COVID-19 and stakeholder capitalism: An effect assessment

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Abstract

The aim of this study is to identify the key stakeholders for regaining the business after COVID-19 pandemic and examine the connection between stakeholder capitalism and regain of business after COVID-19. The perceptual data were collected using a five-point Likert scale questionnaire. The information was collected from 392 respondents who represent business academics and businessmen. To identify the key stakeholders, stepwise regression was used, and to assess the association Correlation matrix was used. The findings of the study suggest that stakeholders i.e. government, shareholders, and employees are prominent stakeholders but managers is a less prominent stakeholder. After the pandemic, the business community of Nepal has to change its paradigm from stockholder capitalism to stakeholder capitalism. And this finding proves to the stakeholder theory.

Keywords: Stakeholder, COVID-19 pandemic, Nepalese business community, capitalism, Stockholer

Background

The economic fallout is mounting globally after the pandemic situation experienced and lock down measure adopted by the most of the countries in the world. The world economy and other process has gone into opposite direction as compare to previous one. Business communities have already laid off the employees, and cancelled various services to reduce overhead costs. The question over stakeholder capitalism resides basically on the reassurance of long term value preservation and resilience of the company that embeds a corporation in society (Brutoco, May 20). Stakeholder capitalism allows a company to serve the needs of all its stakeholders, not only their shareholders but also the employees. The stakeholders include employees, vendors, customers, the communities being served and the shareholders in a very proper perspective (Wiseman, 2020, March 24).

A brand new strain of COVID 19 has severe reverse impact on economy all over the world including a huge human toll. The effect of the COVID pandemic calls for an additional association of companies to sustain the economy in post COVID order. It demands not only the association of businessmen but also the staff, societies, customers, suppliers, and shareholders and different international agencies and countries to recover the ailing economy almost all over the world (Wiseman, 2020, March 24).

Many global companies are profoundly dazed by the COVID pandemic, and much of getting had to revert to very painful measures, through no fault of their own. Most of the family owned small and medium enterprises that are working in the field of retail trade, hospitality and travelling business have already been closed either spontaneously or in the order of the government. They will not even able to react the situation in the future. But the differences between global companies that truly oriented their business towards the stakeholder model, and other people who had a short-term shareholder model, may be striking.

Wiseman (2020 April 16) noted some points during this connection that several big corporations have used large share buyback for their growing earnings initiatives in past years. Such profit supported to boost short-term gains and the executive compensation. But, in the face of the dearth of strategic reserves or investments, many of these firms are now the first to suffer, unable to point the case around unless the government intervenes.

Against this, other companies used profits to invest in digital transformation, talent, research and development, and customer relations. That now gives them the potential to achieve that other companies lack. Microsoft, for example, ranked first in barely Capital's stakeholder companies ranking, may be a collaborator on Johns Hopkins' coronavirus tracker, and is providing teachers with access and training for its teams program to point out remotely. It can do so because of its business model, but also because its stakeholders expect it to spice up sometimes like these. Some businesses have continued to report record incentives and benefits for their chief executives in recent weeks, boosting productivity and share prices in 2019. Such short-sightedness ignores customers, workers, and governments. But being a stakeholder company in these times isn't almost short-term signalling. Companies who adopted the stakeholder model can easily afford to support more during this crisis because their business model becomes more stable and their relationships are deeper with other stakeholders in society, such as government, and therefore the general public.

Nepal has been following the policy of economic liberalization since the mid-1980s. The main objective of the government was to extend the role of the private sector within the economic and business activities and reduce the role of the government with the aim of making a competitive market. The government dominantly used privatization as a major tool for liberalization. The government immediately came up with the Privatization Act. Accession to WTO of Nepal also pushed Nepal to liberalize the economy for coinciding the Nepalese business policies with the WTO principles. And other numbers of existing policies were reviewed and reformed. These efforts of the government led to extending the role of the private sector and reduces the role of the public sector within the business sector of Nepal. These efforts of the government made a conducive environment for the private sector and created a competitive market. Nepal reformed within the various sectors of the economy and market. A number of the reformation efforts are; the first effort was the privation of public enterprises. Privation in Nepal was started after the formulation of privatization policy in 1992 and the enactment of the privatization Act, 1994 (Ghimire, 2004). Out of 66 state-owned enterprises 44 are still operating and rest were privatized (Kantipur dily newspaper, 27 May, 2020). Secondly, the Government had made an effort to reform the financial sector with the aim of making a competitive and wise environment for the private sector. Nepal Rastra Bank, the central bank of Nepal, introduced the financial sector reform program since 2001. It made reforms in internal and external structures. Under internal reforms it reformed financial sector, fiscal sector with the introduction of Value Added Tax, monetary policy reform, introduction of one window policy, removal of subsidies, public sector reform, insurance sector reforms, and capital market reforms and external reform including reform in trade, reform in foreign exchange including current and capital account reforms (Mainali, 2018).

The government tried to extend the role of the private sector so as to regain and sustain the business activities and economy but the scenario has not been within the line of the aim of the government. As per the grounded theory of stockholder capitalism business owners dominated and ruled the manager or owners remain as the managers, focused on the maximization of return to the shareholders either within the style of dividends or a rise of share price and use of buyback of stock so as to create the short term benefits. Such activities do not help to make long-run value.

Nepalese business communities do not focus on the company's social responsibility voluntarily. It's evident from the ineffectiveness of voluntary CSR policy adopted by the central bank in financial sector and modified the policy with compulsory provisions of CSR i.e. compulsory use of 1% of the profit within the social activities, after very short period. All these stated situations show the dominant feeling of stockholder capitalism in Nepal. But in the special situation business community supported the society unconditionally like at the time of devastating earthquake and even during the COVID-19 Pandemic. During the COVID pandemic, businessmen provided test kits and other medical equipment before the government to the various health centres scattered at the various places of the country.

But if we observed the pre-COVID situation their activities were short term focused and result in stockholder capitalism. Now things are different. Different kinds of literature (Brutoco, May 20; Wiseman, 2020, March 24 & Naidu, 6 April 2020) suggested that the patterns of the market differ after COVID-19. Spending habit may be changed to saving habits, non-return of experienced employees who are laid off, thinking pattern towards the products, services and brand may differs. Literature also suggests that nothing will remain the same. So, the sustainable relation and value creation is crucial for regaining and sustaining the business. It is also suggested to think on the financial participation of the various stakeholders after COVID-19 pandemic.

But once we observe the practice of the past within the business sector of Nepal, stockholder capitalism practice is taken into account as the dominant approach. But in this situation as per literature participation of stakeholders and creation of long term value might be more important to regain the business. Thus, this study tries to search out the approach i.e. stockholder or stakeholder that would be appropriate after pandemic on the perception of business academics and businessmen for regaining the business in Nepal. Further the study tried to identify the key stakeholder whose participation is expected after pandemic and opinion differences on the views of business academics and business communities.

Literature Review

Capitalism

Capitalism, a term of derogate coined by socialists within the mid-nineteenth century, is also a misnaming for economic individualism which Smith earlier called "the obvious and straightforward system of natural liberty" (Wealth of Nations). Economic individualism's basic premise is that the pursuit of self-interest and thus the correct to possess property are morally defensible and legally legitimate. Its major corollary is that the state exists to shield individual rights (Balkan, 2005).

Capitalism refers to the free economy. It is an economic system during which most means of production are privately owned and production is guided and income distributed largely through the operation of markets. Thus, capitalism always tries to make an open market that's led by market factors and tries to make a healthy competitive market (Korten, 2001).

Stakeholder capitalism

Stockholder capitalism widened the gap between the rich and the poor around the world. During this time the group who were enjoying benefits weren't considered the interest of other stakeholders and negative consequences of business activities to others. Due to this the voice against stockholder capitalism had increased which provided the impetus to the concept of stakeholder capitalism. Freeman & Martin (2007) defined that stakeholder capitalism is coupling the voluntary value creation and trade. A review of management literature found that stakeholding is defined in 3 ways (Donaldson & Preston, 1995). First the development of network of relationships. The network of relationships ends up in high company performance if the company takes care of the interest of these parties in the future (Freeman, 1984 and Wheeler and Sillanpaa, 1997). The second concept of stakeholder capitalism relates to social perspectives. The social perspective is taken into account because of the major source of company assets and competitiveness (Kay, 1993). The view provided the base for corporate governance. The third approach is managing the company from stakeholder's perspective. Kenway and Palmer (1997) suggested that to follow the stakeholder approach to the key service and huge industries. It helps them to create trust among the public and counter the market imperfection. Goyder (1987) suggested that the formation of strategy considering the future perspective proves better ground for competitiveness. Mayer (1994, 19997) also remarked that the insider system of Japan and European corporate houses' ownership is within the hands of other firms and families. They're successful across the globe. Plender (1997) found that long-term perspective and consideration of other parties provide better results than the results of stockholder participation. Stakeholder capitalism isn't based solely on holding, self-interest, competition, and free markets – such a view requires constant justification supported achieving good outcomes or avoiding authoritarian alternatives. It is argued that we don't must justify capitalistic systems supported the result of the alternatives – the principles of capitalism are worthy goals in and of themselves. Rather stakeholder capitalism is based on freedom, rights, and therefore the creation by consent of positive obligations. First, adults have the freedom to try what they need including making voluntary agreements that are sustainable over time. Instead of that specialize in individuals in competition over limited resources as in traditional narratives of capitalism, stakeholder capitalism focuses on individuals voluntarily working together to make sustainable relationships within the pursuit of important creation. Second, individuals have rights protecting them in those agreements. One group's rights don't clear dominate the narrative of capitalism. Rather, each stakeholder should be protected within their voluntary agreements. Finally, those individuals can conceive to cooperate and obligate themselves to others through those voluntary agreements. These obligations can take the shape of formal written contracts or social contracts with assumed responsibilities. The relationships are sustainable when these obligations and responsibilities are upheld. We provide six principles that together build a framework for our price creation and trade that infuses ethics at the foundations, respects the complexity of masses, fosters innovation, and might help us move beyond the issues outlined above (Freeman & Martin, 2007)..

The concept of stakeholder capitalism is said with the future value creation through the formulation of strategies and trying to fulfil the interest of related parties or assuring the participation and sharing of advantages reciprocally. Thus, this study considered four major stakeholders of the business.

Stockholder capitalism

Before the 1980s, shareholder capitalism was dominant within the sphere of joint-stock companies. It is defined as a system driven by the interest of the shareholders backed by the market. They used to choose a high frequency of sale and a high return to the stockholders in short run. The role of shareholders is dominant in the Nepalese business communities and the Company Act of Nepal 2017 (with amendment) also promotes to shareholders capitalism. Trading of share by the shareholders within the marketplace for short-term benefits and doing business in short term orientation so as to provide more dividend and incentives to shareholders and employees is considered stockholder capitalism (McCann & Berry, 2017 & Gara,2016). In direct opposition to several of Keynes' conclusions, Milton Friedman advocates a return to laissez-faire economic policies and a reliance on the market mechanisms to realize ''fair'' distributions. Economic freedom – the flexibility to shop for and sell without interference from the government becomes central to Friedman's vision. It is important to notice, that Friedman believes in economic freedom for particular groups, namely shareholders. To facilitate this view, Friedman limits the role and rights of the government in his narrative about how capitalism should function.

In Friedman's view, government's role should be limited to eliminating monopolies, reforming the tax laws in favour of corporations, and maintaining civil law and order. As Friedman shifts focus from government and its regulation of capital, to dominant group: investors, after all business and commercial activity has one specific purpose: ''to use its resources and have interaction in activities designed to extend its profits, so it stays within the principles of the sport, which is to mention, engages in free and open competition, without deception or fraud (Friedman, 1962).'' This goal is that the investor's goal and is assumed to be in competition with alternative stakeholders' goals.

In Friedman's view shareholders who are happier will still invest within the market and produce better results for all. Friedman and people who give priority to the concerns of investors above and beyond the concerns of other stakeholders, subscribe investor capitalism. Friedman's writings indicate that he considers capitalism's inner workings as amoral. His analysis and outline of capitalism is given in monetary terms and within the language of economics, a grammar that avoids 'non-factual' value distinctions (Romano and Leiman 1970).

Nevertheless, ethics plays an oversized role in justifying Friedman's claims about the importance of economy and actions against a centrally mandated economy: The fundamental threat to freedom is power to coerce, be it within the hands of a monarch, a dictator, an oligarchy, or a momentary majority. The preservation of freedom requires the elimination of such concentration of power to the fullest possible extent and therefore the dispersal and distribution of whatever power can not be eliminated… (Friedman, 1962).

Friedman offers us a story of capitalism, where values and ethics don't enter into the guts of how we create value and trade it with one another. In his view, ethics could be a side constraint, since managers are expected to refrain from fraud and deception. For Friedman, the aim of the capitalist system is to extend wealth for the investor. In fact, any consideration outside that goal – as an example, consideration of the welfare of consumers, concern for the community, or charity – is seen as in competition with investor needs and diverting resources removed from the first goal. Friedman goes thus far on say that ‘‘social responsibility’’ could be a tax on the investor which such considerations take money out of the hands of the first stakeholder. Investor capitalism sees the investor because the primary engine for economic growth; any obstacles to the investor’s concerns become obstacles to capitalism’s ability to form wealth.

Employee capitalism

The term capitalism has been linked to class conflict since the radical writings of Marx and Engels, primarily the self-enlargement of the bourgeoisie at the expense of the proletariat. The division of society into capitalists and labour class has always played a central role in Marxist writings right from the examinations of the American war to detailed investigations of pricing. Marxism, and its political derivatives socialism and communism, activate the dialectic between the capitalists (or bourgeoisie) who own property and, therefore, the means of production and therefore the labourers (or proletariat) who own no property and are obligated to sell their labour to the bourgeoisie to realize subsistence (Marx and Engels, 1847).

For Marx and Engels, this market is inherently fraught with tension, since the interests of the capitalist and therefore the labourer are diametrically opposed. Under these opposing interests those of the worker dominate the view of capitalism of Marx and Engels. Engels points move into the principles of communism, which later became the muse for the Communist Manifesto which also owns the motivation that capital increment is the prime interest of labours as well. This means the increase in capital may accommodate large numbers of labours in the labour force. The more the mass of slaves dependent on capital can be increased. (Marx and Engels, 1847)

Once presented through the Marxist prism, ethics and the universal vocabulary are blurred. Noted Marx scholar David McLellan reflecting on the apparent inconsistency in his introduction to socialism and morality, Marxists saw morality as a variety of ideologies that represent complexity desires and social trends. Such a stance ruled out Marxism’s appeal to universal values, the philosophy of biology claims that this was seen as a study of nature, and as oblivious to morals as it was. On the opposite, Marxists' works from Marx itself have included scathing condemnations of capitalism's injustices, which are shot through with moral words like 'alienation' which 'exploitation'. (McLellen and Sayers, 1990).

The Marxist interpretation of capitalism tells a tale where the competing working and capital classes battle for the fixed wealth of productive assets. The economic and commercial operation itself is amoral, and therefore the only unavoidable remedy for labour is to forcibly demand ownership of these productive assets. Marx and its followers always think about the labour capitalism and claimed always to distribute the resources to the labours but ignored to the value creation and the distribution of share of profit to the other stakeholders like suppliers, community and he did not justice to the investors even. If stockholders do not get more benefits, they will be demotivated for investment. So, his labour capitalism seems one sided.

Government capitalism

Born within the same year of Marx’s death, economist John Maynard Keynes was concerned with the vagaries of the market, specifically, the steadiness in national unemployment rates. Keynes traced the relations between unemployment, consumption, and investment into his General Theory of Work, Interest, and Money (Stewart, 1999). The radical shift in economic analysis from a micro perspective (pricing and value mechanisms) to a macro perspective (national income and employment) has had considerable political consequences for political economists and theoretical implications for business academics (Romano and Leiman, 1970). To the requisite institutions of capitalism, he added the thought that capitalism could and may be managed by the government.

For Keynes, the world was far too complex for people to induce the mandatory changes for an honest society. Since Keynes believed that a government that heavily regulated economic affairs could attain optimal levels of wealth and employment, we credit him with the creation of presidency capitalism where the government and its rights dominate the wants of all other stakeholders within the narrative of capitalism. Although Keynesian economics has subsided popular within the post-cold war period, Keynes' deeper view of capitalism still holds strong among liberals and academics. It's explicit in Keynes' views that capitalism without interventions by the government would lead society astray from 'ideal values'. In fact, capitalism, in keeping with Keynes, fosters a counterproductive love of money: The love of cash as a possession – as distinguished from the love of cash as a method to the enjoyments and realities of life—will be recognized for what it's somewhat disgusting morbidity, one in every of those semi-criminal, semi-pathological propensities which one hands over with a shudder to the specialists in mental illness (Hoover, 2003).

The metaphor during this narrative is of a garden, that capitalism left to its own devices would produce chaos and despotism through a love of cash. The government is seen because the gardener, who by his skill, knowledge, and wise management keeps the productive powers of capitalism unfree, and creates a *utopia* by enacting policies that keep growth and weeds in balance. Keynes' view of *utopia* and human ideals was highly influenced by the philosopher of morality, G. E. MOOER. Both believed that such mental states were morally perfect in and of themselves. It absolutely was these states that Keynes hoped to foster within the American public through his economic policies. A more in-depth examination of these mental states shows ''Keynes' belief within the rationality of ends and also the homogeneity of values;'' briefly, there was a finite moral account, which he believed everyone should attain (Skidelsky 1995). Furthermore, ethics are imposed by the government through the amoral tool of economic policies – to manage a system that's seen as actively leading society astray from the great.

Keynes view of capitalism is conflicted – the system can aid, but this needs government intervention: capitalism, wisely managed, can probably be made more efficient for attaining economic ends than any alternative system yet in view, but that in itself it's in some ways extremely objectionable. Our problem is to figure out a social system which shall be as efficient as possible without offending our notions of a satisfactory way of life (Romano and Leiman, 1970). The concept of the state could be a later descendant of Keynes' vision of capitalism. Today many echo Keynes' distrust of capitalism and reassure their faith within the government to unravel the matter created by the market.

Managerial capitalism

For scholars studying capitalism and also the corporation, the owner of the material possession is on top of things. Keynes, Marx, and Friedman assume that the investor (or stockholder) is that the owner of the means of production and has responsibility and control over its use. Managerial capitalism, on the opposite hand, clearly differentiates the managers of the organization from the investors and other stakeholders. Berle and Means within the Modern Corporation and personal Property see traditional theory as inadequate in handling the newly differentiated roles between ownership and control of assets (Berle and Means, 1932). For Berle and Means, we are now handling distinct functions: ownership on the one side, control on the opposite. This control tends to manoeuver further and further off from ownership and ultimately to be in the hands of the management itself, a management capable of perpetuating its own position.

These distinct functions of ownership and control now lay within the hands of opposing groups with competing interests. Similarly, Marris within the theory of 'Managerial' Capitalism positions managers as separate and distinct from all other stakeholders including investors (Marris, 1964). Managers, as people who both control and have responsibility for the corporation, are the dominant group of interest for this view of contemporary capitalism. This line of scholarship is sustained through the literature on agency theory where owners of corporations are seen as property holders of the organization and managers are the agents of these stockholders. Managers have a contractual or fiduciary duty to shareholder interests above and beyond the other relationship in managing the shareholder's property (the organization during this case).

Continuing within this narrative, the theory of agencies positions the interests of the managers as competing with other stakeholders. Managerial capitalism's view on business ethics is more complicated. As Berle and Means state, neither the claims of ownership nor those of control can stand against the paramount interests of the community (Berle and Means,1932).

While acknowledging the community interests as a crucial consideration to the functioning of the firm, the authors also believe it to be essential for the ‘‘control’’ (or management) of the corporation to change into a purely neutral technocracy. Just like Friedman, the method of business is taken into account amoral with a reconciliation to morality or community interests required. Marris continues by stating that directors or managers who listen to competing social interests to the detriment of profits is also popular. However, he also believes managers to own growth and productivity as primary goals and constraints for his or her actions. The morality and motivation view of Marris describes the financial motivations of managers in their position as corporate controllers. Marris does, however, find the principles of the sport to be open and flexible giving managers the chance to pursue alternative goals than those which are financial.

Theoretical base for stakeholder capitalism

Habermas's (1998) concept of deliberate democracy and also the core values generated by it are self-determination, openness to cultural differences, and solidarity. Consistent with him self-determination is the right to safeguard his own culture that helps to shape the proper of the citizens. Openness to culture shows the differences within the views of various cultures. Solidarity helps to make mutual affection among the citizens/stakeholders through open or close discourse. These core values provided the impetus to the four principles of stakeholder capitalism. The primary principle is that the citizen should have a priority on the company policies that affect them. It relates to the citizen with the companies. It means this principle reflects societal capitalism. It shows that the interest of society can influence the legislations associated with corporate capitalism in practice. For example, the government of Nepal adopted the policy in favour of the shareholder model and provided voluntary CSR opportunity but didn't remain effective and adjusted the policy including compulsory CSR provisions. In USA, the World Bank presented the report that voluntary CSR can't be effective just in case of personal enterprises permanently governed by few people (Ward, 2004). The second principle is that corporations aren't allowed to influence the formation of political will apart from by discursive means. It shows that citizens should legitimately influence politics but not by the corporate houses using any means (fund, gifts, etc.). But in practice, corporate houses use corporate political activities to boost their profitability at the time of fierce competition (Reich, 2007; Schuler et al., 2002 & Hillman et al., 2004). But it doesn't refrain to business houses to grant warning about the unwanted side effect of promulgated laws, rules, and regulations. In a democracy, the community should be involved in the discourse about the effectiveness of measures. Vogel (2005) noted that the foremost litmus fact of corporate responsibility is also a company's influence on public policy. The third principle is that a company is responsible to handle the claims of the affected parties. This principle includes the interest of all stakeholders and limits to the influential theory of Mitchell et al., (1997). Mitchell et al. suggested that the corporation addresses the requirement of the stakeholder supported their legitimacy, urgency, and power. The fourth principle of stakeholder capitalism states that the corporation should maintain balance through contribution to the society during which it operates. It means all affected parties with the policies of the businesses should be taken into consideration and support them for the correction of negative effect within the stakeholders whether or not they are employees, shareholders, society, and forward and backward chain. Basically, the third and fourth principles provided the impetus to stakeholder capitalism.

During this pandemic, most of the business houses in Nepal also are laying-off their employees, limiting or blocking their service to society with government decision of lockdown or voluntarily and they missed their social responsibility. It's due to stockholder capitalism because they still attempt to save their wealth and benefits. But stakeholder may develop different trends after the COVID-19 pandemic. Experienced employees who are laid-off might not return whenever needed, customers and society may perceive differently after pandemic to such companies and their products and services. It is expected that the COVID-19 pandemic creates recession as the income of the people has substantially decreased and the economic and business activities of the countries are anticipated to decrease sharply. The government expenditures, therefore, decreases and overall economic mobility slows down and business houses would have pressure to scale back the price of the product. For example, the Government of India asked car manufacturers to supply a cheap brand of cars. This has created a dilemma: whether the businesses should shift from stockholder capitalism to stakeholder capitalism. This example provided the base for the new study.

Methods

COVID-19 has forced to the government of most of the countries within the world to lockdown their countries and their economy additionally. After the pandemic, the habit of the people might change from traveling to less traveling, spending to saving money, or less spending which will force the business CEOs to rethink their product and repair, development and delivery of the product and in totality in the value generation process. The long-run value creation may help to sustain their business. The participation of maximum stakeholders might help to get the long run and sustainable value generation (George, 2020 May, 12). It means the globe should shift from the shareholders or investors capitalism to stakeholder capitalism.

The study followed the descriptive and correlational research design for explaining the stakeholders that are important to be considered after pandemic for generating sustainable and long-run value by the community and examine the link between stakeholders and post-pandemic business situation. The population of the study is the business academics and businessmen. The population is infinite, thus, the sample size was selected 384. Five point-Likert scale questionnaire was prepared taking support of stakeholder theory. 600 questionnaires were distributed online. 392 useable questionnaires were received and analysed the information based on the response provided by the respondents through questionnaire. Multiple correlations were accustomed to examine the link between stakeholder capitalism and regain of business and Stepwise regression was accustomed to identifying the prominent factors so that the business communities can focus on those factors so as to materialise the effective stakeholder capitalism in post COVID-19 pandemic situation so as to regain the lost business. The hierarchical regression model were developed as follows;

Model I: $Y= \alpha+\beta\ EC+ ei$

Model II: $Y= \alpha+\beta 1\ EC+ \beta 2SC+ ei$

Model III: $Y= \alpha+\beta 1\ EC+ \beta 2SC+ \beta 3MC+ ei$

Model IV: $Y= \alpha+\beta 1\ EC+ \beta 2SC+ \beta 3MC+ \beta 4GC +ei$

Where,

Y = Regain of business (RB)

EC = Employee capitalism

SC = Stockholder capitalism

MC = Managerial capitalism

GC = Government capitalism

Results and discussion

Table 1 shows the position of stakeholder under study stakeholder capitalism before COVID -19 situation. It shows that the stockholders enjoyed more freedom and power in the operation of the company and employees' participation and freedom in operation of the business in Nepal is high but the government involvement seems low and it gets also the very nominal benefits from the business. Manager are free or not it is unclear and their participation in the activities and benefits is also not very clear. But standard deviation is more than 1 in all cases so the strong opinion differences have evident in the information.

Table 1. Position of different stakeholders

Stakeholder Capitalism	Mean Score	Standard Deviation
Employee capitalism	3.89	1.41
Stockholder capitalism	4.50	1.57
Managerial capitalism	2.44	1.60
Government capitalism	1.75	1.58
Summated Mean Score	**3.14**	

Table 2 shows the opinion difference between the businessmen and business academics in Nepal. Statistically the t-value is insignificant. It means businessmen and business academics have different idea for regaining the business after COVID-19 pandemic situation. As per the answer of the few open ended questions businessmen still in a position to apply stockholder capitalism because they think that the cost of production is high in Nepal at present if the stakeholder capitalism is adopted products cannot compete in the market but business academics think that the situation has been changed and every stakeholders support is essential for regaining the business and maintaining brand after pandemic.

Table 2. Perception differences on businessmen and business academics on stakeholder capitalism for regaining business after the Pandemic situation (t-test)

Group Statistics

Respondents' group		N	Mean	Std. Dev.	Std. Error Mean
Use of stakeholder capitalism	BA	200	4.55	1.552	.220
	BM	192	2.33	1.910	.222

Independent sample t-test

	Leven's test for equality of variance		t-test for equality of means					95% level of confidence interval	
	F	Sig	t	df	Sig(2-tailed)	Mean Difference	Std. Errors Difference	Lower	Upper
Equal variance assumed	2.543	.113	.4429	390	.113	1.437	.324	.797	2.077
Equal variance not assumed			.4601	185.44	.087	1.437	.312	.821	2.053

Table 3 tried to seek out the connection between various dimensions of stakeholder capitalism explained by employee capitalism, stockholder capitalism, managerial capitalism, and government capitalism. All the scale of stakeholder capitalism is significant at 1 percent level of significance. It means all the variables of stakeholder capitalism are positively and significantly related to regain of business after COVID-19 pandemic but the coefficient is highest in government capitalism and lowest in managerial capitalism. The result clearly states that more government intervention is required to regain the business either they're small and medium scale or large scale business but the managerial effort is less significant after the post-COVID-19 pandemic situation. The table 4 is a summary of all dimensions of stakeholder capitalism and the regain of business in Nepal. Within the view of experts and businessmen stockholder capitalism which is dominant within the least developed countries like Nepal must be changed to stakeholder capitalism to resilience the business with the market or society. The worth within the tabular array 4 is important and positive and therefore the coefficient is additionally high. Thus, the Nepalese business communities should change their feeling of doing business with short term orientation, and trying to get more income and profit and sharing among the shareholders. Rather they need to think to the interest of each stakeholder and operating business for sustainable value creation. This finding is according to the conclusions of Bansal (2020). As she suggested community should build a cross-sectoral relationship because the pandemic highlighted the importance of business and enforced it to the community to figure with civil society, government, employees, and investors. Similarly the findings are within the line of George (2020, May 12). He suggested that the community should brace oneself for shifting its paradigm from stockholder capitalism to stakeholder capitalism. Study findings are similar because business communities facing similar situations across the globe and desire to shift within the working pattern otherwise it's hard to revive within the market after the pandemic. But the finding of this study is inconsistent with the legendary theory of Marx. He emphasized to the labour or employee capitalism but the study finding suggests to keep up the cross-sectoral relationship. Study finding shows that business communities of Nepal expecting more facilitating interventions from the government for the revival of the business after the COVID-19 pandemic situation. The findings are inconsistent with the speculation of *Daas* capital of Marx because the business of the 21st century is integrated with various parties and effort of the one-party cannot revive and recover the business within the post-pandemic situation. Thus, the condition is different and thus, the findings are different.

Table 3. Association between Regain of business and factors of stakeholder capitalism

Dimensions	EC	SC	MC	GC	RB
EC	1				
SC	0.521**	1			
MC	0.60	0.048	1		
GC	0.202**	.340**	-0.207**	1	
RB	.329**	.243**	.073*	.524**	1

Note: *p<0.05, **p<0.01

Table 4. Relation between stakeholder capitalism and Regain of business

	SC	RB
SC	1	
RB	.686**	1

** Correlation is significant at the 0.01 level (2-tailed).

Table 5 tried to present the degree of power of every stakeholder capitalism variable for the recuperate of business after COVID-19 pandemic. The debate has been taken place whether stockholder capitalism or stakeholder capitalism. Some argue that stakeholder capitalism increases the overhead cost and can be difficult for the community to revive after pandemic (Wiseman, 2020 April 16; Hoffman and Jennings, 2020) but other scholars (Bansal, 2020; George, May 12, 2020, & Brutoco, 2020) suggest to change the capitalism paradigm from stockholder to stakeholder. From the results presented in table 5, explaining power of the government capitalism is high but all variables of stakeholder capitalism are significant and therefore the model in each case is fit. Maximum association and partnership are anticipated from the government by the business community of Nepal. And the lowest predicting power is in managerial capitalism. It means business owners least wish to share their benefits with the managers. The explaining power of shareholders capitalism and employee capitalism is additionally high. Thus, for the revival of the business after COVID-19 pandemic, business community want to keep up and prominent relationship with the workers, shareholders, and government but less with the managers.

Table 5. Effect of stakeholder participation in financial benefits and stakeholder capitalism

	Stakeholder capitalism			
	Step 1 β	Step 2 β	Step 3 β	Step 4 β
	.066	.058	.230	.339 .
Regain of business		.268**	.442**	.629**
ΔR^2	.167	.367	.013	.400
F	13.133**	17.143**	11.443**	19.111**
R^2		.534	.547	.947

Note: *p<0.05, **p<0.01, Stakeholder capitalism is measured through stakeholders participation in financial benefits

Conclusions

The researcher used stakeholder theory so as to develop an idea for integrating stakeholder capitalism and post COVID-19 business situations. Stakeholder theory provides a comprehensive understanding of the strain from internal (organization) and external (outside the organization) dimensions. The results suggest that the government capitalism or participation within the business has been considered most vital and shareholders capitalism and employees or labor capitalism are important predictors to the reclaim of business in Nepal after the COVID-19 pandemic. It means government support and even control is expected by the businessman of Nepal to some extent. Managerial capitalism is important to a low degree. It means the Nepalese professionals don't want the free-market capitalism in the post-COVID pandemic situation. Previously they were playing in free-market capitalism but after COVID-19 pandemic they need to change the paradigm of capitalism and that they expected the participation of all stakeholders so as to regain the business. Results also suggest that Stakeholder capital support the Nepalese business communities for bouncing back within the market after COVID-19 pandemic.

This study also recognized that the business community of Nepal is not in the position to change their capitalism paradigm from stockholder to stakeholder more. They want to take the help of the government and continue the business. They think that changing in the business to stakeholder capitalism increases the cost and reduces the competitive power but the business academics think that the situation could drastically change and regaining the business might be difficult after pandemic. Thus, to regain the support of all stakeholders application of stakeholder capitalism is a most.

This has various implications. This study will be taken as the base level analysis and may further accelerate the research by the business communities so on concretize the concept. They shall change their ownership style after the Pandemic situation. Within the line of these findings business houses can transfer their shares to employees and even to the government and may work jointly in order that they'll recover the lost business during COVID-19 situation. Additionally, a cooperative and constructive relationship with stakeholders may increase the business capacity and role within the local market even within the international market permitting the stakeholders to conduct sustainable management within the business.

Although this study provides a brand new analysis for environmental management through a stakeholder perspective, there are research limitations that have got to be acknowledged. The findings we advise from the perspectives of the COVID-19 pandemic situation but after pandemic overcome the results might need to revisit. Second, this study used a survey method to gather data, which implies cross-sectional data is employed, providing only an analysis of a specific fundamental measure. Supported this fact, a longitudinal analysis can be another potential research avenue. Additionally, a number of the key variables were created for this study, which constitutes an extra research limitation during this study. The research could be undertaken by incorporating variables like society or market, forward chain, etc. This study was conducted from the business perspective but research will be done from societal and market perspectives too in the future.

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