
| RESEARCH ARTICLE

The Analysis of the Harm Caused by Companies Influencing the Spread of Public Crises for Profit in Monopolistic Competitive Markets

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| ABSTRACT

It is well known that public crises pose a threat to all citizens of an area, including threats to human safety, property damage, social panic, etc. Public crises are sometimes inevitable, but in a monopolistic competitive market, some companies make profits by influencing the spread of public crises. Such behavior sometimes increases the threat of public crises to citizens, expands the scope of public crises, and even creates new public crises. This paper attempts to analyze the relationship between companies and the spread of public crises under the monopolistic competitive market. First is to define the public crisis and the monopolistic competitive market, then discuss how companies affect the spread of the public crisis under the monopoly market competition, what its purpose is, and what kind of impact it will have on citizens. Finally, this paper will propose ways to reduce the harm that companies do to the spread of public crises.

| KEYWORDS

Public crises, monopolistic competitive market, companies.

| ARTICLE INFORMATION

ACCEPTED: 01 February 2023

PUBLISHED: 18 February 2023

DOI: 10.32996/jhsss.2023.5.2.8

1. Introduction

A public crisis is different from other crises in that it harms the interests of all citizens in a given area. In the process of the development of human society, some public crises are unavoidable, such as natural disasters, epidemics, wars, etc. In a monopolistic competitive market, due to the peculiarities of this market, the activities of the company and the public crisis are closely related. Some companies will look for business opportunities in public crises, and some companies will create public crises because they make profits, but such behavior may accelerate the spread of public crises to a certain extent, thereby bringing greater harm to victims of public crisis events or expanding the scope of public crises and increasing the number of victims. For example, the global pandemic triggered by Corona Virus Disease 2019 (COVID-19) is a public health crisis that affects all citizens of the world. In the fight against the harm caused by the epidemic to human beings, some companies related to COVID-19 have raised the price of medical devices, created false nucleic acid test information, and produced substandard vaccines. This action Discourages investment, inhibits innovation, and slows economic growth (Kaufmann, 1997). Since the medical-related products of these companies are similar but different, they form a monopolistic competitive market. So that citizens cannot avoid the greater harm caused by such behavior. As a result, this public crisis event, the pandemic caused by COVID-19, has become more harmful and widespread to global citizens. In other words, the actions of these companies accelerate the spread of this public crisis and amplify its negative effects. This paper will take the definition and characteristics of public crisis and monopoly competition market as the starting point, analyze the relationship between companies and public crisis communication in this market, the purpose of companies influencing public crisis communication, and then explain what means these companies use to influence the dissemination of public crisis, to meet the company's interests and needs. Finally, this paper will propose feasible solutions to help citizens avoid the widespread, deeper harm caused by corporations influencing the spread of public crises.

2. Analysis

2.1 Analysis of the Origin and Characteristics of Public Crisis

A public crisis is defined differently from a crisis. A crisis generally refers to a situation in which things are highly dangerous and highly uncertain. There is no clear answer to the scope of the crisis, while the public crisis determines the scope of the crisis, that is, to all citizens of the area within a given area. Therefore, a public crisis refers to a sudden occurrence, natural disaster, accident disaster, public health incident, and social security incident that cause or may cause serious social harm and requires emergency response measures (Yang & Zhang, 2013). The characteristics of public crises can be seen in the definition. One of them is that public crises can cause harm to people, and the degree of harm varies from public crisis to event. For example, public crises caused by natural disasters are devastating, while public crises such as global warming are relatively weak. Second, the scope of public crises is relatively concentrated, and generally speaking, the scope of influence of public crises spreads radially with time and the influence of external factors in the location area where the event occurs. It also shows that the public crisis is protracted. What's more, the impact of public crises is directed, and its effects are usually aimed at all citizens within the scope of public crises. Finally, the occurrence of public crises is unpredictable, often with great chance and randomness (Ma & Wang, 2008). This makes it difficult to respond to public crises. Public crises can even cause more harm because of human processing.

2.2 Analysis of the Origin and Characteristics of Competitive Monopoly Markets

The competitive monopoly market was proposed by two economists, E.H. Chamberlin and Joan Robinson, in which there are many similar manufacturers, but there are qualitative differences in the products they produce from each other, and the monopoly market is neither a perfectly competitive market nor a monopoly market. It's somewhere in between. This is the definition of a monopoly market. Sellers have an absolute monopoly on their products, but they have to compete with alternatives in the market (Chamberlin, 1948). This is characteristic of monopolistic competitive markets. For example, in the United States, Nvidia Corporation and Advanced Micro Devices are two companies that provide graphics cards for computers. They have their unique technology to produce graphics cards, and these two companies have a monopoly position in the graphics card market. However, the graphics cards of these two companies have their features and advantages, and disadvantages, so the two companies must compete with each other. Companies like this form monopolistic competitive markets in which they make profits.

3. The Relationship between Public Crisis and Companies in a Monopolistic Competitive Market

3.1 The Purpose of the Company's Influence on Public Crisis Communication in the Monopolistic Competitive Market

No matter when an enterprise acts, its purpose is to make profits. It is obvious that in the market of monopolistic competition, the emergence of a public crisis has many business opportunities for the enterprise. Especially when the company's products are associated with the public crisis, the company will gain more profits in the public crisis through this product than it usually does. For example, when an earthquake occurs in an area and pollutes the local water source, the companies that produce mineral water can benefit from it. When a disease breaks out in an area, the relevant pharmaceutical companies can gain giant profits too. However, some companies cannot meet their profit needs by relying solely on the profits generated by the business opportunities created by the public crisis itself. As a result, these companies expand their profits by influencing the spread of public crises. Because in a monopolistic competitive market, although the company's goods are monopoly products, they still need to compete with other manufacturers. In this way, the public crisis becomes one of their means of profit.

3.2 How Companies Influence Public Crises in Monopolistic Competitive Markets

This paper previously emphasized that a monopolistic competition market is a market formed by multiple manufacturers competing with each other with different alternatives. The peculiarities of this market environment dictate that some companies profit by influencing the spread of public crises. If these companies are in a perfectly competitive market, their products will be easily replaced by those of other companies. As a result, even if they deliberately promote the spread of public crises, they cannot quickly make high profits. If these companies are in a completely monopolistic market, then there is no need for these companies to make profits in this way. In a monopolistic competitive market, the goods of companies are substituted for each other, but at the same time, their goods are special and necessary for citizens in the event of a public crisis. Therefore, in a public crisis, the necessity of some commodities determines how these companies accelerate the spread of the public crisis. Secondly, from the characteristics of public crises, it can be concluded that when public crises occur, it is often difficult for people to predict and respond, and public crises have lasting harm. Therefore, while companies profit from public crises, even if they promote the spread of public crises and amplify the harm of public crises, it is difficult for victims and governments to detect and take measures to deal with them. Thirdly, the media is a necessary means for companies to promote public crises, through which companies can create and disseminate public opinion related to public crises, thereby causing greater harm to the object of the incident and even triggering new public crises. For example, a nuclear accident occurred in Fukushima, Japan, in 2011. Some businesses that produce iodized salt publicize the public opinion that taking iodized salt can prevent radiation through the media. Victims of the radiation crisis, even citizens unrelated to the event, bought iodized salt to take, resulting in an increase in thyroid disease among citizens of the region. Especially in today's Internet era, digital newspapers, online media, mobile media, and self-media have become the dominant new media. Companies use the media to make public crises spread faster and wider (Yan, 2021).

4. Some Suggestions on how to Avoid the Harm Caused by Companies Influencing the Spread of Public Crises

To avoid the harm caused by corporate influence in the public crisis, we should start from the following perspectives. From the company's point of view, the company should strictly abide by local laws, establish a code of ethics, and assume social responsibility in public crises (Zhu, 2006). When the company establishes social responsibility, it will form a community with the subject of the public crisis, and once the public crisis occurs, the subject will also provide resources and guarantees for the company's operation, as shown in Figure 1 (Zhang, 2022). From the government's point of view, the local government where the public crisis occurs should increase the behavior of enterprises and predict the possibility of some enterprises promoting the public crisis for profit through the nature of the public crisis. Strengthen the supervision of public opinion to prevent the rapid spread of public crises. The government should also have the ability to warn of the occurrence of public crises, be ready to deal with public crises at any time, and actively respond to events related to the impact of enterprises on the spread of public crises after public crises occur (Huang, 2022). If such an event has already occurred and increased the magnitude and scope of the public crisis, the government should help the citizens of the region recover from the damage. From the perspective of citizens, citizens can not blindly panic in the face of a public crisis, in crisis to distinguish various public opinions; learning certain economic principles can help citizens better distinguish the business behavior of some companies in a public crisis to avoid the harm caused by these companies affecting the spread of the public crisis.

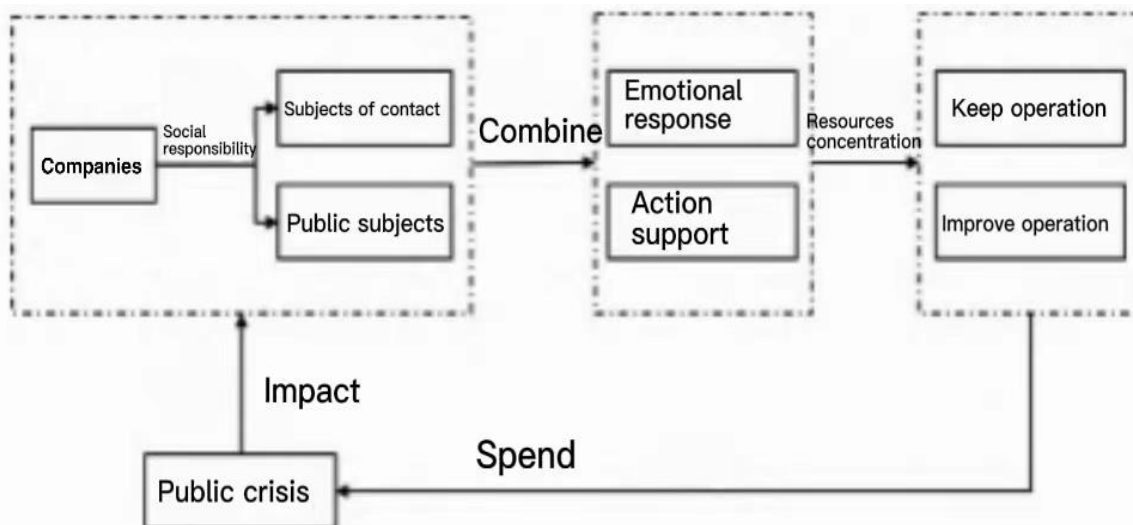


Figure 1: The social mechanism of corporate responsibility in the context of public crisis
 Source: Zhang (2022)

5. Conclusions

Through analysis, it can be concluded that under the monopoly competition market, some companies participate in market competition with the help of the uniqueness of goods in the monopoly competition market to make profits when the public crisis occurs and implement some intervention and influence on the spread of the public crisis. At the same time, due to the contingency of public crises, people cannot respond quickly to such behaviors. These impacts often aggravate the damage caused by the crisis, but by playing the active role of enterprises, governments, and citizens in the public crisis, the harm caused by some companies affecting the spread of the public crisis can be largely avoided. How to play the positive role of enterprises, government and people in the public crisis, I think this will become an issue that the academic community in the next few years cannot ignore. After continuous analysis of specific cases, this answer may be obtained in the near future. People will also have a clearer understanding of the impact of monopoly companies on the public crisis.

Funding: This research received no external funding.

Conflicts of Interest: The authors declare no conflict of interest.

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