

Chapter 19

Turning a Crisis Into an Opportunity: Innovation During the Pandemic

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ABSTRACT

The impact of the COVID-19 pandemic has not been uniform across industries. In some, we have witnessed a remarkable degree of innovation which has seen the establishment of a vast array of business models. By contrast, in others innovation has been rather slack. These conflicting trends raise the questions of whether the COVID-19 pandemic has accelerated the demise of certain industries or hastened the emergence of others. By coupling the crisis management literature with organizational learning theory and by relying on 23 in-depth interviews, the chapter provides a taxonomy of the various types of innovation responses to the existing crisis and disruption. The taxonomy is instrumental to gain a better understanding of how companies across countries and industry sectors respond to disruption by innovating and the valuable lessons that can be drawn from this experience.

INTRODUCTION

The COVID-19 pandemic has had severe repercussions from an economic and social point of view, having a detrimental effect for production, exports and supply chains for most industries. Within this context of unprecedented change, this chapter analyses the process of adjustment adopted by a vast array of industries in response to the pandemic. The recent COVID-19 crisis has radically revolutionized and transformed the business environment. This ranges from the way firms react to this suddenly needed transformation by shortcutting the way they provide their products and services (Lee and Trimi, 2021),

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how they can transform their supply chain infrastructures to adapt their products (Samson, 2020), and to how they enhance and extend their service and performance capacity according to disruptive market demands (Sharma et al., 2020). Overall, these developments have led firms in the industry to fundamentally change the ways they “do business”, in particular the ways they organize and conduct activities across the firm and the industry with customers, vendors, partners and other stakeholders. In this very dynamic context, it becomes an imperative for companies to reinvent themselves by often introducing innovative products or novel business models and by utilizing their existing resources and capabilities as well as combining them with new ones (George et al., 2020). For example, L’Oreal promptly pivoted to produce hand sanitizer in short supply and freely distributed it to hospitals, pharmacies, care homes, and food stores.

However, while the majority of the academic articles published so far on the COVID-19 crisis mostly focuses on either supply chain disruptions (Sharma et al., 2020; Samson, 2020), internal organizational disruptions (Carnevale and Hatak, 2020) or the impact of the crisis on customers (Hall et al., 2020), our work embraces a more holistic approach by focusing on a cross-national and cross-sectorial comparison of those innovation strategies that ultimately might as well yield to growth opportunities. In particular, since crises are defined largely by uncertainty, we couple approaches from grand challenges (George et al., 2016), the crisis management literature (Boersma et al., 2022) with organizational learning theory (Bundy et al., 2016; James et al., 2011) to gain a better understanding of how companies across countries and industry sectors respond to disruption by innovating, and the valuable lessons that can be drawn from this experience.

Research Aim

By drawing on the relevant literature, the purpose of this study, therefore, is to develop a taxonomy that allows to classify the different types of innovation responses towards crisis and disruption. The proposed taxonomy is instrumental to develop a set of valuable lessons that can have a broader applicability, beyond the COVID-19 crisis.

Research Significance

The impact of the C19 pandemic has not been uniform across industries (George et al., 2020). In some, including education we have seen a remarkable rate of innovation which has seen the establishment of a vast array of business models (Cooper, 2021). By contrast, in others such as in the tourism and hospitality industry innovation has been rather slack (Lai & Wong, 2021). These conflicting trends raise the questions of whether the C19 pandemic has accelerated the demise of certain industries or hastened the emergence of others? This chapter endorses the view that while the pandemic has tested the agility and the resilience of firms, it has also forced us to question the assumptions underlying established theoretical framework that drive managerial decisions along with managerial practice.

Chapter Structure

This chapter comprises five sections. While the next section provides the theoretical foundations for our work by highlighting the relevant theories, namely a brief overview of the literature on crisis management and organizational learning theory, the third section of the chapter describes the methodology adopted.

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