countries, is particularly damaging. Here, workers rarely have the sort of government funded income support and organized labour protection available in some developed economies and they, and their families, will be
thrown into the poverty abyss and that will further exacerbate already wide inequalities. The United Nations Department of Economic and Social Affairs (2020), for example, reported of the impact of COVID-19 on the global tourism industry, noting that, "many tourism dependent countries rely heavily on tourist arrivals from a particular country – the United States, for example – as in the case of many Caribbean countries. These economies would experience sharp increases in unemployment rates affecting the livelihood of low-skilled workers and the more vulnerable segments of society that depend on income from tourism-related activities."

This tension illustrates one of the fundamental paradoxes of sustainable development in that it exposes the internal contradictions within the concept. These contradictions are apparent in the Sustainable Development Goals (SDGs), for example, agreed by the United Nations General Assembly in 2015. Collectively the 17 SDGs have been described as "the blueprint to achieve a better and more sustainable future for all" and they look to "address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice" (United Nations News, 2020). Hickel (2019), for example, argued that there is a contradiction between "calls for humanity to achieve harmony with nature and to protect the planet from degradation, with specific targets laid out in Goals 6, 12, 13, 14, and 15" and "calls for continued global economic growth equivalent to 3% per year, as outlined in Goal 8, as a method for achieving human development objectives." Further Hickel (2019) suggested "the SDGs assume that efficiency improvements will suffice to reconcile the tension between growth and ecological sustainability."

The COVID-19 crisis highlights the need to extend the scope of sustainable development, and here there is the issue of the role of sustainable development in preventing future pandemics. However, such events, thankfully relatively rare as they are, have, to date, not been included in traditional approaches to sustainability. While Di Marco et al. (2020), for example, drew attention to the links between the environmental, social and economic elements of sustainable development, they pointedly observed that "little attention has been paid to the interactions between environmental change and infectious disease emergence" and such interactions are "not customarily integrated into planning for sustainable development." This echoes Amekudzi-Kennedy, Labi, Woodall, Chester, and Singh's (2020) belief that one of the lessons for sustainability from COVID-19 is that "sustainable development and planning and analytical frameworks must be comprehensive for long term sustainability."

More specifically, Di Marco et al. (2020) claimed that the emergence of diseases "is driven by anthropogenic changes such as deforestation and expansion of agricultural land (i.e., land-use change), intensification of livestock production, and increased hunting and trading of wildlife." Looking to the future, Di Marco et al. (2020) claimed that human health could be more effectively integrated within sustainable development planning but argued this required "a cross-disciplinary research approach," which would involve "socioeconomic change, pathogen dynamics, and biological and behavioural aspects of humans, wildlife, and livestock." While businesses within the service industries are clearly not in a position to undertake such research, their operations and supply chains are often central features of the environmental, social and economic interactions within fragile environments in many areas of the world. Such businesses may be well placed to facilitate scientific research in such areas, which may, in turn, contribute to sustainable development by helping to enhance awareness and understanding of the relationships between environmental change and the emergence of diseases.

In recent years, corporate sustainability has assumed increasing importance within the business community and many of the leading players in the retail industry, for example, have pursued sustainability programmes designed to incorporate environmental, social and governance issues into their business strategies (e.g., Jones, Comfort, & Hillier, 2011) and to address a number of the SDGs 2019). However, COVID-19 poses a number of challenges for such programmes across the service industries. On one hand, these challenges include the need to respond to investors' demands to promote long term reductions in corporate carbon emissions and pollution levels, greater employment of renewable energy resources, a clearer commitment to waste recycling and the development of circular economy principles, all of which may force changes in conventional business models within the service industries. On the other hand, the COVID-19 crisis within the industry will to reduce the availability of, and access to, capital and this may, in turn, see available financial resources being targeted on core business activities. Here, extensive, high profile and costly marketing campaigns designed to promote facilities, events and attractions and to re-engage with customers, and investment to try to ensure that returning customers are provided with high quality experiences, may well take precedence over the environmental and social agendas within corporate sustainability strategies and programmes.

In some ways fashion retailing seems particularly vulnerable, not least because it relies so heavily on discretionary spending. Writing under the banner of Vogue Business, Rachel Cernansky (2020), for example, suggested "in a global crisis, retailers across all sectors are forced to cut costs and shift priorities. That pressure can lead to sustainability initiatives being put on the backburner" and that "by conventional calculations, the odds that fashion will continue trying to reduce its environmental impacts in the face of the coronavirus pandemic seem bleak." However, Rachel Cernansky (2020) argued "some industry experts think, cautiously, that the challenges of climate change, plastic pollution and workers' well-being are too urgent to ignore, and that sustainability efforts will not be going anywhere. Rather, this can be a moment of re-evaluation and transition for the industry — and that transition, if handled right, can spell opportunity. Whether or not the industry treats it as such will be determined in corporate offices — or executive-level Zoom meetings — in the weeks and months ahead."

It remains to be seen how the COVID-19 crisis will impact upon commitments to the SDG's, within the service industries, but the situation does not look promising. On the one hand, major players within the industry stress argue that it is only by re-opening their businesses and returning to something approaching business as normal, will they have the strength and resources and be in a position to continue to contribute to the achievement of the SDGs during the next decade. In
the medium term, this may encourage large companies to push back their existing commitments to the SDGs. On the other hand, in those areas of the less developed world where the need for many of the SDG’s focused, for example, on the eradication of poverty and hunger, on the widespread availability of clean water and sanitation, and on the promotion of gender equality are greatest, many of the limited gains made since 2015 may well have been lost in the wake of the COVID-19 crisis. Such concerns are surely heightened at a time when the Sustainable Development Solutions Network/Institute for European Environmental Policy (2019) reported that none of the countries within the European Union, let alone the less developed world, were on track to meet their SDG targets.

Kumar (2020), Chief Environmental Economist, United Nations Environment Programme, was reported as outlining the value of trade off analysis, which attempts to quantify the trade-off between development and sustainability. In suggesting that “the outbreak of epidemics like COVID-19 reveal the fundamental tenets of the trade-off we consistently face: humans have unlimited needs, but the planet has limited capacity to satisfy them.” Further Kumar (2020) argued “the emergence of COVID-19 has underscored the mutually-affective relationship between people and nature,” that “we must try to understand and appreciate the limits to which humans can push nature, before the impact is negative” and arguably more controversially that “those limits must be embraced by our consumption and production aspiration.”

Retailing can be seen to be fundamental in any move to sustainable consumption and there is certainly a growing awareness that retailers have a vital role to play in promoting more sustainable patterns of consumption, not least in that they effectively act as gatekeepers between producers and consumers (Wiese, Zielke, & Toporowski, 2015). Indeed, a number of the world’s major retail trade associations have emphasized their commitment to sustainable consumption. In Europe, the Retail Forum was launched in 2009 to “exchange best practices on sustainability within the European retail sector and to identify opportunities and barriers that may further or hinder the achievement of sustainable consumption and production” and it claimed that “retailers in Europe are in an exceptional position to promote more sustainable consumption” (European Commission, 2019).

However, sustainable consumption has been described as “the most obdurate challenge for the sustainable development agenda” (Cohen, 2005) but the COVID-19 crisis has opened a window on what some advocates see as a more sustainable world. In acknowledging “we are now struggling to anticipate the impacts of COVID-19” as “major financial markets are gyrating and international supply chains are in turmoil,” Cohen (2020), for example, pointed out that “while the present situation is being treated as an emergent economic crisis, it merits acknowledging that sustainability scientists and policy makers have implicitly been seeking to achieve over the past decade broadly similar objectives... In the form of a sustainable consumption transition.”

Further, Cohen (2020) argued “while it may seem fanciful and insolent, Covid-19 is an opportunity to reduce over the longer term the prevalence of lifestyle premised on large volumes of energy and material throughput” and concludes “policy makers should work to ensure that the coronavirus outbreak contributes to a sustainable consumption transition.” Such a transition would demand major changes in the current business model of the vast majority of companies within the service industries. At the present time neither the majority of businesses within these industries, nor their customers, seem likely to take such an opportunity or to have much enthusiasm for policy makers who advocate such a future.

4 | CONCLUSION

The COVID-19 crisis has effectively wrought economic and social havoc in most parts of the world and while all sectors of the economy have been badly hit, problems in the service industries seem particularly acute. In recent years the concept of sustainability has offered academics and practitioners a framework to explore crises, though such work has traditionally been focused on national economies and local environments. As such, the Covid-19 crisis has not only posed a range of complex major global challenges for the service industries but it has also exposed some new perspectives in the relationships between these industries and sustainability. Looking forwards, it remains to be seen what the future holds, and how these relationships will be played out. On the one hand, the hope is for a return to normality, though, at the time of writing, the time scale and the extent, of such a return remains very uncertain. However, within such a scenario, businesses within the service industries, and their customers, may effectively look to pick up where they left off, as part of a much wider post COVID-19 crisis recovery. Here government and corporate sustainability programmes may effectively be put on hold as capital resources are focused on economic recovery. On the other hand, The COVID-19 crisis has opened a window on some of the relationships between the service industries and sustainability, it has signalled some environmental changes that may be central to a transition to a more sustainable future and it has offered some radical solutions to the challenges of sustainable development. Whether the millions of businesses within the service industries, or the vast majority of their customers, will want to recognize the significance of such signals and have any genuine enthusiasm for such solutions remains very much to be seen.

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