Inequality in the Time of Corona Virus

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The Covid-19 pandemic provides an opportunity to organization and management scholars to revisit some of the foundational assumptions that underpin our thriving research streams. In this essay, I talk about what I think is this pandemic’s biggest revelation: How we have chronically overlooked inequality in our work (Suddaby et al., 2018). When it comes to inequality in and around organizations, Covid-19 has truly laid bare how one of the defining afflictions of our time has escaped scrutiny from management scholars.

Bringing Class Back into Organization Studies

While much has been written about how the virus has increased the work of women or claimed a disproportionately higher number of BAME (Black, Asian, and minority ethnic) lives, much of it comes down to class. Socio-economic class appears to intersect clearly and sharply with both gender and race-based inequalities. For instance, while women’s work has increased in the lockdown – due in part to the unavailability of childcare – the brunt has mainly been borne by front-line blue-collar ones, who struggle to take care of children and continue their employment. This is particularly true in the United States since women make up almost 90 per cent of nurses and nursing assistants and over two-thirds of grocery store cashiers there (Roberston and Gebeloff, 2020).

Similarly, the fact that BAME people have died in much higher numbers than their proportion in the population would warrant, comes down to the fact that these populations belong to a stratum of society which is far more exposed to the hazard of getting infected due to their front-line roles, inhabitation of densely populated areas, and inability to work from home. Thanks to a history of oppression, they continue to languish

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at the bottom rungs of the socio-economic ladder – the household income and wealth gaps between White and Black families is the same as it was in 1968 with Black people possessing approximately one tenth of the wealth White Americans have.

As organizations are busy receiving taxpayers’ money to survive, it is an opportune moment to reflect on what they have done to close the gap between the top and bottom strata in society. The headline figures are worrying. Whereas in 1965 the CEO-to-typical-worker compensation ratio was 20:1 and in 1989 58:1, by 2018 that multiplier had reached 278 (based on data obtained by Mishel and Wolfe (2019) from the largest 350 firms in the USA). Furthermore, while wages for the typical worker grew between 1978 and 2018 by 11.9 per cent, CEO compensation grew by 940 per cent (Mishel and Wolfe, 2019, p. 1).

Rather than closing the gap, business school professors have spent decades glorifying these CEOs and thereby justifying these enormous compensation packages. Ironically, as the crisis hit, hardly any of them have been able to ‘pivot’ their firms or accomplish those famed turnarounds for which they get interviewed in the Harvard Business Review. In contrast, during the Covid-19 pandemic, we have seen nearly 4,000 corporations file for bankruptcy protection including famous names such as J.C. Penney, Hertz, J. Crew, Brooks Brothers and Neiman Marcus. What is notable is how many of them awarded millions of dollars in bonuses to their executives within months before filing for bankruptcy (e.g., J.C. Penney CEO Jill Soltau received a $4.5 million bonus, while top management at Hertz awarded themselves $16 million in bonuses days before filing) and laying thousands of workers off.

It has taken a global pandemic and the loss of more than a million lives to wake us up to a key realization about organizations: despite all their rhetoric about meritocracy, they often serve to reproduce societal class hierarchies. What happens inside organizations affects inequality outside them too but organizations (and most organizational researchers) simply haven’t given much thought to how they are implicated in the rising inequality in society. As Amis et al. (2020) point out, the myth of meritocracy, internalized not only by managers but in equal measure by most management researchers, prevents us from scrutinizing how ‘merit’ is actually enacted in organizations. Whereas in theory hard work and competence should trump class differences at work, this is not necessarily so. In fact, as Gray and Kish-Gephart (2013) point out, social class is constructed and reinforced through organizational routines and practices perpetuating inequality.

Class is similarly instrumental in creating inequality in hiring processes with the most lucrative occupations, and the highest paid jobs within particular industries, disproportionately going to those from higher socio-economic backgrounds (Friedman and Laurison, 2019). An insight into this is provided by Rivera (2012) who shows, how elite professional services firms in the USA target graduates from the leading universities thus creating a homogeneous pool of applicants from those with upper class backgrounds. Rivera demonstrates how résumés are screened based on the similarities of background and interests to those making the hiring decisions.

Covid-19 is far more deferential to those at the top of organizations than it is to those at the bottom. This is not luck, as it turns out. Nor is it down to hard work or competence. Instead, it is a resultant of a number of inequalities deeply entrenched in society that go unremarked in organizations as well as in narratives about organizations. Most
studies of leadership, career trajectories, ‘high performance’ teams, ‘leaning in’, etc. do not take class into account. How people from the upper classes seem to have an easier ride to the top of organizations, while others become confined to particular roles, is again not an issue that many organizational scholars, otherwise experts on organizations, seem overly concerned about. The cost of this obliviousness is reflected in the largely stylized and even reactionary narrative that pervades much of the management discourse. As Haack and Sieweke (2018) suggest, living with inequality and embracing it is an acquired taste, and we seem to have developed it without realizing.

Covid-19 Lifts the Veil of Ignorance

Covid-19 has revealed aspects of the organizational world that we had forgotten about: The vast inequalities that are allowed to persist, and go unremarked through our scholarship; the artificially inflated sense of worth of many CEOs who turned out to be non-essential in a crisis; the neglect of key workers, and obliviousness to their vulnerabilities to any disruption, however small; the disregard of working conditions that allow no social distancing, or respite; and an unfair allocation of resources in organizations, which leaves essential workers exposed and managers shielded.

In and around organizations, this pandemic has opened up new avenues of research. The first concerns organizations’ location in the larger socio-economic context. What allows organizations to exist in the first place? The numerous bailouts and supporting schemes have laid business’ dependence on the state bare. Equally exposed lies the role of neoliberal policies, something that passes silently, unchecked through the scrutiny of most organizational scholars. It is no surprise that more equal states have largely been able to manage Covid-19 better than the unequal ones. States with government funded public health infrastructure and extensive social welfare nets have been able to support not only their people but also their economies through this pandemic. In the United Kingdom, for instance, the value of the NHS became obvious to even the most trenchant critics. Compare this to some of the richest but otherwise unequal countries like the United States, and blind spots in our literatures start becoming more visible. Future research must reflect a consideration and understanding of state institutions in our theorizing about the performance of businesses. The neoliberalism that Suddaby et al. (2018) talk about in their introduction to *Journal of Management Studies*’ Special Issue on Inequality has meant that most management researchers have stopped questioning the notion that governments should have a highly limited role in the economy. If there is one thing we need to learn from Covid-19 it is that governments have a crucial and central role in ensuring social wellbeing of their citizens, which is often tied to economic opportunity.

Similarly, the notion that the board’s primary task is shareholder wealth maximization has taken a blow. During the crisis, boards had a decision to make. As profits nosedived and workers were laid off or furloughed, should they maintain their dividend policy? Which organizations decided to suspend dividends and which didn’t? How did they arrive at a decision? The pandemic provides an excellent opportunity to study the enactment of ‘ethical’ policies within corporate boardrooms. In practice, it provides an impetus to embrace a more pluralistic and socially conscious model of governance that emphasizes that firms heavily depend on other societal stakeholders to create value.
Covid-19 should also prompt a re-evaluation of the texts we teach in business schools. These texts need to reflect the vast disparities and different lived experiences of different communities within firms. Gender, class, and racial differences and how they manifest themselves, as well as a more socially conscious agenda for firms need to be emphasized.

Is Covid-19 a Grand Challenge?

Finally, our field needs a discussion of how this pandemic can usher in a ‘new normal’ for us. This would necessitate a holistic view of Covid-19, a perspective that treats it not in isolation but as a product of bigger and more entrenched underlying structures. As discussed above, the devastation that Covid-19 has brought with it has primarily affected those in the lower socio-economic strata. They cannot work from home, avoid public transport or move out of densely populated neighbourhoods. Their children often do not have access to the digital infrastructure that is required for online classes. The corporations where they work prioritise investors over their wellbeing. The aforementioned larger neoliberal economic paradigm which these corporations have helped create, has meant chronic underfunding of social welfare institutions, further compromising the livelihoods of billions in the bottom strata. Organizational and Management research must pause, take a step back and re-assess its blind commitment to a social order where profit trumps everything else.

The grand challenge is less Covid-19 and more the unjust socio-economic context around it. As management researchers, our focus should not just be on how organizations are coping with it, or who survives and who perishes, but also on what aspects of organization have been laid bare in this pandemic. The ‘new normal’ must include a better appreciation of the vast inequalities and injustices that characterize organizations, but which remain conspicuous by their absence in our literature. Scholars must think of new ways of approaching organizations, a way that underlines the tensions that exist just below the surface, and the different lives that are led within them.

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