



How do Multinational Companies Assume New Social Responsibilities under the COVID-19?

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ABSTRACT

This research study mainly focuses on the impact of Covid-19 on multinational companies and the development of new social responsibilities. They mainly analyze the pre and post responsibilities of multinational companies in terms of normalizing the organizational situation in a pandemic. The research method utilized in the assessment is legal norm analysis which helps in identifying the gap in the corporate social responsibilities. The background problem is based on the research about the corporate social responsibilities before the pandemic in China and other multinational organizations which have been considered an integral part of organizational success. However, after the pandemic, these social responsibilities become more essential. In this research paper, the previous strategic approach and new development in corporate social responsibilities have been analyzed in order to overcome the negative consequences of a pandemic on society. The new development of law enforcement in regard to new organizational structure and working environment has been discussed to improve social responsibilities. The correlation between the performance of the MNEs and pandemic outbreaks has been identified. Therefore, this study significantly proposes the need for legal policies and legislation to rebuild corporate social responsibilities after the covid-19 outbreak.

Keywords: Normalization, Social responsibility, COVID-19 pandemic.

1. INTRODUCTION

The outbreak of covid-19 has a unique and unprecedented impact on the social responsibilities of Multinational organizations. According to the research by Pan et al., the pandemic influenced international business, national economies, and all walks of life around the globe [1]. It is also highlighted that covid-19 also changes the consumption patterns of consumers all around the world. The outcome of the pandemic increased the social responsibilities of the new start-ups and multinational organizations. Soon after the spread of the virus, the world went through a complete lockdown, and all businesses and companies' shut down their work. Based on the agenda of corporate social responsibilities, companies did not want their employees to keep their lives at stake for their business. It was discussed in the research written by Hitt et al. that pandemics also influenced the production and operational activities of MNEs in China and other countries [2]. For all MNEs, the external pressure or a strategic choice for transformation is assumed to be an efficient approach for the development of social responsibility. The new

mission for the inevitable choices for changes in strategic choices results in developing efficient outcomes for the organizational goal. The aim of this research paper is to focus on the normalization of the pandemic through a transformation in the strategic choices and organizational structure. The prevention, control regulation, and strict observation of the human population will help in achieving a pre-outbreak way of life.

Therefore, in the context of social responsibilities, the MNEs are guided to overcome the pandemic impact by introducing new missions and organizational structures. According to the research by Uyar et al., the structural performance theory was one of the effective approaches to corporate social responsibility [3]. The significant impact of a pandemic on the structure of MNEs, their behavioral response, and fulfillment of social responsibilities are considered essential.

2. PROBLEMS IN SOCIAL RESPONSIBILITIES OF MNEs

In this section, the main focus is on the problems that are related to social responsibilities and the requirement

of legal policies for intervention. Before the covid-19, the social responsibility of the MNEs was quite different from what it is today. In the past few years, organizations have experienced fundamental changes in the relationship between business and society and corporate responsibility activities. Both corporate and social responsibilities are parallel and considered an important part of organizational success. So far, social responsibility has mainly been a response to the management of consumers, social factors, affiliation with large enterprises, and governmental policies. There are several social responsibility problems that need to be fulfilled by multinational companies including, legal, economic, and ethical issues. The legal regulation that needs to be done corresponding to the social responsibilities includes the mandatory use of masks in the work environment [4]. Other than masking the sanitization within the enterprise on the regular basis is also important. All the legal norms contribute to forcing MNE to become more environmentally and socially responsible. Under this broad perspective of legal norms, multinational companies need to implement them. According to the research by Sládek & Sigmund, the new Teleworking laws need to be implemented to regulate remote workers which significantly help in responding to the pandemic [5].

However, before the pandemic outbreak, most of the leading MNEs conducted responsible responses against these prominent issues along with employee conditions, health and welfare protection, product liability and consumer rights, environmental pollution prevention, and control. By using legal policies such as preventive measures and teleworking laws, policies for regulating and facilitating employee health and safety standards can be achieved. Some of the environmental problems include the use of chemical products for protective clothing materials results in responsibility performance problems and management problems. These problems need to be governed using effective legal rights and interests that are infringed upon by layoffs. All the multinational companies before the pandemic have realized the importance of the strategic outcome and being socially responsible. However, the research by Gulema & Roba portrayed the debate on the corporate responsibility of large MNEs and their response to developing countries and emerging markets [6]. It had been argued that social responsibility should be considered a priority. The scope of social responsibility should not be only on MNEs but also widen the scope for SMEs in order to motivate domestic companies. However, it is crucial to achieving the optimum outcome of social responsibility if companies do not have efficient technology, environmentally friendly inputs, training for employees, and prevention for social progress.

3. ASPECTS THAT ARE REFLECTED AND ROLE

This section discusses the role of social responsibility for MNEs in their business decision-making that changed after the epidemic as it became quite difficult for businesses to manage both internal and external matters. In addition, the performance deficiencies and all other aspects have been analyzed based on legal reforms. However, the pandemic made MNEs suffer a major hit, hence making it even more difficult for companies that were originally experiencing difficulties in fulfilling their social responsibilities. For example, managing the labor standards, community relationships, stable working environments, engagement with stakeholders, and responsible sourcing are all important for them. According to the research by Ullah et al., the social responsibility of MNEs mainly focuses on the performance deficiencies related to work health and safety, human rights, controlling corruption, and climate change [7]. Many MNEs before the pandemic were not following effective policies of social responsibilities, due to which they gradually perished during the pandemic. Before covid-19, their social responsibility mainly focused on training and employee motivational programs which provide sustainable outcomes. Although, some MNEs have been able to survive after the covid-19 because of their effective social responsibilities. However, the fulfillment of social responsibilities after covid was prioritized by multinational companies as compared to the other aspects of other corporate development. The social responsibilities in most MNEs were limited to consumers' wellbeing, demand and supply chain management, and controlling corruption. However, the lack of resources and technological implementation in the business process influenced the fulfillment of social responsibilities during the change. These issues result in the problem of environmental management, employee and community relations, and good governance for multinational companies. According to the research by Mahmoud & Mohamed Ehsan, workplace safety and health assurance was the key achievement of socially responsible organizations [8].

Within this context, there are so many Chinese companies who experienced these social responsibility issues including "Alibaba", which is one of the leading e-commerce companies in China. Alibaba promoted socially responsible business even before covid-19 and designed efficient responses against rural development, environmental protection, digital empowerment, and public welfare. However, the main question arose about how they managed to transform their business during the pandemic. The transformation in the organization is one of the biggest challenges that require a rebuild of the complete corporate ecosystem in order to fulfill social responsibilities and gain opportunities.

The social responsibility prior pandemic also focuses on the smooth flow of labor force, capital, and logistics in order to achieve effective relationships with employees, consumers, and suppliers. The critical management of social responsibility influences business activities. The corporates were more active in regard to capital investors, market shocks, public opinion, and policy pressure. The MNEs that are tech-oriented such as Alibaba, Huawei, and Xiaomi in China, are a few examples of MNEs leading technological development all around the globe. According to the research by Brem et al., the Chinese market offered efficient technologies and innovation in a domestic and international market hence making it socially acceptable [9]. Along with the massive operational approach of MNEs around the globe, they need to focus on their social responsibility factors. Before covid-19, all tech-oriented companies in China and other countries were based on efficient governmental and industrial policies which supported social responsibility factors. However, the factor of globalization has provided great benefits for the companies to grow even after the covid-19 and transform their business and social responsibilities through an efficient technological approach. The good use of technological characteristics helps in constructing an efficient business model, which later on helps in reducing the impact of a pandemic on MNEs. According to the research by Villena et al., Apple was one of the leading Multinational companies which successfully focuses on the highest standards of social responsibilities across the worldwide supply chain [10]. Even before covid-19, they provided a safe working environment, treated their employees with dignity, and promoted an environmentally friendly process. However, few of the MNEs mainly rely on human resources in their operating model, due to which they experienced great difficulty while transforming during the pandemic. Hence, it can reduce the room to talk and mitigate the difficulties in corporate social responsibility management. Some of the industries, such as tourism and catering, were greatly affected by the pandemic situation. The social responsibility concern continues to grow in the pandemic period in order to survive the external shocks.

4. IMPACT OF THE COMPANY ON SOCIETY

The changes in the dimensions of organization brought by the corporate social responsibilities are mainly based on the legal policies and laws which have a direct impact on society. It mainly corresponds with the trends of social responsibility before and after the pandemic outbreak. Soon after the pandemic, organizations experienced major changes in the working environment and organizational structure in three ways. Firstly, the implementation of good governance laws and legality for the management of employees of an organization. This can be achieved by setting the original

workplace into work-from-home or Teleworking Law enforcement. This is because of the need to effectively control pandemics and the spread of viruses from one person to another. Hence, most MNEs focus on their teams to work from home or remotely. However, facilitating the risk of working from home is guided through the up-to-date policies and business laws. According to the research by Sun et al., the report and statistics show the increasing rate of Chinese employees working remotely from home [11]. However, this new development in the working environment has both advantages and disadvantages. It can be observed that remote working has reduced the enthusiasm of teams, and they lack effective communication and exchanges about the project. On the other hand, it can be observed that remote working has improved the productivity rate by promoting the habit of working in own comfort zone. Although, it has been identified in the research by Ratten that due to the change in the working environment, the Group's cultural activities can be organized under normal conditions. The cost of communication and business operation has significantly reduced increasing the productivity rate [12]. However, in concern with social responsibility, changing the working environment of employees can protect employees from the virus. However, in another sense, the alienation has arisen between organizational teams, and work affiliation and communication have been interrupted.

Secondly, in order to cope with the spread of the pandemic, it is important for the organization managers to re-establish and build an effective policy to manage the business operation under effective social responsibility policies. The problem of working conditions and employee relationships from remote workplaces will be challenging. However, the implementation of online regulation and feedback portals will ensure the connection of employee and community relationships even if they are not working from the original workplace. Social welfare and employee welfare are important aspects of remote team management, where the government provides financial assistance to those in need, and the implementation of regulatory and feedback policies will improve employee outcomes, thus making organizations socially responsible during and after the pandemic. However, it has been argued in the research by Srivastava & Agarwal that the spread of covid-19 has prompted changes in many industries along with MNEs [13]. However, it has been stated that social responsibility in terms of rethinking corporate positioning after the pandemic has improved the external work environment. The business strategies of MNEs in China and all around the world mainly depend upon the current market demand and mainly consider long-term development. In this context, MNEs can significantly take advantage of the pandemic situation in order to manage their teams and reduce operational and energy costs while being socially responsible.

Thirdly, the core teams in the MNEs need to focus on the future development of their employees who are working remotely from home. In the context of social responsibility of the corporate, it is important for the organization to implement methods of showing concern towards the vulnerable employee and stakeholders. Showing commitment and gratitude towards employees will help in reducing their fear of replacement due to the pandemic changes. According to the research by Bertoni et al., it had been stated that the rise in high-tech companies during the pandemic had influenced the outcome of human-based enterprises [14]. Due to the increasing demand for tech-oriented business operations, the pace in “artificial intelligence” against traditional labor is increasing the concern of the employees and prompting entrepreneurship for the future development of employee careers. However, the effect of COVID-19 has influenced the level of struggle and reaction of people to fight for their health and overcome their financial crisis. In this difficult time, the social responsibility of MNEs is redesigned to face uncertainty and promote a work structure that keeps their employees strongly committed to their work and keep supporting one another. However, it has been identified in the research by Eriksson that whether there is a convention to update the law society or to correspond to business is important to have new legislation [15]. In order to fight against the COVID-19 pandemic, MNEs play a significant part in the legal, economic and social fabric of a country. Based on the analysis of growing pressure from society, MNEs are looked upon by social organizations and government bodies. They are guided to adopt socially responsible behavior and rebuild their corporate social responsibility (CSR) policies to overcome the impact of covid-19.

Particularly, in MNE companies, they are seen as responsible for undertaking initiatives that do help their employees and customers in the sense of supporting the whole community or society. Before the pandemic, global disasters like "Asian Tsunami", "Hurricane Katrina", "Weather Damaged Crop", "Haitian Earthquake", and "Rana Plaza Collapse" have influenced the communities. Similarly, it has been observed that the COVID-19 pandemic's severe consequences also affect the rate of poverty and disparities within society. It is important for the organization and respective organizations to pay special attention to physically or economically vulnerable people during this time. The vulnerable societies are considered to be at greater risks and uncertainties for their health which could result in affecting their economic condition. Therefore, for the protection of society, it is important for the leading companies and MNEs to consider social protection their absolute priority. Through the effective integration of corporate social responsibilities, companies and non-governmental organizations (NGOs) can offer help and active support to communities.

However, based on the current situation of a pandemic, the importance of social responsibility has increased. The literature in human resource management

also enlightens the domain of social responsibility towards the employee working in the companies. The CSR initiatives are constructed after the pandemic in the MNEs in order to develop positive attitudes, work commitment, job satisfaction, and organizational outcomes even after the changes in the working environment. It had been identified in the research by Staniškienė & Stankevičiūtė that employees were the dominant stakeholder of organizations, and their wellbeing should be considered a priority [16]. However, the social responsibility initiatives promote a positive attitude of the employees, which results in enhancing the business growth, the corporation's reputation, and better community and social welfare development. The aim of social responsibility initiatives during and after the pandemic is to attain the economic, environmental, and socially sustainable goals for the MNEs. However, the beneficial outcome has been identified by analyzing the data on employee engagement in the initiative of corporate social responsibility.

5. PROPOSED MEASURES

5.1. Implementing Internal Governance

However, the implementation of internal governance policies helps in amending the work environment, protecting the rights and interests of employees, restrictions on the conditions of layoffs, internal constraints, distribution of masks, and factory disinfection. The amendment in management rules includes wearing masks to help employees to ensure the standard of living. It is important to normalize problems of environmental management, employee and community relations, and good governance for multinational companies due to a lack of technological and management resources. The reconstruction of the CSR model after the covid-19 pandemic is important to the implementation of new and effective management and governance approach. The pandemic situation can be used as a reference for normalizing the epidemic outcome on social responsibilities. Radical changes have been experienced throughout the world after the covid-19. Furthermore, the economic and social aspects of the MNEs are considered interdependent. However, it has been observed that economic, legal, and ethical responsibilities are parallel which remains the highest pursuit even after the pandemic. Social responsibility, as the covid-19 normalizes, is the strategic choice of the MNEs. MNEs that are already working in the competitive market had multiple dimensions of corporate social responsibilities before the pandemic. It mainly included “corporate strategic decision-making” and “corporate operating philosophy,” which significantly help in optimizing the response to the external and internal forces.

5.2. External Governance

With the unexpected lockdown and outcome of a pandemic on everyday life, the corporate experience external shocks and gap in its business operations. The pandemic influenced the supply chain process, logistics, decreased demand, and insufficient distribution process. All these outcomes result in forcing the MNEs to focus on their corporate culture, philosophy, sales, services, and production methods. However, in the future, the aim of the MNEs should be to protect and fulfill the social responsibility by developing the internal and international laws implementations [17]. This can be achieved by amending sustainable policies and legal reforms which help in managing the preventive methods for health safety. There will be some improvement in internal laws that could be of interest to many MNEs in the future for the timely implementation. Firstly, multinational companies in China and all around the world need sustainable policies for employee development and safety such as internal and external laws [18]. The implementation of emergency laws, health laws, and fair enforcement can be effective. It is important for MNEs to consider the socially responsible strategies of safety measures of wearing masks, using sanitizers, and serving the community in diverse ways. The social responsibility of managing labor issues includes employee treatment, self-quarantine methods, employee termination, and post adjustments. The aim should be supervising fines or taxes, or giving subsidies in reference to legal regulation which prevents any restrictions and obstacles for the organizations in the future. Besides, it is a good way to focus on social welfare policies and strategic implications to justify the national security and public health exemptions to fulfill their social responsibilities MNEs.

6. CONCLUSION

It can be concluded that corporate social responsibilities and legal reforms improve the MNE's concern towards the people and help in developing effective theory and overcoming performance deficiency. However, as a solution, it is important for multinational companies to focus on their long-term development in order to obtain employee support and law enforcement for regulation. Customer support and public recognition also contribute to the future success of the business, which also determines the significance of policies and strategies used by organizations. It is also important for MNEs to prioritize the safety and health of their employees. The effect that is expected is to achieve efficient social responsibilities by organizations to pay attention to the employment situation in various business activities. This will help the organizations identify where they lack including, legal, economic, and ethical issues, and provide multi-dimensional training for employee benefits and legal reforms. Secondly, the pandemic era

has also affected the outcome of MNE's employment and production methods. Some of these processes include labor replacement, integration of technological advancement in management, using artificial intelligence, and future development trajectories.

For future research, the aspect of social responsibility needs to be focused on the activities of responsible employees who play an intrinsic role in the creation of sustainable development of the work environment for employee success. Meanwhile, it is important to place importance on human development for the integration of existing technology and resources. This will help to address the problem of unbalanced social development and also empower the underdeveloped group of people. However, after the outbreak of the pandemic, most of the MNEs showed great responsibility towards the initiatives of social responsibilities and spared a lot of effort in donating money and organizing volunteer activities. To survive in the future with any other pandemic, MNEs need to ensure their health and safety policies which can contribute to the battle against future problems.

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