

# *Continual Covid-19 Impact and Business Sustainable Development-The Case of Alibaba*

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**Abstract:** Purpose - Although the peak of the new crown epidemic has passed, the epidemic continues to affect it. In the postepidemic era, how companies maintain a certain degree of influence is essential. Therefore, the call for sustainable development and corporate social responsibility is becoming increasingly important. At present, some research has been done on how a certain company can develop sustainably in the postepidemic era, but it is still extremely limited. Therefore, this article analyzes and studies Alibaba's sustainable development strategies in the post-epidemic era. Design/methodology/approach - This article focuses on analyzing the “two dimensions” and “two aspects” of Alibaba's corporate sustainable development, and also uses corporate data to analyze the results of the group's use of sustainable development strategies. Corporate social responsibility refers to the obligation of enterprises to protect and promote the welfare of the whole society when making management decisions. At the same time, it also searched for social data. From an overall point of view, the company uses sustainable development strategies and pays attention to the results of corporate social responsibility. Findings - From the relevant data, Alibaba Group has not been affected in the postepidemic era after using the sustainable development strategy. At the same time, corporate social responsibility efforts can reduce operating costs in the long run, mainly in the following seven aspects: negative elimination, ESG integration, and shareholder participation strategies. Originality/value - The research focuses on the Alibaba Group's contribution to sustainable development and corporate social responsibility. It is more targeted than the entire commercial industry and analyzes the problems more profoundly. Moreover, the company is representative in the industry, and its sustainable development strategy can be used as a reference for other companies in the industry.

## 1. Introduction

The new crown epidemic in 2020 has caused large losses to human lives and has also had a large impact on the global economy. The World Bank stated in the semi-annual Global Economic Outlook that affected by the new crown pneumonia epidemic, the global economy is expected to

shrink in 2020 5.2%, the most serious economic recession since World War II. Under the epidemic situation, sustainable development is the direction that must be adhered to.

Table 1: Global COVID-19 infections

Country	Population (Hundred Million)	Number of infected (Hundred Million)	Proportion
USA	3.32	0.99	29.82%
Japan	1.26	0.26	20.63%
Germany	0.83	0.37	44.58%
Korea	0.52	0.28	53.85%
Italy	0.59	0.24	40.68%
France	0.67	0.38	56.72%
UK	0.67	0.24	35.82%
India	13.93	0.45	3.23%
Mexico	1.30	0.72	55.38%
China	14.13	0.93	6.58%

Date source: World Health Organization

As can be seen from the table 1 above, the global epidemic situation is serious, under such circumstances, enterprises are undoubtedly the main force in social and economic development, and how enterprises assume corporate social responsibilities is particularly important[1]. However, the starting point of an enterprise should not only focus on how to maintain or develop its economy under the influence of the epidemic, but should also take into account economic factors such as the social environment and ecology. Because this way, the corporate image can be fundamentally improved, and the corporate brand and reputation in the industry can be built. Studies have shown that many companies have created "new" business models, such as extending their current product lines and turning to the production of epidemic prevention supplies. Implement cross service, online and offline synchronization sales[2-3].

Sustainable development also requires companies to rationally allocate resources while satisfying various needs while taking into account the economy, society, ecology, and environment. The goal of an enterprise should not be limited to considering the interests of shareholders, but should focus on how to create value for shareholders. "When sustainable development is incorporated into the corporate development strategy, I don't think it will force us to choose between long-term and short-term development" (Unilever CEO Alan Jope said). An enterprise must not only have a long-term thinking model, but also boldly predict the future and formulate corresponding strategies. It must also dare to innovate and find a path suitable for its own development[4].

Therefore, this article takes Alibaba Group as an example to analyze how the group combines corporate social responsibility with the concept of sustainable development under the continuous impact of the epidemic, as well as the company's response strategies in the post-epidemic era[5].

## 2. Literature Review

### 2.1. The Impact of the New Crown Epidemic in Companies and Their Response Measures

At the beginning of 2020, a sudden new crown pneumonia epidemic disrupted the pace of people's lives. It caused a series of social and economic reactions, such as the shortage of medical resources, the national allocation for disaster relief, the traffic shutdown and the production of various industries[6]. In the severe situation of the new crown epidemic, how companies will be

affected and how to respond effectively has become a hot issue of general concern in the current theoretical and practical circles[7]. Based on this, this article analyzes the impact of the epidemic on companies and proposes measures for companies to respond: more than 40% of companies choose to take loans to solve the problem. Method: More than one-third of the companies may delay payment of goods and reduce staff and wages, and some companies may adopt methods such as obtaining government subsidies, realizing liquid assets, or introducing new shareholders to cope with the cash flow shortage. A very small number of companies will take negative measures to suspend production and business, as shown in Table 2.

Table 2: COVID-19 unemployment situation

Country	The number of people who lost their jobs due to COVID-19 (Ten Thousand)
USA	300
Japan	178
Germany	240
Korea	42
Italy	44
France	351
UK	73
India	1800
Mexico	100

Date source: Sina.com

In the chart above, the number of people who have lost their jobs due to COVID-19 is very high in other countries except China. In order to study the impact of the new crown pneumonia epidemic on enterprises and explore possible response strategies, a survey was carried out. The results of the survey verified the necessity and timeliness of my country's new coronavirus pneumonia epidemic response policy. Based on the survey results, the following suggestions are made: establish a loss sharing mechanism, strengthen the dynamic tracking analysis of the impact of the epidemic on economic development, accurately identify risk points, pay attention to the coordination and long-term effectiveness of policy effects, and actively promote the further development of the network economy[8].

Under the influence of the new crown epidemic, all walks of life have suffered unprecedented operating difficulties. Although the country and region have formulated and introduced many assistance policies and measures, this may not be "even rain and dew" for enterprises. Facing the impact of the epidemic, the urgent need of enterprises is to find a legal and effective way to save themselves quickly[9]. Starting from the current situation of the epidemic, this article puts forward corresponding suggestions on how companies can help themselves in the epidemic: create a "new" business model; implement cross-services; move from offline to frontline; flexible employment and optimization of internal strength; backing by big trees relying on policy support and so on.

## 2.2. Corporate Social Responsibility and Sustainable Development

The current market environment is very competitive, which prompts companies to use every business strategy to maintain their sustainable development. By grasping the changes in consumer views, it is found that corporate social responsibility can be one of its long-term survival strategies. From the charitable donations in social responsibility, the study found that companies are required to actively assume social responsibility in three aspects of society, the company itself, and customers. In view of this necessity, it provides overall recommendations and specific measures on

how companies should assume social responsibilities, aiming to enable companies to better assume social responsibilities[10].

Especially in recent years, the country’s inclination to green development policies and the institutional management of the company’s green development have greatly affected the company’s thinking on the direction of sustainable development. Only with long-term organic development can companies obtain higher benefits in many chain industries and create more benign corporate value. Corporate social responsibility is an important foundation for a company's sustainable development. The conscience of a company is a strong sense of social responsibility and moral mission, giving the company its due mission and responsibility to consumers. Social responsibility has become the key content of market competition, it is subtly changing the unspoken rules of market competition, and gradually changing the aspects of business operation and the potential driving force of development, and it has become an indispensable important for enterprise development.

Although my country's “Company Law” has already stipulated principles for enterprises to undertake social responsibilities, my country still faces many problems in fulfilling social responsibilities. This article puts forward suggestions for improving the performance of corporate social responsibility in our country: promote the government to formulate corporate social responsibility promotion strategies, improve corporate non-financial information disclosure systems, strengthen corporate internal control, reshape the role of shareholders and directors, and build an effective corporate performance society responsibility promotion system.

Corporate social responsibility will have a certain impact on the future growth of the company. This article takes Alibaba Group as an example, divides it into different stages according to its life cycle, and separately studies the impact of corporate social responsibility on the sustainable development of enterprises at each stage. ①In The initial stage, the fulfillment of the two dimensions of corporate social responsibility of customers and employees will have a positive impact on the sustainable development of the company; ②In during the growth period, the fulfillment of corporate social responsibilities at the levels of employees, shareholders, customers, and society will make the company sustainable development has a positive impact; ③In the mature period, the fulfillment of the five dimensions of corporate social responsibility of customers, employees, shareholders, environment and society will have a positive impact on the sustainable development of the company, as shown in Figure 1.

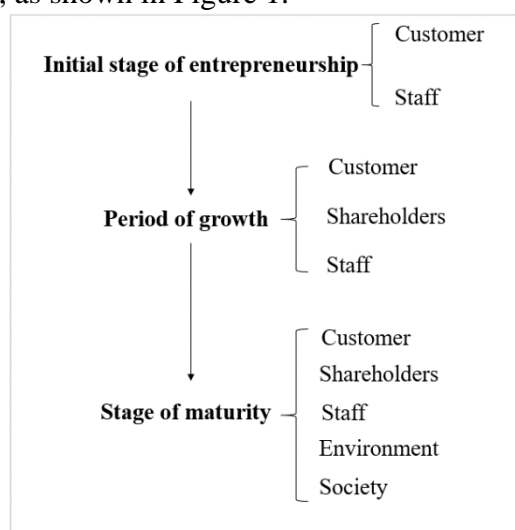


Figure 1: Alibaba’s life cycle relationship chart

### 3. Case Analysis

#### 3.1. The Continuing Impact and Trends Brought About by the Epidemic

An epidemic in early 2020 has undoubtedly brought a significant impact on the world. It is an extremely special year for any country in the world. The epidemic has caused a profound impact on the economy, society, and the environment. In the short term, it will affect the capital problem of the enterprise; In the long run, the epidemic has taught us that many Chinese enterprises are still fragile, with a single production model and product structure. Today, with the efforts of various countries to “fight the epidemic”, we have come to the post-epidemic era. Through their own efforts, the Chinese people have successfully fought against the new crown epidemic. As the country with the best epidemic control in the world, China's economy is gradually recovering. The table below shows the top three corporate social responsibility indexes in China, with Alibaba in the top three, as shown in Figure 2.

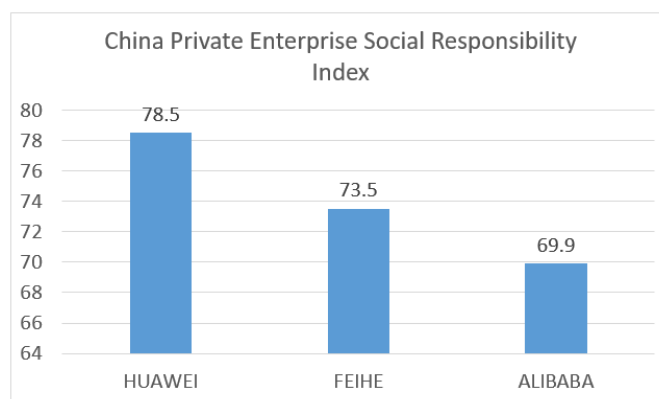


Figure 2: China’s top three private enterprise CSR index

In the postepidemic era, the global economic development mainly has the following trends: First, the eastward shift of the global economic center will not change. In the context of the “double cycle”, it has also brought China three major development concepts and opportunities of technology, ideas and innovation. Secondly, increasingly foreign businessmen are turning their investment eyes to the east. China's development in recent years can be described as a rapid progress. From proposing the concept of “One Belt One Road” to signing the 15-nation RCEP, China has never stopped cooperating and communicating with the world. In the post-epidemic era, Chinese companies are also actively thinking about sustainable development and always moving forward. Therefore, the following article will make a detailed analysis and discussion based on Alibaba's strategies for responding to sustainable development in the post-epidemic era.

#### 3.2. Alibaba’s Sustainable Development Strategy

In the post-epidemic era, if companies want to continue to develop, they should not only focus on current economic profits, but should pay more attention to corporate social responsibility. This is related to how companies find vitality from the crisis.

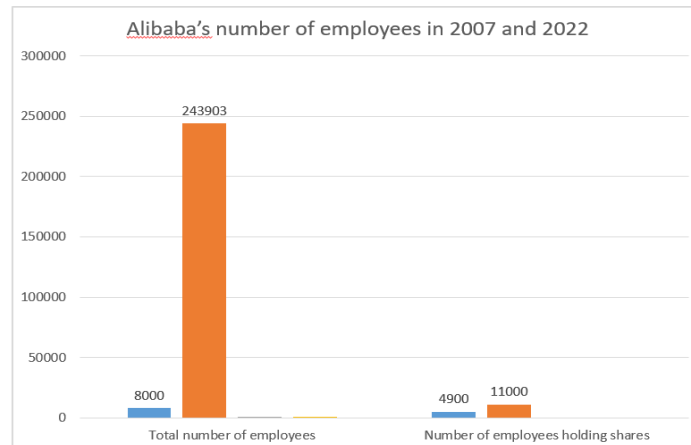


Figure 3: Alibaba’s number of employees

The figure 3 above is the comparison between the total number of employees and the number of employees holding shares. It can be seen that as the number of employees increases, the number of employees holding shares also increases, which fully demonstrates the people-oriented corporate culture of Alibaba. This is undoubtedly advantageous in the era of pandemics. Alibaba's response to the epidemic was divided into “two dimensions” and “two aspects”. “Two dimensions” refer to the internal response and external response of the company; “two aspects” refer to the positive and negative impacts encountered by the company.

How to deal with this epidemic within the enterprise, Alibaba Company from the perspective of “people”, uphold the people-oriented concept, that is, strengthen the humanistic care for employees, such as under the epidemic, continue to pay attention to the safety and health of employees, welfare insurance and holidays, overtime adjustments, etc., more humane adjustments and changes, so that employees always feel the company's attention to them. The external response of enterprises to the epidemic mainly includes timely disclosure of information between enterprises and local governments, keeping up with the pace of the government, in-depth interpretation of government policies through government support, and coordination and adjustment plans with upstream and downstream supply chain enterprises to successfully survive the epidemic survive and maintain a certain share in the market.

The threats encountered by companies mainly include the following aspects: First, in the post-epidemic era, with the popularization and development of artificial intelligence, companies may face the problem of employee turnover; and if the company stores cash in banks during the epidemic, or is to issue loans to collect corresponding interest, it may face the cash flow challenge of paying wages on time. On the other hand, if it involves retail services, you have to make corresponding adjustments in time according to the situation of the epidemic, such as changing the previous inherent business model, changing business methods, etc., to turn into a situation that is beneficial to the company itself.

#### 4. Conclusion

The concept of sustainable development not only requires companies to continue to operate in the post-epidemic era, but at the same time, they must also take into account social, environmental, and corporate governance goals, place corporate social responsibility in a more important position, and pay more attention to it. In addition to indicators other than profit, to build a corporate brand, it is also necessary to coordinate the relationship between various stakeholders. Corporate social responsibility is an important basis for the sustainable development of enterprises, sustainable

development and corporate social responsibility is a dialectical unity of the whole, on the one hand, corporate social responsibility can promote sustainable development, on the other hand, sustainable development also promotes the development of corporate social responsibility behaviour.

In contemporary times, the topic of corporate social responsibility has become a hot topic in society. It emphasizes the value of people and their contribution to the environment, consumers, and society. Corporate social responsibility is conducive to maintaining long-term relationship with stakeholders, enhancing competitive advantage and achieving sustainable development. It is currently in the third stage of corporate social responsibility, that is, the company implements social responsibility, realizing the dynamic balance of corporate economic responsibility, social responsibility, and environmental responsibility. This will enhance the corporate image and competitiveness, thereby gaining stakeholders' goodwill towards the company, Impression can enhance investors' willingness to invest, and it will be easier to attract more outstanding talents on large platforms. In the post-epidemic era, how companies can better achieve sustainable development and further enhance their corporate image while ensuring normal economic profits are what many companies should pay attention to.

Data shows that the company's efforts in social, environmental, and corporate governance can reduce the company's costs in the long run. It is specifically manifested in aspects such as negative elimination, ESG integration, shareholder participation strategies, standard rule screening, high-quality screening, sustainable development-themed investment, and impact investment. The following chart shows the trend of changes in operating costs from 2012 to 2018 after companies have made efforts in the above areas, as shown in Figure 4.

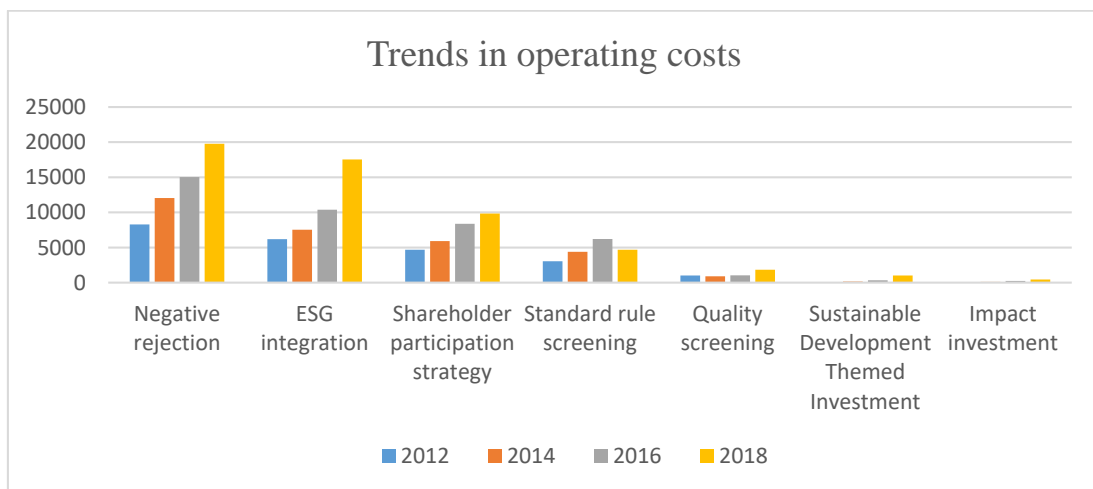


Figure 4: Alibaba 2012-2018 enterprise with different dimensions of operating costs

As a result, the following conclusions are drawn: First, companies must have the awareness and ability to quickly adapt to change and innovation. As an important part of the economy and society and an important factor affecting the ecological environment, it attaches great importance to the responsibility to the stakeholders. To ensure the sustainable development of enterprises at the same time take the initiative to assume more social responsibilities, create greater social value. Relevant data show that during the epidemic, more than 94% of catering merchants chose to close their stores. However, many companies still choose to transform traditional offline marketing into online and innovate, so that consumers can enjoy delicious food without leaving home. After strategic adjustments, the ever-expanding online sales business has hardly been affected by the epidemic and has even increased significantly. There are also companies that use more sustainable methods. Online business has reduced the cost of plastic packaging, recycled and reused old clothes, etc., and developed the original business. Second, companies should be prepared for danger in times of peace



and consciously build corporate resilience. Enterprises must continue to innovate and keep up with the pace of the times in order not to be eliminated by the times. That is, to innovate business models, extend product lines, expand markets, etc., it is necessary to add and strengthen creative awareness and innovative thinking in the corporate culture and cultivate the ability of corporate innovation to quickly adapt to market changes[11]. It also shows that the enterprise needs to change the concept of operation and management, reconstruct the organizational structure of the enterprise, stimulate the potential of employees, and set up the enterprise performance evaluation and incentive mechanism. Finally, companies must fulfill their social responsibilities so that they can gain group support from stakeholders when they encounter a crisis. To a certain extent, many crises come from the tension between human beings and the environment. Therefore, treating the environment well is also a responsibility that enterprises must perform during their operations.

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