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Article

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BRQ Business Research Quarterly

Provided in Cooperation with:

Asociación Científica de Economía y Dirección de Empresas (ACEDE), Madrid

Suggested Citation: Larrañeta, Bárbara; Naldi, Lucia (2021) : Introduction to the reflection forum: Clouds in the business landscape: reflections on the implications of major worldwide turmoil for management and organizations, BRQ Business Research Quarterly, ISSN 2340-9436, Sage Publishing, London, Vol. 24, Iss. 3, pp. 194-198, <https://doi.org/10.1177/23409444211034870>

This Version is available at:

<https://hdl.handle.net/10419/261899>

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Introduction to the Reflection Forum: Clouds in the business landscape— Reflections on the implications of major worldwide turmoil for management and organizations

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JEL CLASSIFICATION: M1, L2, H12

Introduction

Over a year ago, in light of the worldwide turmoil we were suddenly immersed in as a consequence of the COVID-19 global onset, we released a call for this special issue forum. We were intending to amplify the voice of management scholars into the public and academic debate around the extreme situation created by the pandemic, which at that time was being led by scholars and practitioners from epistemology, medicine, and public health. As time has passed, it has become evident that this crisis has a much larger magnitude than anticipated. Beyond the dramatic death toll, this critical juncture has pervasive implications for businesses and economic activities that are at the core of the well-being of our societies. It has become very clear that the broad field of management is uniquely qualified to make an intellectual contribution to better understand the consequences of the pandemic for our societies through its impact on business and economic activities. This special issue seeks to gather a selection of intellectual contributions in the form of short essays.

The essays we received focused on different organizational aspects that were affected by the major shift in relational, working, and consuming behaviors we were experiencing in reaction to the COVID-19 outbreak that collectively created a ground-breaking scenario for organizational leaders. In this introduction, we summarize the key insights of the selection of essays included in the special issue. We also describe the themes that were revealed

as predominantly consequential in the figurative collective conversations the essays engage in. We conclude with our own reflection on the new questions that these conversations raise for future theory and practice for management and organizations.

Aims and purpose

In the initial call for papers, we hoped to leverage the expertise of management scholars to illuminate how organizations might be affected by this unprecedented worldwide crisis and how to formulate a managerial response to the challenges it has created. Our motivation was to provoke a discussion from the multiple perspectives that converge in management research to advance the field, reflecting not only the consequences of current organizational challenges but also possible paths to managerial responsiveness. We envisioned and called for a variety of issues and topics to be examined, such as human resource management (HRM) and workplace practices; innovation within and across firms; supply chain and network structures; internationalization; entrepreneurial ventures and activities; family

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businesses (FBs); corporate governance; and managerial ethics, among others.

We are pleased to report that the essays in this special issue forum consider the majority of these topics. The essays conceptualize and give meaning to the organizational changes brought on by the pandemic, taking different postures and emphasizing different macro-, meso-, or micro-level mechanisms. In so doing, they advance our understanding of the complex situation for managerial theory and practice we are currently facing.

Article summary

We start by summarizing the eight essays selected for the special issue. In the opening essay, Madhok (2021) presents an engaging reflection about the future of globalization in the aftermath of the COVID-19 pandemic. This short essay addresses an impressive breadth of issues, providing a useful and interesting look at globalization in retrospect, currently, and going forward. Madhok presents two key arguments. The first argument is that before the COVID-19 crisis, hyper-globalization had already hit its peak, and deglobalization was already underway. He associates some of the factors driving the current de-globalization trend with problems that have arisen from “over-globalization,” such as the accentuation of social fragility and the rise of populism, while others are independent of this trend, such as robotics, artificial intelligence, and the automatization of manufacturing processes. The second claim of the essay is that the world needs a healthier alignment among the economy, the state, and society. Madhok suggests that lessons learned from the current COVID-19 crisis can help in moving toward achieving such a re-alignment. In particular, the form that reglobalization will assume in the years ahead can play an essential role in attaining that important goal. The essay ends speculating about potential ways in which globalization can eventually flow and morph.

Pla-Barber et al. (2021) follow, presenting an essay that considers how the COVID-19 pandemic will affect the configuration of global value chains (GVCs). Providing an analysis at the intersection of global strategy and value chain analysis, the authors discuss different ways in which firms may adjust their strategies regarding the three basic dimensions of GVCs: the relocation of production, upgrading processes, and governance systems. For each of these three dimensions of GVCs, the authors discuss in detail new avenues for future research that are providing different theoretical lenses that can be applied in attempts to understand these new trends in the global economy.

Davidsson et al. (2021) take a counterintuitive and thought-provoking positive perspective of the COVID-19 crisis. Building on the external enabler (EE) framework, which they originally advanced to provide structure for exploring the enabling effects of different types of external change for entrepreneurial initiatives, the authors reflect upon the positive entrepreneurial implications of the

COVID-19 pandemic for some individual ventures but not others. The essay discusses variations across features of individual ventures and the EE (including country variations) to explain differences in the entrepreneurial response to the pandemic. Aside from theoretical reflections, the essay provides real examples to illustrate the mechanism by which specific external shocks can generate entrepreneurial opportunities. In closing, the essay discusses some refinements of the EE model in light of its application to the current economic environment of COVID-19. Overall, the authors highlight the value of the EE framework beyond traditional entrepreneurship research for conducting future research in more detail about the specific perceived benefits that underlie the assessment of the overall attractiveness of entrepreneurial ideas.

Gopalakrishnan and Kovoov-Misra (2021) contribute to crisis innovation theory and practice, exploring in their essay the triggers and outcomes of two categories of innovation during the pandemic: reactive threat-driven innovation versus proactive opportunity-driven innovation. The essay provides specific examples from numerous industries to illustrate reactive and proactive products and processes that are being developed to contain the threat of the COVID-19 crisis or to exploit opportunities arising from it. While prior research on core technologies during a crisis focused on the consequences of tightly coupled technologies, the authors highlight human and physical interdependence in manufacturing or delivering a product or service to explain why some organizations are more vulnerable to the pandemic than others. The authors conclude calling for future research on the longevity of innovations arising from the pandemic to provide insights into the short- and long-term uses of crisis innovation.

Aguinis and Burgi-Tian's (2021) essay, as indicated by the title, focuses primarily on performance management and its role in overcoming the talent management challenges that firms are facing since the upsurge of COVID-19. Furnished with real case examples, their essay is very compelling in explaining how performance management can be particularly useful in addressing the following key talent management challenges: (a) hiring freezes and layoffs; (b) salary freezes, canceled bonuses, and pay reductions; (c) how work is done (i.e., teleworking); and (d) increased employee stress and burnout. In particular, the authors offer five recommendations on how a firm can adapt and improve performance management to navigate crises such as COVID-19 and to thrive after the crisis is over, namely, (1) measure results in addition to behaviors, (2) measure adaptive performance, (3) conduct stay interviews to retain top performers, (4) implement a multi-source performance management system, and (5) collect and use performance promoter scores. Aguinis and Burgi-Tian's essay is a clarion call for rethinking the way firms carry out performance evaluations and reviews after the COVID-19 outbreak. While many firms have opted to downgrade and even completely abandon performance

evaluations and reviews, the authors provide a careful and balanced analysis of the value of implementing state-of-the-science performance management systems.

Lopez-Cabrales and DeNisi (2021) take the perspective of employers reflecting on employment relationships and their role in the incorporation of the concept of sustainability into the strategic analysis of human resources, especially in the aftermath of COVID-19. Focusing exclusively on firms that are trying to seize opportunities in response to the pandemic, the authors propose two novel and alternative employment models, namely, “Over-sustainability” and “Mutual Sustainability,” each connected to a specific competitive strategy (proactive/innovative vs. analyzer/follower, respectively). In closing, Lopez-Cabrales and DeNisi discuss other required changes to adapt employment relations toward sustainability that they believe can help organizations survive and even thrive during the current global crisis.

Firfiray and Gomez-Mejia (2021) introduce an “eye opening” essay that sheds light on the challenges that family firms might face in preserving their socioemotional endowment in the midst of the pandemic. The authors illustrate how each of the five dimensions of socioemotional wealth—family control, identification with the FB, binding social ties, emotional attachment, and renewal of family bonds—will be affected by the COVID-19 crisis. They provide practical recommendations on how family firms might ensure the success and longevity of their firms in a post-COVID era. In addition to offering useful insights to family owners and managers, the essay also highlights how the pandemic has brought major gaps into focus in extant research and identifies areas for impactful future research.

Villanueva and Sapienza’s (2021) closing and captivating essay brings together history, literature, cinema, businesses, and the COVID-19 pandemic to reflect on the potential role of leadership hubris in explaining poor responses to crises. The essay calls attention to leadership during adverse times, focusing on the exaggerated pride or self-confidence of leaders as a possible source of inadequate responses. Extending existing research on how leadership hubris leads to rash actions, the essay puts the focus on inaction. Invoking a number of significant historical events and literary tales, the authors highlight the role that power structures, organizational members, and leader-follower dynamics play in sustaining such inaction. The essay ends by suggesting future research directions that can help to limit the perils of leadership hubris from a managerial and societal perspective.

Conversations

Figuratively, the authors of the eight essays initiate and engage in several conversations, which revolve around core themes such as globalization and international businesses; innovative and entrepreneurial activity; employment relations

and HRM practices; the importance of leadership; and specificities of unique contexts such as FBs. As we elaborate below, the conversations around these themes arise from different viewpoints about COVID-19 and highlight the multiple macro-, meso-, or micro-level mechanisms at play.

First, the essays highlight the multiple challenges and opportunities of the COVID-19 outbreak, offering a rich perspective on this complex phenomenon. Some essays explicitly discuss the *challenges* associated with the COVID-19 pandemic and their *negative influences on business*. For example, Pla-Barber et al. (2021) consider how the operation and efficiency of many global supply chains have been disrupted by the wide range of measures introduced by governments, which have also contributed to the economic slowdown due to the growth in protectionism. Focusing on family firms, Firfiray and Gomez-Mejia (2021) suggest that the pandemic has severely challenged the resilience of these firms, while Aguinis and Burgi-Tian (2021) outline several specific challenges related to talent management ranging from hiring freezes and layoffs, salary freezes, canceled bonuses, and pay reductions to include increased employee stress and burnout. According to Villanueva and Sapienza (2021), leaders have failed to address these challenges. Leadership hubris is presented as a central (though not the only) reason for poor responses to the challenges associated with the COVID-19 crisis.

Other essays juxtapose *challenges and opportunities*. For example, Gopalakrishnan and Kovoov-Misra (2021) focus on both threats and opportunities as drivers of organizational innovation during the pandemic. In their essay, they present both organizations that are experiencing an organizational crisis and others who are not in crisis but are innovating to exploit opportunities in their environments. In a similar vein and with a specific focus on employer-employee relationships, Lopez-Cabrales and Denisi (2021) argue that firms find themselves at a crossroad where they can choose to either disinvest in employees, which would accelerate the negative effects of the crisis, or adopt strategic approaches to sustainability and take advantage of the opportunities to involve employees in novel ways.

Some essays add to the conversation by focusing on the *positive influence of the pandemic*. For example, Davidsson et al. (2021) acknowledge that the effects of the pandemic are, for the most part, negative but attempt to contribute to research and practice by exploring the many possible positive effects on entrepreneurship. In particular, the focus is on the positive, enabling effects of COVID-19 for emerging and new ventures rather than any negative effects being seen as a major setback for well-established incumbents. This serves to illustrate strategically important types of variances in external changes. Similarly, Madhok (2021) maintains a positive outlook about the impact of the COVID-19 crisis, as such a crisis has contributed to shedding light on hyper-globalization. Lessons learned from the current COVID-19 crisis can help in moving toward a healthier alignment between the economy, the state, and society.

Second, the authors of the essays point to different units and levels of analysis, which together offer a multilevel perspective on COVID-19 in relation to businesses and business actors. Some essays conceptualize and give meaning to changes at the *macro-level*. The focus is on the mechanisms through which macro-environment (in which individuals and businesses are embedded) affect opportunities, goals, and beliefs. For example, according to Madhok (2021), the COVID-19 crisis acted like an external shock that has shed light on current macro-trends preceding and independent of the pandemic, while Davidsson et al. (2021) point to the role of COVID-19 as “disequilibrating environmental change” that is negative for society and the economy but may be beneficial for some entrepreneurs and firms. Firfiray and Gomez-Mejia (2021) add to this conversation by bringing attention to the *meso-level* and the mechanisms through which COVID-19 might affect meso-level structures such as the family—which is a critical structure in the relationship between the COVID-19 outbreak and businesses.

Other scholars center their essays on the mechanisms through which the new challenges—and opportunities for businesses—following the COVID-19 global onset alter business behavior and have *individual-level* consequences. For example, Aguinis and Burgi-Tian (2021) point to the critical role that the implementation of evidence-based performance management practices can play to overcome talent management challenges, while Villanueva and Sapienza (2021) account for how hubristic action—as well as hubristic inaction (or obstruction) of leaders—might result in disastrous consequences for other organizational members.

As a group, the essays point to the complexities of the effects of the COVID-19 crisis for management and organizations and contribute fresh insight to understanding some of the critical mechanisms at play. Taken together, the essays point not so much to consensus as to initiate a number of conversations, which raise new theoretical and practical questions.

New questions and opportunities

The eight essays included in this special issue suggest that some established assumptions, concepts, and practices in management require rethinking. Independently, each essay asks what we have learned and where do we go from here. As such, each essay provides inspiration for conducting future relevant theoretical research, for enhancing the practical managerial response, or for both types of endeavors in their specific thematic spheres. Collectively, the reading of these essays raises major questions around the core themes they discuss or at their intersection.

In terms of the far-reaching global shift triggered by COVID-19, a puzzling new question is raised: how is re-globalization going to be different or better than the current globalization? At one end of the possible spectrum is the configuration of GVC toward “re- or near-shoring,” and at the other end, a bipolar or bifurcated global world

with the United States and China vying for domination. None of these alternatives seems to fully help to overcome the economic, political, and societal problems arising from over-globalization. The question then follows: what mechanisms will make the needed changes for realigning the economy, the state, and society more or less likely to be enacted? Reflections about the key role of entrepreneurs, managers, and businesses in this respect—beyond those of policy makers and civic institutions—are needed.

Concerning entrepreneurial activity and innovation during a crisis, the reflections and real examples included in the essays corroborate the idea that when there is a major environmental disruption, there is an upsurge of new ways of doing things either because existing businesses are forced to adapt to survive or because new businesses emerge. This dynamic is not new and has been evidenced in prior crises. What may be unique about COVID-19 is the criticality of velocity in terms of the generation and adoption of new ideas and technologies. Digital transformation has been a major component in these dynamics, favoring connectivity and enabling immediate relationships. Digital solutions and the immediateness they create seem to be here to stay, suggesting that some of the big questions in this area of research will revolve around the new strategic imperatives for speed in identifying and taking advantage of new opportunities as well as in seeking to promote advantageous forms of change for the economy, the state, and society at large.

In relation to the role of strategic HRM and employment relations, as the essays echoed, the COVID-19 crisis amplified both the role of HR leaders and employees. The measures taken to constrain the spread of the virus have drastically shifted working conditions influencing employee behaviors and actions. Core questions have emerged about how to rethink and effectively modify high-performance work systems and exchange agreements between employers and employees across different employee groups in terms of how and where they work. In the background is the major question of how organizations can ensure that this process does not exacerbate employee stress and conflicts and create additional economic and ethical inequalities. Future scholarship needs to illuminate these substantive questions.

Finally, in all conversations, leaders—whether political, corporate, competitive, HR, or any other—are central to the organizational response to this crisis. This is not new, given that leaders, as prophets, chiefs, kings, princes, or knights, have served as symbols and models, inspiring their people from ancestral times. Over centuries, the effort to formulate principles of leadership has come from the study of history and the philosophy associated with it. It seems that there is still much to be learned from these disciplines to find new ways for leadership to navigate in our complex world.

Conclusion

In the public debate about ways to recover from the COVID-19 pandemic, the voice of management scholars

needs to keep moving toward the forefront. While undoubtedly the most pressing need is to urge governments to undertake major containment policies to fight economic fallout, the next step is to advise entrepreneurs and managers about ways to overcome challenges and embrace entrepreneurial and innovative opportunities of the so-called “new normal.” This special issue includes some relevant reflections that provide insightful advice for managers to enhance their response. In addition, these reflections open new questions that theory will have to address, as fundamental changes triggered by the COVID-19 crisis will likely continue to affect a variety of strategic, organizational, and entrepreneurial activities in the future.

Declaration of conflicting interests

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Funding

The author(s) received no financial support for the research, authorship, and/or publication of this article.

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