

Building economic resilience in the face of crises and climate

October 18 2023, by David Bradley



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Research published in the [*International Journal of Sustainable Economy*](#) has looked at the interplay between climate variability and the financial health of listed companies in Vietnam with a particular focus on the impact of the COVID-19 pandemic.

The researchers, Nguyen Thi Hoa Hong, Pham Thi Mai Huong, and Nguyen Yen Linh of the Foreign Trade University in Ha Noi, Vietnam, emphasize the importance of risk management for businesses during times of combined challenges. The work could have implications for other developing nations that are particularly vulnerable to the effects of [climate change](#) and not necessarily resilient in the face of a pandemic.

The team found that there is a negative correlation between [financial performance](#) of listed companies in Vietnam and the seemingly unrelated factors of atmospheric pressure, humidity, precipitation, but also the number of COVID-19 cases. Variability in [extreme weather conditions](#) and surges in cases of this lethal and highly infectious disease led to worse financial performance and increased economic risks for many businesses in the region.

There are broad implications of the research for businesses in the developing world. The work suggests that companies should primarily adopt measures to mitigate against the [impact of climate change](#) particularly with a view to protecting themselves when global events might worsen outcomes.

Historical events such as [financial crises](#), wars, and pandemics have already shown us that we live in an inherently uncertain world. Climate change, with its erratic weather patterns, is now adding an additional layer of complexity that not only exists alongside such uncertainties, but can exacerbate the problems those uncertainties bring.

The team suggests that companies need to take proactive steps in the face of crises and in order to protect their business and mitigate the negative impact of such crises. Measures such as investment in weather-resistant infrastructure and [drainage systems](#) are now needed as well as a deeper understanding of the putative detrimental effects of climate change.

The researchers point out that adaptation strategies ought to be developed to improve company resilience. They add that the diversification of sourcing and production and the use of improved technology for decision-making might all play important roles in coping with emerging crises in the face of climate change.

More information: Nguyen Thi Hoa Hong et al, The effects of weather variability on the performance and risk of Vietnamese listed companies: evidence from the COVID-19 pandemic, *International Journal of Sustainable Economy* (2023). [DOI: 10.1504/IJSE.2023.134230](https://doi.org/10.1504/IJSE.2023.134230)

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