



COMMENTARY

# Beyond COVID-19: Applying “SDG logics” for resilient transformations

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**Abstract**

The Sustainable Development Goals (SDGs) provide a realistic approach to navigate societies through and beyond the COVID-19 pandemic. However, the SDG agenda is not without flaws. Even before the pandemic, progress towards achieving the SDGs has been too slow. COVID-19 presents a stress test for the SDG approach. The SDG agenda provides three ‘logics’ that could help transform towards sustainable societies: (1) a governance logic that sets goals, adopts policies, and tracks progress to steer impacts; (2) a systems (nexus) logic that manages SDG interactions; and (3) a strategic logic that enables (micro-level) companies to develop strategies that impact (macro-level) policy goals. We discuss key hurdles that each of these SDG logics face. Transforming towards sustainable societies beyond COVID-19 requires that multinational enterprises and policymakers (better) apply these logics, and that they address operational challenges to overcome flaws in the present approach to the SDGs. *Journal of International Business Policy* (2020) 3, 451–464.

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## INTRODUCTION: COULD WE HAVE SEEN IT COMING?

The COVID-19 pandemic presents a particularly vivid wake-up call for globalization pundits: repeated systemic crises are inevitable if open societies are unable to transform from fragile into more sustainable and resilient economies. COVID-19 also emphasizes that health, social inclusion, economic development, and ecological sustainability are not only deeply entwined in the present stage of globalization but are also accompanied by increasing risks that even threaten the stability and resilience of the whole system.

The risk of repeated crises affects the operation of multinational enterprises (MNEs) that have thrived during the era of globalization (e.g., Van Assche & Lundan, 2020). The number of risks that MNEs are reporting on has more than doubled over the years, including a large number of sustainability and systemic risks (van Tulder & Roman, 2019). For years, the disruptive societal impact of spreading infectious diseases had been included in the Top 10 of Global Risks, listed annually by the World Economic Forum (2019). Moreover, scenarios of a pandemic outbreak had been repeatedly sketched as part of economic and public health policy discussions. Most

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famous is Bill Gates’ 2015 TED Talk entitled “The next outbreak? We’re not ready”, which has secured over 30 million views to date. In his talk, Gates predicted: “If anything kills over 10 million people in the next few decades, it’s most likely to be a highly infectious virus rather than a war. Not missiles, but microbes” (Gates, 2015).

So, yes, in many ways, we could have seen the pandemic coming, but could we have properly acted upon it and are we grasping the lessons of the events to prepare ourselves for future pandemics? Reflecting on his experience with the Ebola crisis during his TED Talk, Gates particularly focused on government and technological challenges and solutions. Quoting Gates further: “we need strong health systems in poor countries. (...). We need a medical reserve corps: (...). And then we need to pair those medical people with the military, taking advantage of the military’s ability to move fast, do logistics and secure areas. We need to do simulations, germ games (...). Finally, we need lots of advanced R&D in areas of vaccines and diagnostics.”

Will this approach suffice? This is doubtful for both theoretical and practical reasons. Gates’ approach underrates the ‘wickedness’ of the systemic nature of the COVID-19 pandemic. Systems theory argues that ‘wicked problems’ have no set solutions or clear causes. Rather, it challenges society to tackle the challenge in a collaborative manner in which many pathways are explored, and many stakeholders are engaged in processes of joint solution-seeking activities guided by common and interrelated goals. The original thinkers behind wicked problems theory – urban planners Rittel and Webber (1973) – argued against rational planning or top-down approaches, but they faced problems in operationalizing their approach into specific goal-oriented schemes. Critical assessments of the present state of wicked problems research conclude that “there is extensive literature on complexity and wicked problems, but limited efforts to link sets of ideas in thinking about their implications for systems” (Waddock et al., 2015: 996). For this reason, ‘second-generation’ wicked problems thinking (Head, 2019) aims for a better framing of problems and the further development of analytically more precise tools to define dimensions of wicked problems, such as conflict, complexity, and uncertainty (Termeer et al., 2019), as well as for introducing governance models that can navigate these processes. Viewing wicked/systemic problems simply as organizational or technological

challenges, in any case, has been found to lead to unintended consequences that might be worse than the disease. The effectiveness of Gates’ approach – not his positive intent though – can be questioned for these reasons. For instance, what to think of the role of the ‘military’ in the Gates approach? Second-generation wicked problems theory shows that challenges are not only related to government roles or technological issues, they require the involvement of the whole society (state, market, civil society, knowledge institutes).

The relatively chaotic manner in which the pandemic has been addressed to date further exposes the systemic problems related to the way that globalization processes have been navigated over the past 30 years. In a way, systemic problems re-iterate Rodrik’s ‘globalization paradox’ (2011), which argues that it is impossible to simultaneously attain hyper-globalization, national sovereignty, and democracy. Gates’ reference to military approaches to the pandemic illustrates a more technocratic ‘solution’ to Rodrik’s globalization paradox, in this case applied to a concrete challenge like a global pandemic. It might result in the creation of a vaccine – let us hope so – but will not address the root causes of the global pandemic. So, how to move beyond COVID-19 while at the same time moving to more resilient societies?

Following complexity/wicked problems theory, we argue that the paradox, and thus a systemic crisis like COVID-19, *cannot be resolved*, but needs to be *navigated* along three lines: (1) a governance challenge: how to fill a multitude of global governance gaps in an increasingly volatile and uncertain (VUCA) world to increase the speed with which pandemics can be addressed; (2) a systems challenge: how to take the systemic nature of the pandemic into account without simplifying it too much; and (3) a strategic challenge: how to align countries’ and companies’ strategies to advance resilient and sustainable societies. To tackle these three challenges, we call for a revamping of the Sustainable Development Goals (SDGs) as a navigating platform and frame for helping societies move beyond COVID-19 by adding to their resilience. We argue that the SDG agenda offers three valuable ‘logics’ – a number of valid rules of inference that can help identify and classify arguments and their validity (Ruigrok & van Tulder, 1995) – that induce a transformation towards more sustainable and resilient societies beyond COVID-19.



The next section of this paper discusses how COVID-19 presents a stress test for the SDGs (Section 2). Then we argue that the SDGs offer distinct logics that are arguably the best chance available the world has for achieving a sustainable transformation on a global scale (Section 3). Yet, operationalizing these logics requires tackling hurdles, which are discussed in Section 4. Finally, Section 5, discusses relevant implications.

### COVID-19: A STRESS TEST FOR THE SDGS

Arguably the most promising initiative to cover the systemic nature of the COVID-19 pandemic has been the introduction of the SDGs in 2015. The SDG approach introduced 17 laudable and interrelated goals, supported by 169 measurable targets to be obtained by the year 2030. They can also be framed as introducing a novel ‘logic’ to wicked problems that takes globalization ‘trilemmas’ in an increasingly VUCA world into account. This logic is particularly relevant for the business–policy interface.

The SDGs were promoted as a “blueprint for shared prosperity in a sustainable world – a world where all people can live productive, vibrant and peaceful lives on a healthy planet” (UN, 2019). And while the SDGs originated in international public policy, they directly affect the operations of companies. The SDGs translate imminent sustainability risks, societal needs, and global ambitions into ‘business solutions’ for sustainability (Business & Sustainable Development Commission, 2017). In the words of former Unilever CEO Paul Polman: “SDGs provide the world’s long-term business plan by putting people and the planet first. It’s the growth story of our time.”

Since the COVID-19 pandemic hit the world, the United Nations (UN) raised the stakes for the SDGs. It views the SDGs as “vital for a [COVID-19] recovery that leads to greener, more inclusive economies, and stronger, more resilient societies” (UN, 2020a). Achieving the SDGs would bring about a safer, more stable world with fewer natural and manmade hazards, thus lowering the likelihood of future crises occurring. They simultaneously aim to ‘leave no one behind’ (UN, 2015), which implies that, once the SDGs are achieved, people and societies will have become more resilient to crises when they do strike (e.g., Walker & Salt, 2012).

COVID-19 presents an excellent stress test for the 2030 Agenda. Reports on the first phase of the SDG agenda (2015–2020) show unequivocally that

progress towards achieving the SDGs has been slow in all parts of the world (Sachs, Schmidt-Traub, Kroll, Lafortune, & Fuller, 2019; UN, 2019, 2020a). The UN claims that this lack of progress has aggravated the severity of the current crisis. The UN Secretariat’s May 2020 SDG progress report bluntly explains: “what began as a health crisis has quickly become the worst human and economic crisis of our lifetime. (...) Had we been further advanced in meeting the SDGs, we could better face this challenge – with stronger health systems, fewer people living in extreme poverty, less gender inequality, a healthier natural environment, and more resilient societies” (UN, 2020a: 2, 11). Yet, critics of the SDG agenda had already argued that the SDG agenda itself was ill-conceived and not apt for the job. It was too ambitious (“promise all good things to everyone”; Lomborg, 2018: 501), or not ambitious enough (van Tulder, 2018). The slow pace with which the SDGs have been embraced and implemented, in this view, provides evidence of design flaws.

COVID-19 is exposing the fragility of the 2030 Agenda. Various commentators have started to wonder whether we should not just rethink the world’s sustainable development strategy (e.g., Naidoo & Fisher, 2020; Nature, 2020). For instance, Naidoo and Fisher (2020) expect progress on the SDGs to further worsen due to COVID-19, arguing that the world needs to better define priorities and probably focus on a few broad strategic goals rather than all 17 SDGs. A Nature (2020) editorial goes further to proclaim it is time to revise SDGs, in order to make the goals more achievable.

Others are not so sure. Responding to the Nature (2020) editorial, Bhattacharya, Kharas and McArthur (2020) stated that “great feats are rarely a product of lowered ambition”. And great feats are sorely needed to transform towards sustainable societies beyond COVID-19. Adding to that, and in response to criticisms on the operationalization of the SDGs, various intergovernmental agencies supporting the SDGs (e.g., OECD, UNDP, UNSTATS, WHO, World Bank) have been trying to improve the relevance of the underlying indicators and theories of change. Moreover, in reaction to the slow progress, in 2019 – and even before the pandemic entered the global stage – the UN announced the 2020–2030 era to be a ‘decade of action’ for the SDGs.

In this context, the stress test that the present pandemic provides to the SDG agenda materializes

in two directions. First, the extent to which the chosen governance approach can address the kind of pandemic challenge that we face – better than other approaches; the kind of ‘intelligence’ that the SDG approach brings to the fore on addressing complex/wicked problems; and possible insights into corporate interventions that are needed to address the pandemic and help MNEs in stepping up the pace of their contributions to sustainable development. Second, the COVID-19 stress test also helps to identify hurdles and areas of ‘improvement’ in the interaction between government policies and MNE strategies. We consider both directions, and argue that the SDGs provide three unique logics for transforming towards sustainable and resilient societies beyond COVID-19.

### THREE SDG LOGICS FOR SUSTAINABLE TRANSFORMATIONS

Achieving the SDGs proves challenging and goes too slowly. However, the global adoption of SDGs in 2015 also mobilized researchers, international organizations, and statisticians to investigate what it takes to accelerate sustainable development. The pooled efforts in the 2015–2020 period around the SDG agenda – leading to a wave of reports, road maps, websites, national initiatives, and implementation tools around common themes – has seriously increased the ‘intelligence’ of the world community in creating more sustainable and resilient societies. We can thereby identify three ‘logics’ that SDGs provide, which facilitate a sustainable transformation during this crisis and beyond: a governance logic, a systems logic, and a business policy logic.

#### Governance Logic: The Relevance of Setting Goals and Measuring Progress

After their global adoption in 2015, the SDGs became the leading global framework of sustainable development. The SDGs define priorities that apply to all countries around the world, defined during an extensive multiple stakeholder process and political negotiations (Kharas & Zhang, 2014). The 17 SDGs represent an international agreement, understood as soft international law (Persson, Weitz & Nilsson, 2016), that governs sustainable development through setting goals (Biermann, Kanie & Kim, 2017). The SDGs can be understood as a goal-based institution that mobilizes all actors in societies – including governmental, corporate, and civil society agents – to advance specific

dimensions of sustainable development (van Zanten & van Tulder, 2018). The SDGs consequently provide a ‘hybrid’ governance system that specifies ‘pathways’ to leverage innovation and partnering as ways to achieve the SDGs, rather than by generically prescribing ‘one-size-fits-all’ measures into hard laws. Hybrid governance presents perhaps the best – and in any case the most realistic – approach to global (‘wicked’) sustainable development challenges, which feature complex governance problems (e.g., Ostrom, 2010). The present pandemic is no different.

Implementing the novel goal-based governance logic of the SDGs requires tracing how well countries are achieving them. To this end, the UN Statistical Commission adopted a framework that comprises 232 indicators that measure countries’ progress towards the 17 SDGs and their 169 underlying targets. This measurement framework is so ambitious that the President of the 70th session of the UN General Assembly called it an “unprecedented statistical challenge” (MacFeely, 2020). However, although the data gaps are vast – of the SDGs’ 232 indicators, 72 are not regularly compiled by countries, and another 62 even lack a methodology or standards for data collection (MacFeely, 2019) – the past years witnessed a tremendous concerted effort to collect and provide statistics on countries’ progress towards the SDGs. So-called ‘guardian’ organizations for the SDGs, like ILO, UNDP, World Bank, and national statistics offices, undertook substantial efforts to harmonize their databases. These efforts, which are ongoing, thus fill knowledge gaps for tracking SDG indicators.

A view on the SDG indicators that are measured to date illuminates how countries’ slow progress on the SDGs increased their vulnerability to COVID-19. For instance, the SDG Index, published by the Sustainable Development Solutions Network and the Bertelsmann Stiftung, ranks country progress on each of the SDGs, including numerous SDG targets (Sachs et al., 2020). It reveals that, apart from Australia, Norway, and Sweden, no country is on track to achieve SDG 3 – Health and Wellbeing (Figure 1). It also unveils that many countries that were hit hard by COVID-19 faced additional sustainable development challenges. For example, in the United States (which in August 2020 accounted for some 25% of all COVID-19 cases, but only 4% of the world population), 36% of adults are obese and the richest 10% of the population accumulates 1.76 times more income than the poorest 40%. The

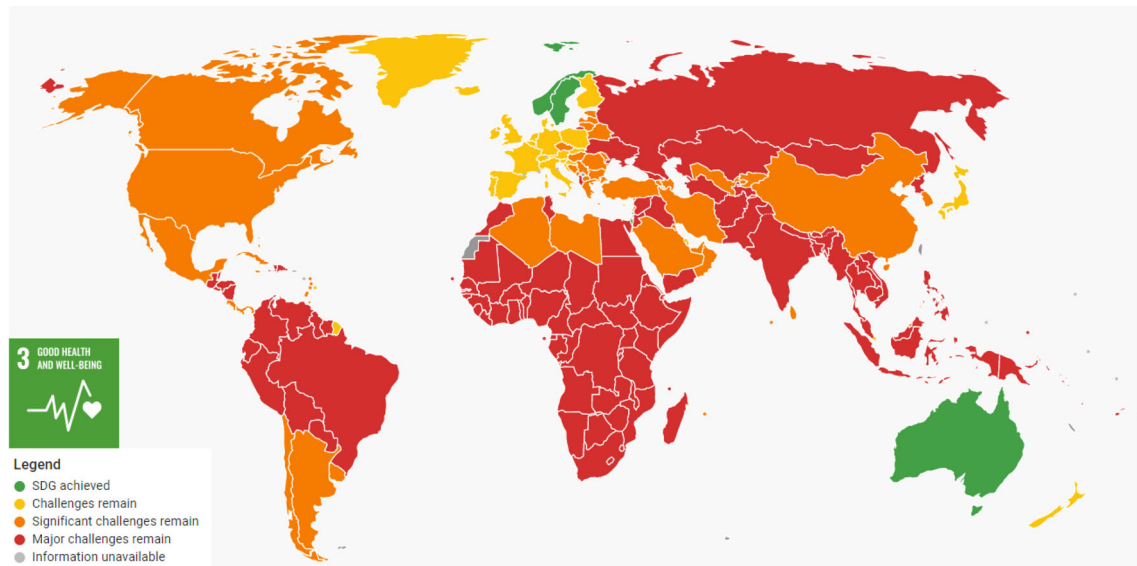


Fig. 1 Countries' progress towards achieving SDG 3. Source Adapted from Sachs et al. (2020)

prevalence of health challenges combined with societal inequality undoubtedly exacerbated the burden of the disease in terms of morbidity and mortality in that country.

As the UN forcefully argued, the world would have been better able to battle COVID-19 if more progress had been made on the SDGs. SDG governance logic works by setting goals and measuring progress to continuously steer policies towards achievement of those goals. This allows for identifying pathways that work but also for unearthing areas requiring improvement (see, e.g., Eden & Wagstaff (2020) for a discussion on evidence-based policymaking in the context of SDG 5 – Gender Equality). In monitoring and evaluation theory, this approach is also known as ‘back-casting’, and provides a different logic than ‘forecasting’ or ‘foresight’ techniques that are usually applied to measure progress (cf. van Tulder, 2018).

### Systems Logic: Managing Interactions between the SDGs

At first sight, the SDGs seem to be 17 distinct goals, with each of them trying to solve an individual sustainability problem, like hunger, biodiversity, or poverty. However, nearly all sustainability challenges facing the world are deeply entwined, and therefore systemic in their nature (Chapin, Kofinas, & Folke, 2009; Leach et al., 2018). Consequently, tackling sustainability challenges requires systemic solutions that manage interactions (nexus) between multiple SDGs, rather than an alleviation

of symptoms associated with targeting individual SDGs.

A closer look at the SDGs, acknowledged in the 2030 Agenda for Sustainable Development, reveals that they “are integrated and indivisible and balance the economic, social and environmental dimensions of sustainable development” (UN, 2015, p. 1). This indivisibility causes the SDGs to share diverse, positive and negative, interactions (e.g., Nilsson, Griggs & Visbeck, 2016). Positive interactions indicate that contributions to one SDG promote progress on another SDG. Negative interactions arise when positive impacts on an SDG reduce progress on others. For instance, alleviating poverty (SDG 1) may positively enable people to escape hunger (SDG 2); while industrialization (SDG 9) typically negatively impacts climate action (SDG 13). Such interactions between SDGs elucidate the systemic nature of sustainable development challenges. They also operationalize a systems logic that promotes viewing sustainable development challenges as inherently interconnected, whereby the interconnections between specific SDGs provide opportunities to accelerate sustainable development impacts. In the words of Gro Harlem Brundtland – name-giver to the most quoted definition of ‘sustainable development’– : “The true transformative potential of the 2030 Agenda can be realised through a systemic approach that helps identify and manage trade-offs while maximising co-benefits [between SDGs]” (Independent Group of Scientists, 2019: xvii)

The systems logic that the SDGs provides stands in contrast to dominant scientific and policy approaches to sustainability. Traditionally, policymakers adopt silo-ed approaches in which they tackle one sustainability challenge at a time, with little regard to its interactions with other sustainability challenges. Silo-ed approaches are appealing: they are clear, they helpfully delineate responsibilities, can be measured, and their clear-cut nature facilitates policymaking (e.g., Boas, Biermann, & Kanie, 2016; Giddings, Hopwood, & O’Brien, 2002; Obersteiner et al., 2016). This is no different during crises. However, a major problem in using silo-ed approaches to sustainable development challenges – including at the start of systemic crises like COVID-19 – is the tendency to respond in an improvised – non-coordinated – manner, by only addressing the direct expressions, or symptoms, of the crisis. This can exacerbate negative sustainable development impacts.

COVID-19 underscores how important a systems logic is to solving sustainability challenges. The transmission of the virus from animals to humans had been propagated by environmental degradation (UN Environment, 2020), while the spread of the virus across populations is closely linked to inequality: people living in poverty and those having underlying health conditions – which are correlated – are most vulnerable (Ahmed, Ahmed, Pissarides & Stiglitz, 2020). In turn, the economic crisis that followed the pandemic is estimated to

fling 400 million people below the \$1.90 poverty line (Sumner, Ortiz-Juarez, & Hoy, 2020), while the number of people who are likely to face acute food shortages is likely to double this year to 265 million (FAO & WFP, 2020). Overall, COVID-19 impacts nearly all SDGs, while, conversely, progress on SDGs would help to mitigate the pandemic’s blows to human well-being (Naidoo & Fisher, 2020). Wicked problems theory shows that systemic problems make it extremely difficult to separate causes from consequences or direct and indirect effects of interventions. Popular research techniques, such as, for instance, randomized control trials (e.g., Banerjee, Duflo, & Kremer, 2016), do not suffice under these circumstances.

The SDG framework and metrics makes it easier to intervene using a systems logic – also in times of crisis – in two ways, by mapping possible interaction effects and by prioritizing possible intervention pathways. The COVID-19 crisis provides a clear case in point. The SDG project makes it possible to map the consequences of the crisis instantly. Figure 2 shows this assessment made by UN DESA (UN, 2020b) in the midst of the start-up phase of the pandemic. The systemic effects in this picture are qualitatively described, but the SDG database that covers countries, sectors, and even regions (to a certain extent) makes it possible to further quantify major effects. For instance, the severity of the effects of COVID-19, according to a UN DESA (2020) policy brief in June 2020 (#78) is influenced

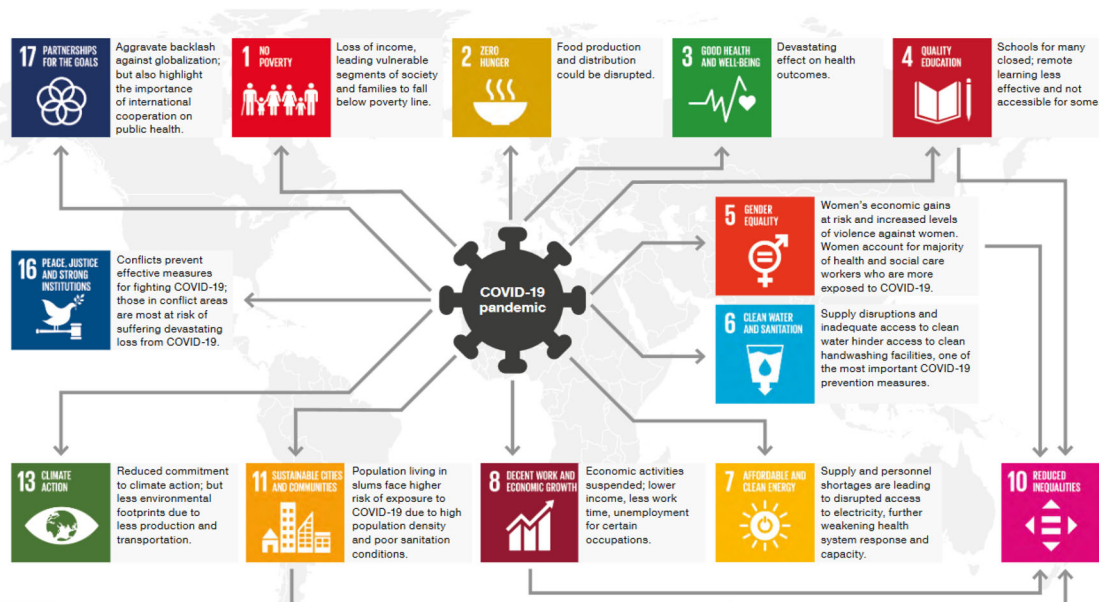


Fig. 2 Systemic effects of COVID-19 viewed through the SDGs. Source: UN DESA, reported in UN (2020b)



by the extent to which countries booked progress on the SDGs prior to the pandemic in numerous – systemic – ways:

- SDG 3 (good health and well-being): lack of health care workers, insufficient health facilities and medical supplies, high mortality rates from NCDs and air pollution which increase risks
- SDG 6 (clean water and sanitation): 1 in 4 health care facilities lack basic water services; 3 billion people lack soap and water at home
- SDG 9 (industry, innovation and infrastructure): some 46% of people are without internet access needed for remote education and health services
- SDG 11 (sustainable cities and communities): more than 1 billion people live in slums with crowded housing and no running water; overcrowded public transport
- SDG 15 (life on land): over 1/5 of the Earth’s land is degraded; the number of species at risk of extinction continues to increase; wildlife trafficking has put lives at risk through exposure to zoonotic diseases

This kind of mapping exercise also provides benchmarks for interventions beyond the ‘health topic’ (SDG 3) and consequently make it possible that the ‘logic’ can also be reversed: turning the arrows around can help prioritize systemic interventions with a positive (mitigating) effect on COVID-19 related issues: (1) address poverty (provide a minimum income for perhaps a year in developing countries as has been proposed by the IMF); (2) make food systems more resilient by sourcing more locally (SDG 2), and a different organization of the food value chain (also impacting SDG 12 - not included in the UN DESA map); and (3) reduce income inequalities (SDG 10) which has an indirect effect on COVID-19 and is mediated by SDG 11 (contribution to more equal, resilient cities) and SDG 8 (decent jobs and economic growth), via sustained attention to gender (SDG 5) and education (SDG 4).

For example, if school reopening is made possible by restricting the access of girls to education, then the longer-term effects on public health (and climate change, as proven by other research) might be extremely negative.

### **Strategic Logic: Enabling Companies to Promote Sustainable Development**

The SDG agenda has facilitated a sea change in corporate sustainability practices – at least in the

framing of ambitions and activities. MNEs have been engaging with sustainable development topics for a long time. Yet definitions on what sustainable development really means, and which objectives are most important to pursue, were lacking. Consequently, corporate sustainability practices tended to be rather coincidental: they hardly integrated sustainability objectives into companies’ core strategies (Baumgartner & Ebner, 2010). Moreover, the discourse between sceptics and supportive researchers and policymakers has generally been organized in separate circuits – with hardly any cross-referencing between them, therefore causing syntheses of insights to be lacking. Furthermore, separate circuits of micro-level (business) and macro-level (policy) research have proliferated. This is problematic, both from a business and a policy perspective: ad hoc and fragmented corporate engagement with sustainability challenges is unlikely to deliver effective solutions, and neither is it likely to fulfil corporate sustainability’s potential to contribute to the company’s bottom-line.

The advent of the SDGs in 2015 provided businesses with a clear logic for aligning their corporate sustainability strategies with the world’s most pressing sustainable development challenges. For the first time in history, the 17 SDGs and their underlying targets gave an integrated understanding of what sustainable development means, and which objectives are to be pursued by all countries around the world, no matter how rich or poor they are. This frame also made it possible to reverse the logic for companies in considering development issues: from one defined by ‘problems’ to one (also) defined by business opportunities.

For instance, achieving the SDGs is argued to present an annual US\$12 trillion investment opportunity (Business & Sustainable Development Commission, 2017). Achieving the SDGs requires investments, as well as technological and managerial innovation, that can deliver on the goals. Businesses are well positioned to provide these inputs and to consequently seize these opportunities and reap long-term rewards (Hajer et al., 2015). In this sense, SDGs reflect business opportunities that are waiting to be seized. This is akin to the discourse on the business opportunities at the ‘bottom of the pyramid’ (Prahalad, 2004). As a global ‘consensus’, the SDGs made it easier for companies (at the micro-level) to engage with, and contribute to, (macro-level) policy objectives, allowing companies to strategically think about their role in addressing sustainable development

challenges – while also keeping track of progress (or lack of it). Moreover, the global recognition of SDGs – and their colorful logos – facilitate companies’ communication with stakeholders on specific sustainability objectives.

It is therefore not surprising that companies responded supportively to the global adoption of the SDGs (e.g., van Zanten & van Tulder, 2018). Surveys reveal that most large companies embraced the SDGs (PwC, 2018; WBCSD & DNV-NL, 2018), while policymakers recognize the power of the private sector. The UN reiterated the importance of the private sector when they proclaimed the 2020–2030 period as a “Decade of Action” for the SDGs, and identified the private sector as being able to make a difference between complacency and action. COVID-19 only increases the stakes for companies to help achieve the SDGs: these goals define long-term, sustainable, growth areas that align with policymakers’ agendas.

### **FROM SDG LOGICS TO SDG IMPACTS: ADDRESSING INTELLIGENCE HURDLES**

So, there is a case to be made for the usefulness of the SDG framework for guidance in times of systemic crisis: to raise awareness, but also to define ‘ways’ out of the crisis. The metrics are helpful and informative, as is the hybrid governance approach of the SDGs. It provides an alternative to the relatively chaotic and fragmented approaches adopted by most countries that do not cover the complex root causes of the crisis. MNEs can potentially act as big-linkers that connect policy objectives to societal impacts, provided they are also able to use the SDG framework to shape their strategies. We have already argued, however, that the SDG agenda is far from perfect. What are the main hurdles that need to be overcome in order to ensure that the three SDG logics lead to impact?

#### **Governance Hurdle: Sustainably Reforming during the COVID-19 Crisis**

The SDGs’ governance logic thrives on setting goals, creating policies to achieve them, and measuring progress over time in order to steer towards improved impacts. By adopting the SDGs, 195 countries set goals. Since 2016, 142 countries have presented Voluntary National Reviews (VNRs) to the UN, in which they monitor their progress towards implementing the 2030 Agenda (UN DESA, 2019). Interestingly, the US is the only G20 country that has not submitted VNRs yet – possibly

illustrative of the state of denial the country is still in. Yet, there is a key hurdle: COVID-19 increases the complexity of sustainable development governance, as policymakers have to create policies that simultaneously tackle interrelated health, economic, environmental, and social crises. Timely and intelligent policies are needed to steer through these crises and towards long-term sustainability and resilience.

Overcoming this hurdle requires governments to integrate long-term policy objectives – like the SDGs – with the short-term interventions required to fight COVID-19 and its socio-economic consequences. COVID-19 led to many governments adopting more active and interventionist roles than they could have ever imagined (on the basis of neo-liberal policies, for instance). However, will they simply mitigate the main consequences of COVID-19 and return to ‘business as usual’, or will they use the pandemic as a catalyst for transforming towards sustainable and resilient societies in line with the objectives of the SDGs? The European Union (EU) and the United States (US) offer different insights.

The EU is reducing the economic pain of the pandemic, yet it simultaneously emphasizes using the current crisis as an opportunity for long-term sustainability. For instance, the European Commission’s recovery instrument, comprising EUR 1.85 trillion (combining the EUR 750 billion recovery fund and reinforcements from the EU’s long-term 2021–2027 budget), looks at investing in sustainable, future oriented activities. The EU thereby actively links its recovery instrument to the European Green Deal – the continent’s growth strategy that strives to create the world’s first climate-neutral continent by 2050. The Green Deal focuses creating policies that facilitate a sustainable transition of diverse sectors, ranging from food production and biodiversity, to mobility, energy, and buildings (European Commission, 2020). Introducing the EU recovery instrument, European Commission President Ursula von der Leyen said: “The recovery plan turns the immense challenge we face into an opportunity, not only by supporting the recovery but also by investing in our future: the European Green Deal and digitalization will boost jobs and growth, the resilience of our societies and the health of our environment. This is Europe’s moment. Our willingness to act must live up to the challenges we are all facing” (European Commission, 2020). Hence, the EU is steering its recovery investments towards multiple SDGs within a longer-term budgetary and governance set-up.





In contrast, the present US government is seen to be fighting a short-term battle, aimed at mitigating the financial consequences of COVID-19 which negatively impacts various SDGs, thus presenting a challenge for a long-term, sustainable recovery. The White House’s decision to keep the economy running for as long as possible led to the US being one of the countries where COVID-19 spread particularly rapidly and severely around the population. And although the Federal Reserve and the federal government released significant support packages, they centered on conventional macroeconomic activities (for an overview, see Cheng, Skidmore, & Wessel, 2020) rather than actively pursuing opportunities that help shift towards a more sustainable future. Instead of sustainability, the Trump administration took COVID-19 as a pretext to ease environmental regulations and neglect social inclusion. Among other measures, It lessened environmental standards for major construction projects, it lowered fuel economy standards for cars (which is estimated to burn 2 billion barrels of oil), it encouraged new oil and gas exploration in national forests, and it opened a marine protected area to commercial fishing (Financial Times, 2020). Meanwhile, the US is expelling migrants, including children, from the country, using an emergency declaration citing the COVID-19 pandemic, allowing the administration to circumvent US law that would normally allow migrants to live with relatives while bringing their case through immigration courts (*The Guardian*, 2020).

These illustrative examples of the EU and US<sup>1</sup> reveal that it is possible for countries to take COVID-19 as an opportunity to accelerate a transition towards more resilient and sustainable societies. A long-term perspective, thereby, is a prerequisite. Progress must be tracked over time to gauge how well countries are doing on achieving the SDGs, and to subsequently steer towards improved impacts. The prognosis, based on the policies that are now being implemented, would be that the EU’s performance on the SDGs will further improve, while the US will fall further behind.

### Systems Hurdle: Escaping Economic Bias

The SDGs’ systems logic works through the interactions between SDGs, in which contributions to one SDG can advance, but also deteriorate, progress on another SDG. Tackling sustainable development challenges requires targeting the interactions between the SDGs rather than focusing on

individual goals. How can SDGs’ systems logic be operationalized in order to create bigger impacts?

To date, the SDGs suffer from a lack of a systems approach to their implementation. Arguably the biggest challenge plaguing the SDG agenda is the priority given, in theory and practice, to SDGs that drive economic growth compared to SDGs that promote social development and ecological sustainability (Gupta & Vegelin, 2016). Economic growth sustains livelihoods and helps fight poverty (Dollar & Kraay, 2002; Dollar, Kleineberg & Kraay, 2013; World Bank, 2018), but is also linked to increasing inequality (Ravallion, 2001, Stiglitz, 2019), climate change (IPCC, 2018), and widespread extinction of animal species (IPBES, 2019). Hence, growth does not automatically translate into improved well-being. So, when companies’ and countries’ priorities are focused on economic growth (SDG 8) and industrialization (SDG 9), there is a real risk that other SDGs, most notably those aiming to improve equality (SDG 10) and the environment (SDGs 12–15), are undermined.

For the SDGs’ systems logic to be operationalized, this economic bias must be avoided. Scholars and policymakers have identified various “SDG transformations” that can achieve this objective. For instance, Sachs, Schmidt-Traub, Mazzucato, Messner, Nakicenovic and Rockström (2019) introduce six SDG transformations in an effort to help governments, civil society, science, and business implement the SDG agenda. The six transformations are: (1) education, gender and inequality; (2) health, well-being, and demography; (3) energy decarbonization and sustainable industry; (4) sustainable food, land, water, and oceans; (5) sustainable cities and communities; and (6) digital revolution for sustainable development (Sachs et al., 2019a, b).

Economic activities can be used as a lever for advancing these transformations. Companies can undertake numerous types of economic activities, ranging from agriculture and mining to manufacturing and marketing. These economic activities sustain livelihoods and produce goods and services that help people attain a better life, but they also create negative externalities. Different types of economic activities thereby impact different SDGs. They thus also influence each of these SDG transformations. We recently investigated how the economic activities undertaken by companies impact SDGs, in order to assess how a systems approach to the SDGs can be operationalized (van Zanten & van Tulder, 2020).

At an overarching level, the findings reveal that economic activities bring ample opportunities for advancing the SDGs. Most are sources of economic productivity (SDG 8) and drive industrialization (SDG 9), while many individual economic activities create and/or distribute goods and services that help people meet their basic needs (SDGs 2, 3, 4, 6, 7, 11). However, negative impacts are widespread, most prominently afflicting ecosystems (SDGs 14 and 15), driving climate change (SDG 13), and harming human health (SDG 3). Yet, these interactions vary widely across individual economic activities. Agriculture activities, for instance, feed the world, thereby having clear potential to help achieve SDG 2 (zero hunger). However, they also account for some 70% of water withdrawals globally, which raises concerns for SDG 6 (water and sanitation), just as the use of fertilizers and pesticides threatens SDGs 14 and 15 (life on land and below water). As another example, electricity generation promotes SDG 9 (industrialization). However, if electricity is generated through non-renewable sources, SDG 13 (climate action) is at risk, while SDG 3 (health and well-being) may be harmed due to air pollution. Estimates suggest that, in China, 15 million and, in India, 11 million years of life lost can be avoided by eliminating power generation emissions (see van Zanten & van Tulder, 2020 for a discussion and synthesis).

Understanding how specific economic activities promote, but also hamper, each of the SDGs is imperative for escaping the economic bias that currently plagues the SDG agenda. Such an understanding allows for promoting economic activities that drive SDG solutions, and limiting economic activities with undesirable negative externalities. Managing these impacts of economic activities on the SDGs with the SDG transformations (cf. Sachs et al., 2019a, b) holds potential for creating systemic change.

### **Strategic Hurdle: From SDG Intention to SDG Realization**

The SDG agenda has led to companies enthusiastically embracing the SDGs, yet they seem to face a real hurdle in incorporating and implementing the SDGs into corporate strategies. While most large companies have embraced the SDGs (PwC, 2018; WBCSD & DNV-NL, 2018), they primarily adopted SDGs that positively link to their present business models. These are easy to legitimize to stake/shareholders and represent a continuation of ‘business as usual’ (van Zanten & van Tulder, 2018).

In response, organizations like the UN Global Compact demanded companies to stop ‘cherry-picking’ SDGs (UN Global Compact, 2018), urging them to instead create proactive strategies that move beyond the status quo by contributing to a wider range of interlinked SDGs.

Companies’ supportive uptake of the SDGs facilitated quite detailed analyses on how companies contribute, as well as on the hurdles that constrain the extent of their positive impacts. The main picture shows that companies prioritize SDGs focused on economic growth, industrialization, and responsible consumption and production (SDGs 8, 9, 12). Least prioritized are SDGs that can be considered enablers of systemic change, like SDG 1 (poverty), SDG 2 (hunger), SDG 10 (inequality), SDG 14 (life below water), and SDG 15 (life on land) (e.g., PwC, 2018; UN Global Compact, 2020; WBCSD and DNV-GL, 2018). Interesting results also arise in the context of COVID-19. For instance, a 2020 UN Global Compact study concluded that, except for the financial services sector, all sectors ranked SDG 3 (good health and well-being) in their top five most prioritized SDGs. In the healthcare and life sciences industry, SDG 3 is, unsurprisingly, featuring much more prominently, with 93% of the companies ranking this SDG on top. Yet, companies in various sectors are also found to have difficulty in taking action on SDGs, particularly in terms of setting concrete targets, even on SDGs that strongly link to their business models (UN Global Compact, 2020). Another finding of recent surveys is that many companies identify their positive impacts on the SDGs, yet few companies also consider negative impacts (WBCSD and DNV-GL, 2018; UN Global Compact, 2020).

The main hurdle for improved corporate impacts on the SDGs thus refers to overcoming the intention–realization gap (van Tulder, 2018). A 2018 World Business Council for Sustainable Development (WBCSD) survey among its members found that companies lack a thorough understanding of the business case that the SDGs represent. This is the main barrier to aligning core operations with the SDGs. Companies “are struggling to articulate the business case within their own operations” (WBCSD, 2018). A 2019 survey by UN Global Compact and Accenture among 1,000 CEOs of the world’s largest companies corroborated that finding, and observed that one in three CEOs cite ‘lack of market pull’ as the top barrier to sustainable business, while over half said they faced the ‘key trade-off’ of operating under extreme cost-



consciousness versus investing in longer-term strategic objectives that are at the heart of sustainability (UN Global Compact & Accenture, 2019).

Embracing but not implementing SDGs creates a particular danger: that of unintended “SDG washing”. Green-washing, blue-washing, and white-washing practices out of ill-intent have been relatively well covered in the literature. Companies’ current SDG engagement hints at a different logic. Positive intentions (embracing the SDGs) coincide with poor execution. Embracing SDGs seems, in many cases, to limit further progress through so-called ‘moral self-licensing’ processes (van Tulder, 2018). Such processes lower the willingness to learn and to create strategies that advance more complex SDGs. In practice, this mechanism plays out as follows: once the SDGs are included in corporate communication materials, many companies seem to sit back, thinking that the ‘SDG box’ has been ticked, even though this would be the time to step up and start strategizing and steering, in order to ensure that corporate strategies advance the SDGs, and simultaneously translate into long-term, sustainable business models. Overly positive reporting on UN and national websites (as part of national voluntary reporting exercises) reinforces the ‘self-licensing’ effect that intentions are more important than realizations.

Crossing this hurdle requires companies to integrate the SDGs into their entire organization: from the upper echelons (executive committee/board), to product development and R&D, and corporate strategy. Yet, to date, the SDGs are primarily owned by companies’ sustainability, communications, or corporate affairs departments (PwC, 2018). Hence, it is no surprise that companies find it hard to reap the long-term, sustainable, business opportunities that the SDGs are said to represent (Business & Sustainable Development Commission, 2017). Moreover, companies then face the need to operationalize the first two logics that the SDGs represent. Following the governance logic, there is a need to set goals that delineate the contributions that the company wants to make, and to continuously measure and steer progress towards achieving these goals. At the same time, the SDGs’ systems logic must be implemented: companies must manage the positive and negative interactions between their activities and the SDGs in order to increase the likelihood of advancing multiple SDGs

at the same time, while reducing the likelihood of trade-offs (e.g., van Zanten & van Tulder, 2020).

### IMPLICATIONS: BEYOND COVID-19

Milton Friedman once famously said: “Only a crisis – actual or perceived – produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around” (Friedman, 1982:7). We have argued in this contribution that there are a number of very interesting and relevant ideas surrounding the SDG agenda. We have assessed how these ideas can be operationalized to move beyond the present crisis and transform towards sustainable and resilient societies that are better able to withstand imminent future crises (e.g., climate change, biodiversity loss, inequality).

COVID-19 presents a stress test for the SDG approach. It reinforces the relevance of the SDG agenda. For better or worse, the SDG agenda presents the best possible approach to managing COVID-19 with the objective of ensuring that, now and in the future, human well-being is met while safeguarding ecological and economic sustainability. The SDGs are a global agreement between all UN member states, which incorporates feedback from numerous stakeholders in civil society and the private sector. A shared agenda and the formulation of common goals is what is needed for transformations beyond COVID-19 and towards sustainability and resilience. Yet, the COVID-19 stress test also reiterates the need to remain critical about some of the basic flaws in the design of the SDGs, as well as in the ways in which companies embrace them. If addressed inappropriately, the risk of SDG washing looms large. This then likely reinforces partial and improvised policy approaches to the present crisis, which will only prolong its duration and is bound to present even larger problems for societies and MNEs in the immediate future.

To operationalize the ideas that the SDG agenda represents, we argued that there is a need to go deeper than simply addressing individual SDGs. To that end, we identified three ‘SDG logics’: a governance logic; a systems logic; and a strategic logic. These logics mobilize the metrics, create collective intelligence, and present intervention repertoires in support of innovative systems approaches that can move societies beyond COVID-19 and towards

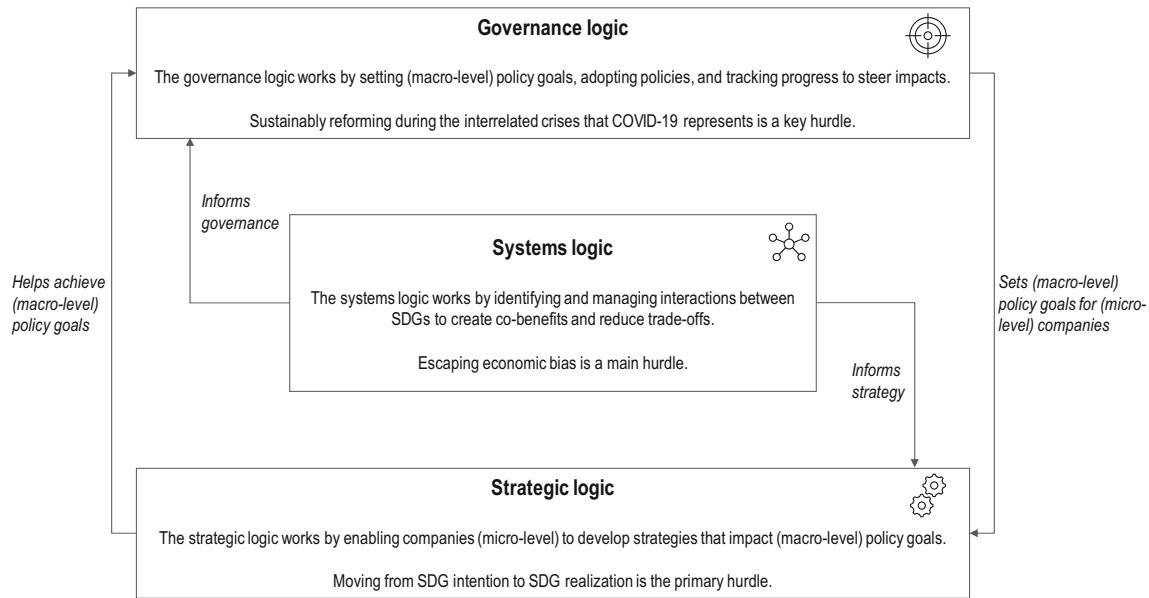


Fig. 3 Three SDG logics for transforming towards resilient and sustainable societies.

more resilient and sustainable societies. These three logics address the trilemma of the present stage of globalization (cf. Rodrik, 2011) and help to navigate societies and companies to reap the benefits of today’s VUCA society, while at the same time mitigating its threats. These three SDG logics need to be addressed concurrently and collectively, while their hurdles must be tackled as part of the proposed ‘decade of action’.

We summarize these SDG logics, their hurdles, and the ways in which they strengthen one another in Figure 3. The governance logic works towards achieving the SDGs from the top down, and influences companies. Companies, in turn, work towards achieving the SDGs from the bottom up through the adoption of the strategic logic of the SDGs. The SDGs’ systems logic, finally, links the governance logic and the strategic logic. It provides insights into positive and negative interaction effects as a result of public and private approaches. The three logics, thus, also present an agenda for further research by policymakers and (international) business scholars. Further researching these three logics will help to step-up the pace of the SDG agenda. And, perhaps more importantly, it will help to prioritize those (smart) interventions that have the greatest potential for mitigating the effects of the pandemic, as well as

for identifying and supporting pathways that build a more sustainable and resilient global system

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**NOTES**

<sup>1</sup>This discussion is for illustrative purposes. It is not meant as an exhaustive analysis of the US and EU governance of COVID-19 and sustainable development nor as a statement on ‘right’ or ‘wrong’ policies. We can see, for instance, that, in the US, many local cities and states have actually embraced the SDG agenda. See, for instance: [www.brookings.edu/blog/up-front/2019/10/14/american-leadership-on-the-sustainable-development-goals](http://www.brookings.edu/blog/up-front/2019/10/14/american-leadership-on-the-sustainable-development-goals).



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