

STRATEGIC RESPONSES OF MNC TO THE COVID-19 EPIDEMIC: EXPERIENCES FROM CHINA AND POLICY IMPLICATIONS

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Abstract

This paper from the COVID-19 outbreak under the impact of multinational companies in China's strategic response, discussed the multinational company strategic response of longitudinal hierarchy and the combination of the horizontal dimension model, and according to different stages of COVID - 19 epidemic prevention and control for multinational company's strategic choice and the impact of the common rescue policy, finally further discussed the strategy of multinational corporations in China practice and enlightenment for the host country policy. This study can provide theoretical basis for multinational companies to formulate investment strategy, site selection strategy and strategic response, and provide policy inspiration for host countries to attract foreign capital.

Keywords

COVID-19; MNC; strategic response; China's experience; policy implications

1. INTRODUCTION

In the past decade, the national economy, including companies and individuals, has experienced a series of global crises. From the Asian financial crisis in 1998 to the bursting of the dot-com bubble in the early 2000s, to the global economic crisis in 2008, and the Fukushima nuclear crisis in Japan in 2011 is still a haunting memory. These crises often have a comprehensive impact on society, economy, nature and individuals. They are no longer confined to a single country or region, but often have global or cross-border impacts. The response depends crucially on differences in governance systems in the affected countries or regions. The COVID-19 outbreak earlier this year is affecting businesses and people around the world. At present, the epidemic in China has been basically brought under control and has entered a period of normal prevention and control, with work, production and school resuming in full swing. But the global epidemic continues to spread, and more and more governments are taking strong steps to save lives. At the same time, these dangers may threaten the institutional environment, undermine economic life, reduce corporate profits, threaten corporate survival and discourage new foreign investment. Given that China is both an important global market and a major producer, the current COVID-19 epidemic has had a negative impact on the operations of many international

companies. While it is too early to fully assess the consequences of the COVID-19 epidemic on the world economy, many multinational companies in China have already been hit. The industries covered include tourism, consumer industry, automobile industry, electronics industry, international trade and so on. While some disasters can destroy businesses, the impact of these disasters varies according to the governance capacity of different countries or regions and the severity of the disaster. Some governments may be better able than others to deal with the consequences of disasters. For example, in the great earthquake in Turkey in 1999, many lives and property losses were largely due to the poor construction of schools, office buildings and public facilities caused by the lack of effective government supervision^[1]. Research shows that institutional environment plays an important role in the location decision of subsidiaries of multinational companies, and it even surmounts other factors, such as market growth and barriers to entry^{[2][3][4]}. Although a large and growing body of literature focuses on the direct impact of national governance characteristics on corporate behavior^{[5][6][7]}. However, the current crisis has raised an important question for the study of transnational corporations, namely, how transnational corporations can effectively respond to the impact caused by the epidemic. In view of these problems and concerns, combined with the strategic response of multinational companies in different stages of

COVID-19 prevention and control in China, the main research contents of this paper are arranged as follows: The third part mainly constructs the transnational corporation under the impact strategic response model; The fourth part is the experience of transnational corporations in China and the policy enlightenment of host country; The fifth part is the conclusion of this paper.

2 MACRO IMPACT OF COVID-19 ON MNC

2.1 International Macroeconomic Environment

The outbreak and spread of COVID-19 has led to home quarantine orders in many regions and countries. As a result of social alienation, many consumption and investment activities have come to a near standstill, and the whole level of demand has suffered a serious decline, resulting in obvious inventory accumulation of enterprises and a severe impact on aggregate demand. Although the impact of the epidemic is short-term, the resulting economic recession will affect the confidence and expectations of businesses, which in turn will prompt companies to scale back investment, leading to a drop in global investment, and thus affecting the economy. OECD's interim report, "COVID-19: Global Economy Under Threat", said the global economy will grow at its slowest rate in a decade due to the COVID-19 outbreak. The report said world economic growth would slow sharply in the first half of this year and cut its forecast for 2020 to 2.4%, down half a percentage point from last November.

In March 2020, UNCTAD Global FDI Trends Monitoring Report showed that the outbreak and spread of COVID-19 will have a negative impact on global foreign direct investment (FDI) flows. On

the industry side, UNCTAD has calculated the earnings forecasts of the 5,000 largest multinational companies, which account for a significant share of global FDI. On the whole, these companies have lowered their 2020 earnings forecasts by 9% due to the COVID-19 epidemic. Statistics show that the profits of multinationals in emerging economies are more at risk than those in developed countries, with profits of multinationals in developing countries falling by 16%.

2.2 International Industrial Environment

From the supply side, during the shutdown due to the epidemic, the production activity decreased significantly in a short period of time, and the supply volume of the market decreased significantly. From the demand side, the impact of the epidemic on demand is different in different industry types.(1) positive impact: it stimulates the demand of pharmaceutical, mobile game, cloud computing and other industries.(2) the negative effects: one is limited by the implementation of personnel flow and contact measures such as reduced transportation, catering and tourism industry such as short-term demand, the second is the spread of the epidemic in the global slowdown in the global economic growth speed, reduce the consumers buy confidence and demand, the downstream demand, makes the product sales is a lot of pressure. From the perspective of the global supply chain, the impact of the epidemic on the global supply chain is mainly reflected in the difficulties in the supply of raw materials upstream, the continuous decline in the demand downstream, and the frequent obstruction of cross-border logistics. Once a certain link in the chain is isolated, the overall operation will be affected (Table 1).

Table 1 Changing trend of international industrial environment

International Industrial Environment	The Supply Side	Affected by the epidemic, raw materials, labor and other factors of production are blocked, factories are delayed to resume work, production activities cannot be carried out, and the construction of manufacturing, real estate and infrastructure basically stops.
	The Demand Side	Measures to restrict the movement and contact of people have reduced short-term demand for transportation, catering, entertainment, tourism and other industries; The global spread of the epidemic has slowed down global economic growth, reduced consumer confidence and demand, and put great pressure on product sales.
	Global Supply Chain	On the one hand, stricter inspection and quarantine have been carried out on international flights and the import and export of goods, and the transport of goods has been blocked. On the other hand, international talent exchanges, including business negotiations, upstream and downstream cooperation, and communication efficiency between engineers will all be

		affected by the epidemic.
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Source: Compiled by the author according to collected data.

3. STRATEGIC RESPONSE OF MNC IN CHINA UNDER THE IMPACT OF COVID-19

A growing number of studies have demonstrated the importance of catastrophic external shocks, including epidemics, on FDI. One is the positive impact view, which holds that the post-disaster economic recovery and the massive demand generated by reconstruction efforts will increase new investment by TNCs, and host governments are likely to respond with appropriate business-friendly policies, thus increasing FDI. A more general negative impact view holds that catastrophic external shocks will reduce MNC investment, which may stem from stakeholder concerns and rising management costs. The role of the former perspective of positive impact mainly depends on the analysis and assessment of the host country's ability to manage the epidemic and recover after the epidemic. The results of the survey show that governments cannot always prevent disasters, but they can minimize the impact of disasters by enhancing their ability to cope with the disaster. Therefore, in the face of the impact of the COVID-19 epidemic, if multinational companies in China only analyze the direct impact of the epidemic on the investment of their subsidiaries based on the one-sided assessment of the severity, a conclusion will be drawn that the epidemic has a negative impact on the company, thus further affecting the investment strategy choice of multinational companies. The correct response should be an in-depth analysis of how the host country will respond to the crisis and whether the government has the necessary capacity to respond effectively. This requires multinational companies to analyze the external environment, namely, political, economic, social and technical factor analysis (PEST analysis), which is conducive to fully understand the opportunities and threats of the external environment, so as to reshape their competitive advantages while coping with the outbreak of the epidemic. Internal factors such as MNC capacity for safety management, philanthropy and innovation may play an important role in coping with the negative impact of COVID-19. Therefore, the strategic response of multinational companies in China under the impact of COVID-19 needs to consider internal and external environmental factors on the one hand, and demonstrate their strategic adaptability at different levels on the other hand.

3.1 Strategic Response at the Vertical Level of MNC

3.1.1 Corporate strategic response

As an important strategic decision affecting whether the company will continue or even increase its investment in China, the main factors considered in the corporate strategy of multinational companies include: (1) confidence in the Chinese government's ability to control the epidemic. Zong Changqing, director-general of the Foreign Investment Department of The Ministry of Commerce, said on 21 February that in the long term and in general, the impact of COVID-19 is phased, and China's overall competitive advantage in attracting foreign investment has not changed, and the confidence and strategy of most multinational companies in investing in China have not changed. The international community will also expressed highly agree with measures of information management in China, before the director-general believe China's measures and epidemic prevention work to set up a new benchmark for all countries, and the international monetary fund (IMF) President highly affirmed the outbreak way of prevention and control measures, and return to work and production in China, for China's economic resilience expressed full of confidence. It has shown the Chinese nation's responsibility and courage, thus winning international praise. And multinational companies in investment location they will use quantitative indicators to assess the quality of the host country governance, these indicators including government effectiveness, regulatory quality, rule of law, voice and accountability, political stability and corruption, obviously the indicators for the Chinese government will get a high score, which is China's foreign investment since the reform and opening up continuously rapid growth of the important reasons. In response to many disasters, including this COVID-19 outbreak, the Chinese government has shown, in particular, high quality governance and a strong sense of social responsibility. Therefore, from this aspect, multinational companies in China are still full of confidence in investing in China. In the short term, they will be impacted to some extent, but in the medium and long term, they will definitely see further growth. (2) Confidence in the post-epidemic economic recovery plan. Investments always pay off, even higher. The epidemic has affected many aspects of social and economic life, especially the tourism, consumer industry, automobile industry and electronics industry. China accounts for about 20 percent of the world economy, and the impact of the epidemic has brought the world supply chain to a standstill, making it difficult for multinational companies to operate.

Under such circumstances, multinational companies in China will pay more attention to post-epidemic economic recovery plans in addition to closely assessing the Chinese government's ability to manage the epidemic. Despite the slight easing of the epidemic, the Chinese government has given top priority to prevention and control work, but has begun to resume work in an orderly manner. On this basis, the Chinese people, with one heart and one mind, will surely achieve an overall victory in epidemic prevention and control and in resuming work and production. Therefore, multinational companies in China are full of confidence in the economic recovery after the epidemic, and the strong development potential of the Chinese market will increase their confidence in further investing in China, continue to increase their investment in China strategically, and work with the Chinese government and people for common development and progress.

3.1.2 Strategic response of business layer

As an important part of the business layer strategy of multinational companies, corporate social responsibility strategy has become an important competitive strategy under the impact of COVID-19 epidemic. Regardless of consumers, customers, suppliers, local governments, industry associations and other stakeholders will pay close attention to the response of multinational companies under the impact of the epidemic, so as to affect the company's competitive advantage through trust relationship. Based on the results of three strategy choices, we discuss the business-level strategic response of MNC under the impact of the epidemic :(1) timely response vs. slow response. If the company fails to pay timely attention to the outbreak, it will miss the opportunity to be concerned by stakeholders and lose the trust of stakeholders. All stakeholders have an expectation about how the company will respond to the epidemic. According to behavioral economics theory, when the actual implementation falls far short of this expectation, the company will become very disappointed and choose to alienate or even withdraw. Therefore, as for the urgent public expectations for epidemic prevention and control, multinational companies also need to timely respond, timely announce their epidemic prevention and control plans, and take immediate actions to minimize the casualties and suffering of the epidemic victims. It is obvious that multinational companies that respond in a timely manner will receive more attention and competitive advantage than those that do not.(2) Contributions in kind VS monetary contributions. The manner in which relief donations are made may affect the level of concern of stakeholders, but the impact of these modalities

varies at different stages of the epidemic. In the specific implementation process, we should not only consider the company's disaster relief experience but also consider some characteristics of the donated region. At the early stage of the epidemic, there is a shortage of prevention and control materials. At this time, enterprises that donate prevention and control materials can often get great attention from the society and gain a good reputation. For example, in the early days of the epidemic, many enterprises and individuals donated medical masks and disinfection supplies. In the middle of the epidemic, more specialized assistance and assistance are needed, such as specialized medical supplies and special materials. However, in the later period or after the epidemic, it is more about how to participate in the economic recovery plan and how to resume work and production as soon as possible. It can be seen from the above that in-kind donations will be more useful during the severe phase of the epidemic, while monetary donations will attract more attention during the easing phase of the epidemic. Regardless of the form of donation, it mainly depends on the active participation of multinational companies in the whole epidemic prevention and control process. Therefore, the degree of participation of multinational companies in the active response to the epidemic determines their respective competitive advantage differences.

3.1.3 Strategic response at the functional level

Similar to large, medium and small private state-owned enterprises in China, the COVID-19 epidemic has had a big impact on multinational companies in China. Due to the severity of the epidemic prevention and control, the state has strengthened the prevention and control efforts and carried out grid isolation management. Hubei province, the worst-hit area, has also carried out stricter city closure management. Both ordinary citizens and entrepreneurs have shown serious anxiety and worry about the epidemic. At present, the peak of the resumption of work and production, multinational companies have adopted appropriate measures to cope with the current difficulties. Online office, orderly resumption of work and production arrangements, protective measures, etc., all demonstrate the experience and confidence in dealing with public emergencies. From the perspective of functional strategy, MNC respond from three aspects :(1) improve the security management capability of MNC. Safety management ability is the ability of a company to control and manage its operational safety through efficient organizational procedures. Through the test of the COVID-19 epidemic, multinational companies will definitely summarize experience to

further improve their safety management ability. The company's safety management ability can not only send a strong signal to the society that the company is committed to safe operation, but also reduce the negative impact in the event of a real emergency, so as to gain a competitive advantage.⁽²⁾ To enhance the philanthropic capacity of multinational companies. Philanthropy refers to the ability of a company to give to charity over the long term. The main benefit is that it can bring global reputation to the company, and at the same time, it can give multinational companies access to local legal resources, thus reducing costs. The improvement of multinational corporations' philanthropic capacity requires cooperation with public sectors such as local governments, which have gained greater government support. Evidence to support this view can be found in the philanthropic performance of multinational corporations in this COVID-19 outbreak.⁽³⁾ To enhance the innovation capability of multinational companies. In terms of technology, goods and business models, hardship is often a big driver of innovation. After the outbreak of the epidemic, many industries have been greatly affected, but some industries have welcomed the development opportunities. In addition to the traditional disinfection and epidemic prevention commodities, businesses in fresh e-commerce, online education, telecommuting and other fields have seen rapid growth. The current competition is the global competition, both domestic and foreign enterprises have to face the pressure of innovation. Therefore, how to carry out post-crisis innovation development of multinational companies is also a topic that needs to be paid close attention to in the future.

3.2 Strategic Response of MNC in Horizontal Dimension under the Impact of COVID-19

The response of transnational corporations to the crisis not only stays at the vertical strategic level, but also focuses on the horizontal strategic dimension more obviously. Based on the global spread of COVID-19, the strategic response of multinational companies has attracted greater interest from strategic scholars and practitioners. Through literature review and practical investigation, there are four main dimensions of strategic response of MNC to investment decisions of host countries.

3.2.1 Austerity strategy

This is a cost-saving strategy under existing conditions. The most obvious example for multinational companies is mass lay-offs to reduce human capital^[8]. Other measures include collective wage cuts, reduced business scope and reduced research and development costs. This kind of strategy is based on the survival strategy of

reducing costs, which can often help enterprises to survive the financial crisis in the short term. But this kind of survival strategy also exist many serious problems, one of the main loss is the loss of key talent, at the same time the spread of negative emotions will hit the confidence and the enthusiasm of the employees, will have a negative impact to the company's enterprise culture, further influence the corporate reputation, is also likely to bring to the company irreparable damage. Therefore, the choice of crisis strategy must be careful, and comprehensive consideration may bring long-term overall impact to the company.

3.2.2 Gritty strategy

If austerity strategy is "reducing expenditure", then the key to perseverance strategy is "increasing revenue". Multinational corporations need to maintain the current business status quo as much as possible during the crisis. In strategic practice, redundant resources may be fully utilized, including deep development of existing human resources and financing of existing assets^[9]. Gritty strategy is more about the maintenance and development of an existing situation. Compared with the austerity strategy, this strategy may have some advantages. Firstly, it can maintain the stability of the existing human resources, maintain the existing corporate culture, and maintain the corporate reputation. With the help of this strategy, once the company goes through the difficulties, it may usher in a more stable cohesion and development potential of the company. But when a crisis lasts longer, the maintenance of inherent resources may create an inertial force and result in mental weakness and depletion of the potential of existing resources. Making strategic changes when new opportunities arise may have missed the best window.

3.2.3 Innovation strategy

Multinational companies in this strategic response will think that there is "danger" and "opportunity" in a crisis, and constantly seek opportunities for innovative breakthroughs from new problems and situations^[10]. On the one hand, we can make full use of the advantages of internal staff and other human resources for innovation; on the other hand, we can timely introduce new innovative human resources to supplement and update existing resources. The innovation of functional strategy is carried out by combining internal and external strategies, but more importantly, "business opportunities" are found in the business strategy. As the COVID-19 epidemic continues to spread globally and the impact on the host country's business environment will continue to change, there will certainly be serious problems of maladaptation using the original operating model. Considering that the duration of the epidemic may be long, in order to maintain the long-term viability

of multinational companies, continuous innovation and breakthroughs are an important strategy to enhance competitiveness.

3.2.4 Exit strategy

Exit and termination strategy refers to the withdrawal of investment from the host country by the end of the transnational corporation's business activities in the host country. This strategic response may be considered in the case of a sharp deterioration of the external environment or serious problems in internal governance ^[11]. Traditionally, such a strategy represents the termination of operation, but from the perspective of sustainable development of a company, it is also an important way of strategic reform to replace and realize available resources and then invest in areas that can bring more profits to the company. As the impact of the COVID-19 epidemic on the economic and

social life of many countries is relatively large, multinational companies have wisely chosen to withdraw. From the performance of the above multinational companies in China, China has shown its strong ability to deal with the epidemic and the market potential still attracts a lot of transnational investment.

3.3 Combination of MNC Strategic Response to the COVID-19 Outbreak

It is obvious that both the vertical strategic level and the horizontal strategic dimension actually appear in combination in practice. The response of three levels in the vertical and four dimensions in the horizontal finally forms 12 strategic response combinations. As shown in Table 2 below, the combined importance of MNC strategic responses at different levels and dimensions (Table 2)

Table 2 Response combination of vertical and horizontal strategies of MNC

Vertical \ Horizontal		Strategic Dimensions			
		Austerity Strategy	Gritty Strategy	Innovation Strategy	Exit Strategy
The Strategic Level	Company-level Strategy	√	√	√√	√√√
	Business-level Strategy	√√	√√√	√√√	√√
	Functional-level Strategy	√√√	√√	√	√

Note: √√√ represent the general role, √√√ represent the important role, and √√√ represent the important role.

Given the outbreak of the persistence and severity, even if the multinational company crisis is full of uncertainty, can't even know what kind of strategic decision can make the company in the crisis recovery, but we still need to delve into the internal and external factors influencing the multinational company strategic decision, always focus on the host country of the situational factors such as environment and governance quality. According to the above analysis, the research on the strategic response of transnational corporations should pay special attention to the following aspects: first, the dynamic time determines the adaptability of strategic decisions. The strategic response to this COVID-19 outbreak is different at different times and at different stages. Some multinationals may react too early or too late, resulting in lost opportunities. Second, the combination of strategic responses determines the synergy of strategic decisions. The strategic response to the epidemic needs to consider the coordination of the vertical strategic level and the horizontal strategic dimension, and the strategic response plan needs to be formulated from the short, medium and long time dimensions. Finally, transnational corporations

need to integrate the governance system, customs, culture and living habits of host countries to minimize the cost of confrontation.

In practice, the decision makers of transnational corporations need to make important strategic choices in a crisis. In the short term, austerity strategy may be a more feasible means. At this time, relevant decisions need to be implemented by the functional level strategy, and the efficiency mainly depends on the specific executive personnel. But keep in mind that saving costs is not the point. It can be the beginning of a recovery, always with new markets, new products or innovative business models. And the long - term persistence of the crisis may also require multinational companies to play a long - term war preparation, which is also a better medium - and long-term crisis response measures. Of course, special emphasis should be placed on the importance of innovative breakthrough strategies for medium - and long-term development. The continuation of the crisis will also lead the host country to adopt some economic stimulus programs. At this time, transnational corporations need to actively cooperate with local government departments, community people and other

stakeholders to adopt existing resources for innovation. However, the exit and termination strategy needs to comprehensively consider internal and external factors, comprehensively evaluate the medium and long-term development trend of the host country, and treat the active exit as a positive potential strategic response measure rather than the traditional failure result. The strategy of "retreat for advance" may also bring new opportunities for the innovative development of transnational corporations.

4. COMMON RESCUE POLICIES AT DIFFERENT STAGES OF COVID-19 EPIDEMIC AND LESSONS FROM CHINA’S EXPERIENCE

Key words in the prevention and control of COVID-19 include "solidarity", "family" and "Internet", which are not only reflected in the different stages of the epidemic prevention and

control process, but also in the industrial development in the post-epidemic era. To further strengthen the cooperation with multinational companies and attract investment from multinational companies is undoubtedly one of the important ways to solve China's industrial transformation and upgrading. It is important for both transnational corporations and host countries to seek opportunities in the crisis. Under the premise of saving people's lives, the orderly resumption of work, production and school is undoubtedly the most important work of the Chinese government. Good results have been achieved so far. The theoretical analysis framework shown in Figure 1 can be obtained based on the experience. The following is an in-depth discussion on the strategic response and policy implications of multinational corporations in Different stages of epidemic prevention and control in China (Figure 1)

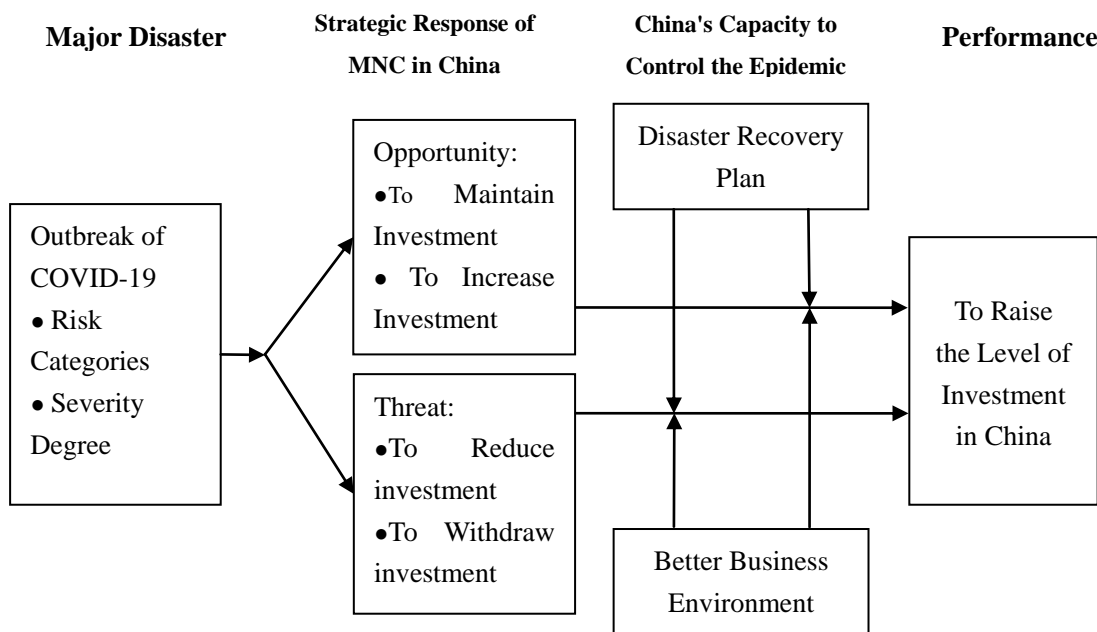


Fig 1 The strategic response of MNC to COVID-19 and the framework for influencing investment levels

4.1 Policy and Inspiration of Joint Rescue in the Outbreak of COVID-19

According to the Special Report on COVID-19 Impact released by the American Chamber of Commerce in South China on February 20, 75 percent of multinational companies said they would not change their plans to reinvest in the Chinese market, regardless of the impact on the Chinese economy. In the telephone survey of 399 multinational companies in China, they were also faced with problems such as a lack of prevention and control materials for returning to work and production, with great help from the local government. For example, in cooperation with the

American Chamber of Commerce in South China, the Department of Commerce of Guangdong Province and the American Chamber of Commerce in South China have set up a hotline for foreign enterprises to resume work and production, and jointly carried out epidemic prevention and control and publicized policies for the resumption of work and production. In terms of policy demand, 68% of respondents expect the Chinese government to enact tax cuts, and 34% expect the Chinese government to enact rent cuts to help them overcome financial difficulties caused by the outbreak. The results of this survey are similar to those of other types of enterprises. Under the

impact of the current epidemic, many enterprises are experiencing difficulties in operation, especially in the capital chain. On the premise of not relaxing the epidemic prevention and control, the government has coordinated and promoted the resumption of work and production. The government has also attached great importance to the healthy development of the macro-economy. At the same time, the government has introduced a number of tax and rent reduction policies to help enterprises tide over the difficulties. We can see from China's economic development experience over the past 40 years of reform and opening up that each difficulty is followed by a cycle of rapid development, which also provides a long enough "window period" for industrial transformation. At this stage, it is necessary for all sectors of society, whether domestic enterprises or multinational companies, to cooperate with each other and help each other. On the basis of the coordinated efforts of the government in epidemic prevention and control and the resumption of work and production, we will usher in a new stage of social and economic development and usher in a new phase of building a community with a Shared future for mankind. Specific proposals for a joint rescue are as follows.

4.1.1 To strengthen the confidence of multinational companies in investing in China, the key lies in the effective governance of the country for epidemic prevention and control

We need to fully recognize the importance of transnational corporations to China's economic development, to adhering to the basic state policy of reform and opening up, and to building a community with a Shared future for mankind. Despite the effective control of the COVID-19 epidemic, we cannot take it lightly. We continue to take coordinated and orderly measures to prevent and control COVID-19, and promote the healthy and orderly implementation of the resumption of work and production. Faced with the common enemy of COVID-19, multinational and domestic companies in China have worked together to tackle the crisis and build a community with a Shared future for mankind. The most influential moderating variable for multinational companies to continue investing in China is China's effective governance of the epidemic prevention and control. In the middle or even later stages of the epidemic, the government, as the main body of epidemic prevention and control, needs to summarize experience, identify and analyze the difficulties in epidemic control, constantly improve epidemic prevention and control measures, and enhance the ability and level of the government to respond to major public health emergencies. To summarize the epidemic prevention and control experience

requires in-depth analysis of the causes and impacts of the epidemic. Therefore, experts and scholars should play an important role in this process and guide the prevention and control practice with their expertise. There is also a need for greater collaboration between public authorities and organizations such as businesses, which can not only help societies and communities recover from the epidemic as quickly as possible, but also find ways to prevent it. For transnational corporations, we should strengthen cooperation, give full play to the important role of industry associations and Chambers of commerce, and jointly discuss short-term plans for resuming work and production and long-term plans for stabilizing foreign capital. In-depth investigation of the policy needs of multinational companies under the impact of the epidemic, according to the severity of the local epidemic and damage to multinational companies to develop tax relief plans. Simplify the examination and approval procedures, implement online office, and increase the convenience of foreign investment. The severity of the epidemic varies in different regions, so local governments should revise and improve relevant measures to attract investment according to the actual situation.

4.1.2 To build a community with a Shared future for mankind, MNC should also invest actively in local economic development

Multinational companies often have their own set of complete safety management systems, while their subsidiaries in China may conflict with the local government's epidemic control measures when implementing safety management. At this time, multinational companies need to timely communicate with the local government and try their best to respond to the call of the local government to take relevant prevention and control measures. Timely adjustment of safety management rules is conducive to better integration into the local community and gain the trust and attention of stakeholders by gaining legitimacy. In addition, at different stages of the epidemic, multinational companies can give full play to their advantages to participate in the prevention, control and relief work. In addition to their own needs to resume work and production, they can also show their determination to invest in local economic life, so as to gain a good social reputation, which is conducive to the competitive advantage of the Chinese market. Multinational companies have good relations with many overseas non-profit organizations, including charitable organizations, so this is conducive to playing the role of intermediary contact during the epidemic prevention and control process to help China's epidemic prevention and control. COVID-19 is a common threat to humanity. The Chinese

market and transnational corporations are interdependent. The reform and opening up have enabled The Rapid development of China's economy through transnational investment, while the utilization of Chinese market and human resources by transnational corporations have also made great progress. In the face of COVID-19, China is not a one-leaf boat. China has joined hands with the international community, domestic companies and multinational companies in the fight against COVID-19.

4.2 Policy Suggestions and Inspirations for the Current Key Nodes of the Spread of the Epidemic outside China and the Normalization of Prevention and Control within China

4.2.1 Take the "One Belt And One Road" initiative as an opportunity to carry out extensive cooperation with MNC to realize industrial chain transfer or remodeling

Current based on China in the success of the initiative "One Belt And One Road" along the country's development presents a lot of business opportunities, and institutional environment factors is often an important factor of multinational company location, so in order to develop the market and access to resources, multinational companies are very necessary and domestic government or enterprises extensive cooperation, is conducive to its pioneering "neighborhood" all the way along the countries or regions of market opportunities. This may include the transfer and remodeling of industrial chains and other investment content.

4.2.2 Further strengthen cooperation between China and international sister cities in epidemic prevention and control to attract the transfer or cooperative research and development of cutting-edge technologies by multinational companies

Solidarity in fighting COVID-19 has been the main principle of China's epidemic prevention and control. It is also the main principle for China to actively participate in the global fight against COVID-19, shoulder global responsibility and build a community with a Shared future for mankind. We have worked in solidarity and cooperation with sister cities around the world in the fight against COVID-19, which has greatly slowed down the local epidemic. China's image as a great power and its sense of responsibility are deeply rooted in the hearts of local and international people. In this case, it is necessary for China to carry out higher level cooperation with multinational companies, including the transfer of cutting-edge technologies and scientific research cooperation. Through the external source and cooperation of cutting-edge knowledge and technology, the internal independent research and development level can be promoted, and China's independent innovation ability can be continuously improved.

4.2.3 Further develop international and domestic

cooperation with transnational corporations to meet the domestic market and promote the transformation and upgrading of related industries

Some industries have been hit hard by the outbreak, such as tourism, catering and automobile industries. But there are also opportunities for growth, especially in internet-based industries. At present, the epidemic situation in China has been well under control, and the market demand in the post-epidemic era will surely change to some extent. Traditional manufacturing industry may be further reshuffled, and logistics and supply chain will be branded with "Internet plus". China's emerging industries coexist with traditional industries, and are also facing the pressure of further transformation or upgrading. Therefore, it is necessary to take the opportunity of meeting the new demand of the domestic market to attract the investment of multinational companies, promote the generation of new industries or the transformation of traditional industries.

4.2.4 Develop regional economy in combination with the policy of "poverty alleviation", and attract transnational corporations to transfer or invest in related industries in poverty-stricken areas

This year marks the end of China's poverty alleviation work, and poverty alleviation through economic or industrial means is an important measure for sustainable development. COVID-19 outbreak from the China's regional distribution, fewer some remote diagnosis in the poor areas, which also reflected a more natural ecological environment, so you can publish relevant preferential policies to attract multinational companies in these areas for industrial transfer or investment, such as the large demand for food can catalyze more new business model. There is no shortage of healthy ingredients in poor areas. What is lacking is technology, capital or business model. Therefore, this complementary effect and the demand for healthy food will undoubtedly promote further investment and business opportunities of the company.

5. CONCLUSION

This paper from the COVID-19 outbreak under the impact of multinational companies in China's strategic response, discussed the multinational company strategic response of longitudinal hierarchy and the combination of the horizontal dimension model, and according to different stages of COVID-19 epidemic prevention and control for multinational company's strategic choice and the impact of the common rescue policy, finally further discussed the strategy of multinational corporations in China practice and enlightenment for the host

country policy. This study can provide theoretical basis for multinational companies to formulate investment strategy, site selection strategy and strategic response, and provide policy inspiration for host countries to attract foreign capital. In the early days of the outbreak, there were concerns that the outbreak would accelerate the realignment of supply chains by multinational companies and the migration of some industries out of China. But after the global epidemic spread, foreign investors' recognition of China's prevention and control effectiveness was seen as a sign that the industrial chain could accelerate to China. A group of multinational companies with strategic vision did not stop at the impact of the epidemic, but accelerated the pace of investment in China. Since the outbreak of the epidemic, due to the flow of people, logistics, raw material supply is not timely and other factors, labor-intensive production and marketing, catering and other foreign-funded enterprises production and operation brought certain impact and difficulties. In order to reduce the outbreak the impact of foreign investment, strengthen the protection of foreign legal rights and interests, ensure the steady foreign targets, the Chinese government for the outbreak has adopted a series of support measures, such as: the Ministry of Commerce of the People's Republic of China on February 18, 2020, issued on the handle stability COVID-19 outbreak notice steady foreign investment to promote consumption of foreign trade work, in order to promote enterprises to return to work and production, stable foreign trade provides policy support, such as foreign investment in China a good political and legal environment to attract foreign capital. MNC choose to invest in China, on the one hand, because China has a good market environment. On the other hand, by virtue of the global comparative advantage of Chinese manufacturing, it serves as an important production base for the global supply chain to meet the needs of all over the world. While the "black swan" events do not exclude the multinational enterprises to make some emergency, tactical adjustment, in the short term, for China to attract foreign investment to bring certain negative effect, but with periodic and temporary, for international investors' investment management decision is a long-term, comprehensive, strategic, so short-term epidemic effect is limited. On the whole, multinational companies are more optimistic about the situation in China, so they will increase their investment in China.

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