



FIVE WAYS BUSINESSES CAN CONTRIBUTE TO A MORE BALANCED POST-CORONAVIRUS FUTURE

By [Professor Stéphane Girod](#) and Head of Sustainability Natalia Olyneć

Chemin de
Bellerive 23
PO Box 915,
CH-1001 Lausanne
Switzerland

Tel: +41 21 618 01 11
Fax: +41 21 618 07 07
info@imd.org
www.imd.org



The coronavirus pandemic highlights the very real imperfections in coordination among global governments and international organisations, many of which were already suffering from [low levels of public trust](#). Responsible leadership from the private sector is needed more than ever. The way that business leaders respond will have an important influence on the state of our post-coronavirus world.

Employers are the most trusted institutions over government and media during this crisis, according to the 2020 [Edelman Trust Barometer](#). The majority of the public expect business to adapt operations to protect their employees and the local community. And, with many governments providing significant support to businesses, now is the time for their leaders to step up and act responsibly.

In a world where short-term market performance often drives decision making, some businesses have already committed to a new way of doing things. By moving [beyond shareholder primacy](#), they are addressing imbalances in our economies by involving all stakeholders in potential solutions: suppliers, partners, employees and regulators. For example, BlackRock, the world's largest investment manager has [switched to this approach](#) and put sustainability at the centre of its business.

Here are five ways responsible business executives can join them and contribute to a more balanced post-COVID world.

1. Make supply chains more local

In recent decades businesses have focused on maximising efficiency. To save costs and be more streamlined, manufacturers have concentrated their operations on a handful of suppliers in a few countries. These global supply chains created savings and boosted profits when all was running smoothly. But the disruption from the coronavirus pandemic has been immense.

For instance in the healthcare industry, [about 80%](#) of the basic components used in US drugs [come from China and India](#). The impact of supply chain disruptions is evident in the gruelling [lack of hand sanitiser](#) and [face masks](#), including for health staff. Europe faces [similar issues](#).

Future markets will benefit from rebalancing their operations by bringing those that had previously been moved overseas nearer to home. Resilience will trump efficiency through a model where manufacturing is brought closer to places of consumption instead of relying on global shipments.

By digitising other processes companies can harness the opportunities that come from economies of knowledge, compensating for those lost in scale.

2. Collaborate internationally

More regional and local autonomy should not mean the end of international collaboration. In systemic challenges, collaboration is the best approach to avoid unintended consequences.

As countries seemingly engage in a zero-sum game that reflects the rise of populism and authoritarianism around the world, businesses should step in and call their governments to collective action and collaborative leadership through public-private partnerships. Indeed, according to [Edelman](#), citizens expect businesses and states to collaborate to stem the crisis and limit its health and economic impacts.

3. Pivot and demonstrate societal purpose

A number of companies are demonstrating their value to society by switching their operations to provide much-needed medical equipment. [LVMH](#), the luxury conglomerate that owns brands like



Louis Vuitton and Christian Dior, has adapted some of its cosmetics manufacturing facilities to produce hand sanitiser for French hospitals with resource constraints. Clothes retailer Zara is using its factories [to make masks and hospital gowns](#). Cosmetics firm Nivea is turning to medical-grade disinfectants.

These moves testify to the ability of companies to improvise fast because they are in tune with the society around them.

4. Protect their people

Businesses can soften the economic blow of coronavirus pandemic for their most vulnerable employees and suppliers. For example, [Google](#) established a global [COVID-19 fund](#) that enables all temporary staff and vendors to take paid sick leave if they have any symptoms, or can't come into work because they're quarantined. [Starbucks](#) has extended its [mental health benefits](#) offering staff personalised, confidential mental health care. [VF Corp.](#), the clothes retailer behind Vans, North Face and others, is continuing to pay employees while closing all stores temporarily.

Companies that can afford to keep their staff during the crisis will be ready to bounce back faster once things subside.

5. Promote a green recovery

Instead of reverting back to business as usual, companies should consider other potential health crises in the future that could result from our continuous interference with ecosystems, or from climate change. A crisis is an opportunity to rethink things rather than patch up previous ways.

In the aftermath of the pandemic, growth might be relaunched by a decisive reinvention of our economies around green technology, renewable energy and natural infrastructure to develop more efficient and resilient low-carbon economies.

While the movement towards a multi-stakeholder approach to business has increased in recent years, the coronavirus pandemic creates an opportunity for a conscious mindset change. Responsible business leaders will recognise this moment as an opportunity to use a societal lens that contributes to stability and makes everyone better off in the long term.