

**INTERNATIONAL JOURNAL OF LAW**  
**MANAGEMENT & HUMANITIES**

**[ISSN 2581-5369]**

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**Volume 5 | Issue 4**

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**2022**

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# Promoting Sustainability, Social Responsibility and Good Governance in Corporate Performance in the Wake of the COVID-19 Pandemic

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## ABSTRACT

*The Indian corporate sector was severely hit by the pandemic. The system of governance changed suddenly. From daily office trips to work from Home Model to a Hybrid structure of working. Each mode of working has its advantage and a fair share of drawbacks. This brings us to the most important question and that is how can one increase corporate performance in the wake of different ESG parameters considering the deadlocks and hurdles created by Covid 19. This situation was worsened by the onset of the pandemic, and 2 massive lockdowns made the situation more critical. Around 4.5 billion dollars worth of losses were reported by the SME sector, which is the key driver and force behind India's GDP. This problem is made more complex when people start moving back to villages from cities, which makes them the potential carriers of the virus, risking the spread of the virus from cities to villages. Health structure cannot take that much load. All these issues when coupled with retrenchment and lay off by small enterprises give a cocktail of problems which need to be tackled. COVID-19 has taught us that data can be crucial and helps us fight any experiences in the future. To get back to the pre-covid level, corporations need to analyze their working strengths pre-covid and now. Time limits also have to be analyzed, considering the various extra regulatory approvals required after COVID-19.*

## I. INTRODUCTION

COVID-19 was a shock not only for the regular citizens but also for the corporate sector. In the last 2 years focus has been on increasing business activity and bringing them back to the pre covid levels and then thinking of any gain. But this seems to be a Herculean task in the wake of uncertainty about different variants of the deadly infection and other incidental issues such as sudden lockdown, low speed of vaccine in different regions and different dynamics of the corporate world.<sup>2</sup> The Indian corporate sector was severely hit by the pandemic. The system

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<sup>2</sup> INVESTOPEDIA, <https://www.investopedia.com/terms/e/environmental-social-and-governance-esg-criteria.as>

of governance changed suddenly. From daily office trips to work from Home Model to a Hybrid structure of working. Each mode of working has its advantage and a fair share of drawbacks. This brings us to the most important question and that is how can one increase corporate performance in the wake of different ESG parameters considering the deadlocks and hurdles created by Covid 19.

## **II. KEY CHALLENGES TO CONFRONT**

### **(A) Economic challenges**

The biggest challenge that companies today face is to revive the sluggish growth of our economy. The RBI in one of its reports in 2019-20 cited India's Real GDP to be 6.2%. IMF further decreased this by 1.3% to 4.8%. This situation was worsened by the onset of the pandemic, and 2 massive lockdowns made the situation more critical. Around 4.5 billion dollars worth of losses were reported by the SME sector, which is the key driver and force behind India's GDP. In the light of the lower economic strata, it is expected that social inequality will rise. This is expected because migrant labours were forced to leave their jobs and run back to villages, and thus the already poor were made poorer.

### **(B) Socio-Economic challenges**

India is a highly dense population, maintaining social distance and educating poor people on health protocols is a huge task, especially when 60 per cent of the population still resides in rural areas. The lack of health facilities makes the situation even grimmer. This problem is made more complex when people start moving back to villages from cities, which makes them the potential carriers of the virus, risking the spread of the virus from cities to villages. Health structure cannot take that much load. All these issues when coupled with retrenchment and lay off by small enterprises give a cocktail of problems which need to be tackled.

## **III. BATTLING COVID-19 WITH A SUSTAINABLE MODEL**

### **(A) Health is key to sustainable growth**

When we talk about sustainable growth, often the issue revolves around the environment and clean energy. But after covid, health has gained more prominence than ever. Consumer preferences became very clear, they started to focus more on healthy diets. Pollution became central to tackling Covid.<sup>3</sup> Climate change topics became more important. Preserving wildlife also started becoming a topic of discussion. Thus, it is clear that for any corporation to battle

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p (3<sup>rd</sup> June 2022)

<sup>3</sup> OECD, <https://www.oecd.org/governance/public-governance-responses-to-covid19/>, (3<sup>rd</sup> June 2022)

and survive in this era, they have to make more sustainable decisions keeping in line with changing consumer behaviour towards their diet and instilling a sense of public confidence.

### **(B) Focus more on Environmental issues**

Whether COVID-19 was a man-made virus or something that travelled from animals to humans, is a matter of research, but many scientists feel that the same could be transmitted from animals. This brings us to our second issue regarding sustainable growth, i.e., protecting wildlife. The frequent killing of wildlife is now posing threats to human mankind, the ecological balance gets disturbed allowing such virus to spread. Thus, regulators worldwide have to sit down and lay some policies that tackle the same.<sup>4</sup>

### **(C) Move towards digitization**

Digital Economy is the future, not only it is secure but more transparent. During the COVID-19 meeting, Google meet or Zoom was the only thing that helped the human race to fill the void created by the physical ban on meetings. Also, many employees felt the system of WFH was more convenient and more resourceful. They were able to give ample time to their families and were less stressed. Corporations post covid must realize that giving their employees flexible working options is the key to achieving proficiency.

### **(D) Be more Diverse and Inclusive**

One of the facets of ESG is social inclusivity and gender diversity. Before COVID-19 this phenomenon was not talked about, but after COVID-19, participation of weaker sections in the growth of the country is the need of the hour. During COVID-19, nurses and paramedic staff were at the forefront of our fight against COVID-19. Recently, India's ASHA workers were highly appreciated by WHO for their valuable contribution to tackling Covid. Many corporations need to be inclusive when it comes to hiring policy.<sup>5</sup> Women are not only employees but are also mothers and have a special responsibility towards their household, especially in India, thus a policy keeping all those factors in mind must be implemented.

## **IV. CRISIS MANAGEMENT AND GOOD GOVERNANCE**

After COVID-19, many businesses are again trying to come up to their feet and are focusing on a more ambitious projects. Whenever that happens, it is important to have a sound Governance policy in place. Corporations need to keep in mind that key projects that are strategically important must not be hampered, thus a sound risk mechanism strategy must also

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<sup>4</sup> *Id*, at 2

<sup>5</sup> OECD, *Supra* Note 2, at 2

be formed. This becomes more important during these uncertain times. Also, if in case there is another shutdown, this risk mechanism must be able to avoid any substantial loss or even avoid stalling strategic projects.

## **V. DATA COLLECTION IS THE KEY TO MITIGATING A DISASTER**

COVID-19 has taught us that data can be crucial and helps us fight any experiences in the future. To get back to the pre-covid level, corporations need to analyse their working strengths pre-covid and now. Time limits also have to be analysed, considering the various extra regulatory approvals required after COVID-19. During the Covid sound, Data helped India to predict the future and also helped them to come out of this disaster. Corporations also have to start collecting data not only of their employees but also concerning their business activity so that in case of emergency, it can help them to prioritize which project would require more focus and which would require less. COVID-19 has also forced many corporations to go digital majorly because of the contact policy. Digital data is much more reliable and can be stored for a longer duration of time without hampering its structure.

### **(A) Develop Public Trust Post COVID-19**

COVID-19 has changed the way people used to interact with each other. Corporations used to work majorly through Zoom platforms and Google meet. But post covid, people have started coming back to offices. One issue that many people see as a threat is their trust in the corporation's policy that will protect not only from the disease but, in case of another lockdown or economic disruption, the fear of losing jobs. Big MNCs can provide their employees with that job security, but small corporations still need to do a lot of work in that domain. Constant shifting of individuals from one entity to another hampers a company's growth<sup>6</sup>. Most of these shifting happens because companies are not able to formulate and instil in their employee's confidence concerning their future and their job security. So as soon as an employee receives a lucrative offer from another company, he tends to shift. This hampers not only the growth of the company but also of an individual. All this can stop if the corporations can provide a sound and reliable consideration and back up retirement benefit programs to their employees.

### **(B) Budgeting policy**

This aspect of Sustainable development along with keeping in mind the needs of the corporation is of paramount importance. The government must promote business to flourish, and this can happen only when regulatory approvals are fastened and taxes on corporations are

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<sup>6</sup> Lynn S Paine, *Covid 19 is rewriting the rules of Corporate Governance*, Harvard Business Review, 6<sup>th</sup> October 2020, <https://hbr.org/2020/10/covid-19-is-rewriting-the-rules-of-corporate-governance>

rationalized. An important aspect of sustainable growth is investing in green energy like Solar energy, wind energy and water energy. The corporation must be given tax benefits for investing in these cleaner fuel sectors and must be taxed to the least. Government must also encourage their citizens to actively move towards green fuel which will not only benefit the corporation as their investment would yield results but also improve countries reduce their carbon gas emissions and move towards zero carbon emission goal.

## **VI. SOCIAL BENEFIT PROGRAMS**

During COVID-19, many people lost their bread earners and now are left with no one to feed them. One important factor post covid for all corporations would be to shield their employees from any further threat which could hamper their social life. This can be done by providing sound social benefit schemes at their level and also at the hands of the government. Scholarship schemes for students who lost either of their parents or including death from covid or covid illness included in their insurance programs will help their employees to work with more freedom and security.

## **VII. CONCLUSION**

It is clear that similar pandemics are likely in the future, and hence lessons from this pandemic must be learned. Corporations must invest in ESG policies so that, in the future, if an uncertain situation arises, they can deal with it in a well-coordinated manner. ESG rules are intended to benefit not only employees but also the overall efficiency of the organization. Investing in greener energy, taking good care of your employees through social benefit programs, and oiling the governance side of the firm for improved efficiency is, therefore, the need of the hour and must be applied in its real sense so that overall company growth is equated with employee progress.

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