

The Reshaping of Corporate Social Responsibility (CSR) in Covid-19 Times

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Abstract

Given COVID-19's unparalleled status as worldwide public health and economic disaster, the consequences for society, including companies, are nearly unthinkable. Since India became the first country in the world to impose a legal need for CSR in 2014, the concept has been evolving ever since. As India faces the second wave of the Covid-19 epidemic in 2021, a number of recent events have set the ground for dramatic transformations in the way companies approach social responsibility and collaborate with the social sector. The ministry of corporate affairs (MCA) has issued various clarifications on what corporations might consider as part of their CSR spend amid urgent increasing health care needs, as India pushes over four lakh Covid-19 cases per day in April. The most recent statement, made on May 5, was that enterprises may utilize CSR funding to build health infrastructure for Covid-19 care, including medical oxygen and storage plants, as well as manufacture and delivery of oxygen concentrators, ventilators, cylinders, and other medical equipment. This article examines the current epidemic from the perspective of corporate social responsibility (CSR) and its requirement for reshaping.

Keywords: Covid-19, Corporate Social Responsibility, Health Infrastructure, Economic Epidemic, Funding.

Introduction

Corporate Social Responsibility (CSR) was incorporated into India's corporate legal system in 2014, and it is defined as a company's commitment to society and a way of giving back what it has earned. It encompasses a lot more than just charity and philanthropy. CSR is the companies' initiative to pay back to the stakeholders and the society, who contributed to the growth and development of the company. CSR is not a charitable activity. It is a technique of bringing social benefits into many social and environmental elements. CSR also helps the company in brand promotion towards its customers and promotes the goodwill and growth of the public at large. CSR is defined as a company's commitment to satisfy its social duties by actively participating in improving the quality of life for its communities and stakeholders on a long-term basis.³

India has the longest history of corporate social responsibility in the world. Although the word CSR is new, the concept itself has been around for over a century. In India, CSR has progressed through several stages, including community involvement, socially responsible production, and socially responsible worker relations.

In India, this term has been a gift for as long as Kautilya stressed moral practices and values while conducting business. Merchants gave almsgiving in Hinduism, had night

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³The Balance. 2022. *What Is Corporate Social Responsibility?* Available at: <<https://www.thebalance.com/corporate-social-responsibility-csr-4772443>> [Accessed 30 June 2022].

shelters and temples built for the needy, and shadowed Dharmada wherever a certain sum is paid by the merchant or producer used for charity. Also, Islam had a law known as Zakat that regulated the sharing of a certain proportion of one's earnings with the poor by donation. The Sikhs pursued what they called Daashaant to CSR. Some past organization transparency traditions, including qualitative research back to the eighteenth century, are still relevant today. Some past organization transparency traditions, including qualitative research back to the eighteenth century, are still relevant today. Once the fight for independence in the Republic of India was a germinating stage from the 1850s onwards, corporations were deeply CSR and community development efforts with altruistic goals are a priority. India came out with its own “mixed economy” theory after independence and applied distinctive CSR approaches.

Corporate Social Responsibility (CSR) has played a crucial role in the Covid-19, where businesses tried there in contribution in the health sector to cope up in this tremendous challenging time. CSR is an 'autonomous business model' that indicates that a company's processes of engagement with its stakeholders and the general public create a socially responsible situation. As permissible avenues for CSR expenditure, all COVID-19 activity expenses were declared on 23 March 2020. It was further stated that the money would be utilized on healthcare promotion initiatives, including preventative healthcare, healthcare, and disaster management.⁴

Many companies were motivated to participate in this challenging time by not only contributing funds in the NGOs funds or PM CARES FUNDS but also by contributing in the health care sector by manufacturing PPE Kits, ventilators, oxygen plants, setting up Covid centers for patients, and providing essential commodities to the people.⁵

What is CSR (Corporate Social Responsibility)?

CSR is the concept that a company has a responsibility to the society in which it operates and runs its business. Firms that embrace corporate social responsibility are generally structured in a way that allows them to be and maintain integrity. It is a type of self-regulation that can take the shape of initiatives or tactics, depending on the aims of the company. The definition of “socially responsible” differs from company to company. Firms are frequently governed by the triple bottom line idea, which states that a company should be dedicated to assessing its social and environmental effects in addition to its profitability. The phrase “profit, people, planet” is frequently used, to sum up, the driving force behind the triple bottom line.⁶

Any endeavor to improve a company's greenness and social effect is referred to as corporate social responsibility. Companies might implement CSR initiatives in parts or as part of a larger plan. Companies are increasingly establishing CSR initiatives. These initiatives involve every business unit and have dedicated CSR employees and resources. CSR initiatives might start as a result of pressure from community people who want companies to be good neighbors. However, Harvard Business School's study

⁴[iica.nic.in. 2022. Available at: <https://iica.nic.in/images/CSR_COVID_Publication.pdf>](https://iica.nic.in/images/CSR_COVID_Publication.pdf) [Accessed 30 June 2022].

⁵LLP, T., 2022. *Corporate Social Responsibility | Section 135 of Companies Act 2013*. TaxGuru. Available at: <https://taxguru.in/company-law/corporate-social-responsibility-section-135-companies-act-2013.html> [Accessed 30 June 2022].

⁶Business Insights - Blog. 2022. *Types of Corporate Social Responsibility to Be Aware Of*. Available at: <https://online.hbs.edu/blog/post/types-of-corporate-social-responsibility> [Accessed 30 June 2022].

demonstrates that once implemented, these initiatives generally get widespread support from inside the organization.⁷

One might argue that CSR initiatives should be implemented in all businesses. For a company to commit to becoming environmentally friendly and socially responsible, it must see the benefits. There is evidence that businesses with strong CSR initiatives benefit from improved public relations and satisfied consumers. This generally results in increased corporate earnings, which pleases stakeholders.

A shift toward renewable energy, such as solar panels on corporate premises, might, for example, result in reduced power bills over time.

Babson College conducted a review of hundreds of CSR programme studies. The evaluators discovered that the programmes could have a significant influence on market value and brand value while also lowering risk. According to the conclusions of the research, CSR initiatives have the potential to:⁸

- Increase market value by up to 6%
- Reduce systemic risk by up to 4%
- Reduce the cost of debt by 40% or more
- Raise price premium by up to 20%
- Reduce staff turnover rate by up to 50%

Categories of CSR (Corporate Social Responsibility)

Although corporate social responsibility is a wide term that each company interprets and implements differently, the fundamental principle of CSR is to operate in a way that is economically, socially, and ecologically sustainable. Environmental, philanthropic, economic responsibility, and ethical are the four conventional types of corporate social responsibility.

Generally, corporate social responsibility initiatives are categorized as follows:

- **Environmental Responsibility:** Environmental responsibility is the notion that companies should act in the most environmentally sustainable manner possible. It is one of the most prevalent types of corporate social responsibility. Some businesses refer to such activities as “environmental stewardship”. Initiatives of environmental responsibility are designed to reduce pollution, emissions of greenhouse gases, and the sustainable use of natural resources. Companies that want to adopt environmental stewardship can do so in a variety of ways:
 - Pollution, greenhouse gas emissions, the usage of single-use plastics, water use, and general trash are all being reduced.
 - Increasing dependence on renewable energy, environmentally friendly resources, and partially recycled or recycled materials.
 - Offsetting negative environmental effects through planting trees, sponsoring research, and giving to relevant charities.
- **Philanthropic Responsibility:** Philanthropic duty refers to a company's active efforts to make the world and humanity a better place. Organizations inspired by philanthropic duty frequently donate a percentage of their revenues in addition to operating as ethically and ecologically friendly as feasible. While many businesses

⁷*Supra* note 6.

⁸The Balance. 2022. *What Is Corporate Social Responsibility?* Available at: <<https://www.thebalance.com/corporate-social-responsibility-csr-4772443>> [Accessed 30 June 2022].

give to charities and organizations that correspond with their guiding missions, others donate to deserving causes that have nothing to do with their business. Others go so far as to establish their charitable trust or organization to help others.⁹

- **Ethical Responsibility:** Companies may embrace ethical responsibility in a variety of ways. A firm, for example, may establish its own, higher minimum wage if the one imposed by the state or federal government does not represent a "livable wage." Similarly, a company may require that products, ingredients, materials, or components be sourced in accordance with free trade norms. In this regard, many businesses have procedures in place to guarantee that they are not acquiring items that are the consequence of slavery or child labour. Ethical responsibility concerns the fair and ethical operation of an organization. Ethical responsibility organizations, including leadership, investors, employees, suppliers, and clients, strive at achieving a fair treatment of all stakeholders.¹⁰
- **Economic Responsibility:** Economic responsibility efforts entail enhancing the firm's business operations while participating in sustainable activities, such as utilizing a new manufacturing technique to reduce waste. Economic responsibility means a firm's practice in its commitment to good in the areas outlined above to support all its financial decisions. The ultimate objective is not only to maximize profit but to have a good environmental, human and social effect.¹¹

CSR (Corporate Social Responsibility) vs. ESG (Environmental, Social, and Governance)

The CSR concepts are analogous to those set out in the ESG. The primary distinction is that CSR is an internal role, whereas ESG is an external one. It is up to individuals within the firm to determine the effectiveness of CSR programmes. They pick which programmes to keep and those to modify if they aren't functioning well enough. ESG, on the other hand, is a statistic that can be used by outside experts to assess the impact of various business efforts to solve green and social concerns.^{12&13}

There would be no ESG without CSR, but the two are not interchangeable. While CSR seeks to hold businesses accountable, ESG standards make their efforts quantifiable. There is a dearth of comparable measures available due to the vast differences in CSR activity between firms and industries. ESG action, on the other hand, is typically considerably more measurable.

As impact investing has grown exponentially, there has been a need for ways to rate firms based on their environmental, social, and governance (ESG) performance. ESG ratings and scores have been created, and objectives have been established and reported on.

⁹Corporate Finance Institute. 2022. Corporate Social Responsibility (CSR) - Types and Business Benefits. Available at:

<<https://corporatefinanceinstitute.com/resources/knowledge/other/corporate-social-responsibility-csr/>> [Accessed 30 June 2022].

¹⁰Business Insights - Blog. 2022. Types of Corporate Social Responsibility to Be Aware Of. Available at: <<https://online.hbs.edu/blog/post/types-of-corporate-social-responsibility>> [Accessed 30 June 2022].

¹¹Supra note 10.

¹²alva. 2022. What's the difference between CSR and ESG? | alva. Available at: <<https://www.alva-group.com/blog/whats-the-difference-between-csr-and-esg/>> [Accessed 30 June 2022].

¹³ Patel, S. S., & Bhatt, A. (2017). A Study of Web 2.0 Application in Libraries of Premier Institute of Gujarat. International Journal of Library and Information Studie. <http://www.ijlis.org>

Companies may use numbers to improve how they treat their employees, manage their supply chains, respond to climate change, boost diversity and inclusion, and strengthen community ties.

CSR has never progressed beyond being an add-on to a company's core purpose and general direction, a footnote in the annual report, or a once-a-year exercise that requires half a day of effort and concentration. At worst, it's turned into a marketing tool, allowing a company to brag about what it's doing right without having to back up its statements or discuss areas where it could be falling short. It has failed to live up to its promise, much to the chagrin of CSR experts, owing to its scope having considerably more breadth than depth.

ESG policies, on the other hand, are based on criteria and must be integrated into a company's strategy rather than being an afterthought. ESG's strength rests in its ability to be integrated into a company's operations. Asset managers, customers, and workers are driving the trend, seeking transparent, purpose-driven corporate practices that match their own goals.

According to the Global Reporting Initiative, 93 percent of the world's top corporations by sales currently report on their environmental, social, and governance (ESG) performance. The fact that these companies think it's vital to share their work in this area indicates how crucial ESG has become to their operations. Businesses must be upfront about their ESG pedigree to gain investment, as potential shareholders are more concerned about ESG concerns as a method of guaranteeing long-term financial performance.

A 2018 report by Allianz showed that 79% of Americans supported the idea of investing in a company that cared about the issues they held dear; 74% said that ESG investments both made them feel good and made good financial sense, and 69% cited governance issues such as executive pay and transparency as significant in their decision to invest.¹⁴

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CSR in Covid-19 Times in Global Market

The COVID-19 pandemic has created health, economic, and humanitarian disasters of historic dimensions. The economic impact of the staggered shutdown on economic activity has been catastrophic, with companies and enterprises in many sectors shutting down. Given the gravity of the situation, it is understandable that the government would welcome support from individuals and organizations. The COVID-19 epidemic has

¹⁴Issgovernance.com. 2022. Available at: <https://www.issgovernance.com/file/publications/ISS_EVA_ESG_Matters.pdf> [Accessed 30 June 2022].

¹⁵Allianzlife.com. 2022. [online] Available at: <<https://www.allianzlife.com/-/media/files/allianz/pdfs/esg-white-paper.pdf?la=en&hash=1DE90B73C82847769EAB94B29A819834E8984C6F>> [Accessed 30 June 2021].

provided corporations with another chance to fulfill their corporate social responsibility (CSR) responsibilities.¹⁶

Covid-19, like other global events with global implications, can transform how we perceive the world, think about it, and live our lives. Despite the human tragedy of lost lives, shattered families, and damaged communities, the economic and societal transformations brought about by a pandemic-driven lockdown will leave a cultural legacy that will live on in our memory and those of future generations.

CSR has become an essential component for businesses in industrialized nations, as CSR initiatives improve their competitiveness and corporate reputation. Furthermore, countries considered to be the fastest-developing, such as BRICS (Brazil, Russia, India, China, South Africa), CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey, and South Africa), Next Eleven (Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, South Korea, Turkey, and Vietnam), and MINT (Mexico, Indochina, and Thailand), are of particular interest (in terms of context influences).

CSR has recently been an important element of every company's business strategy. It considers the numerous ways in which corporations may make a positive difference by demonstrating their commitment to economic and social development. We've observed a shift in marketers' attention to corporate social responsibility in recent years. Companies such as Google, Microsoft, Disney, and ITC have set an example by demonstrating their commitment to environmental diversity and sustainability.¹⁷ McDonald's, Audi, Coca-Cola, Volkswagen, and others are among the firms that practice CSR by raising social awareness for social distancing. McDonald's delivered a message to society by dividing their "M" logo into "n – n" to symbolize social distance. Audi, however, separated the four rings in its logo and experimented with a slogan to maintain distance. Volkswagen also unveiled a new logo that has a space between the letters V and W.¹⁸

Due to the rapid spread of Coronavirus in India and its declaration as a pandemic by the World Health Organization, the Government of India has declared the expenditure of cash for Covid-19 assistance as a CSR project. Various marketers are stepping up and matching their approach with the government's declaration in this time of global crisis. Brands should embrace this as a chance to look within and contribute as much as they can to the cause.

Under the Companies law, "Certain classes of profitable entities have to shell out at least 2 percent of their three-year annual net profit towards Corporate Social Responsibility (CSR) activities in a particular financial year". As the Covid 19 pandemic spreads throughout the world, a major economic downturn has already been observed, affecting nearly all industries. However, it's good to see that, even in these trying circumstances,

¹⁶YourStory.com. 2022. *COVID-19 & CSR: Time to step up and build an equitable society*. Available at: <<https://yourstory.com/socialstory/2020/09/covid-19-csr-concept-significance/amp>> [Accessed 30 June 2022].

¹⁷Business Insider. 2022. *How marketers are now focusing on CSR in current COVID-19 situation*. Available at: <<https://www.businessinsider.in/advertising/ad-agencies/article/how-marketers-are-now-focusing-on-csr-in-current-covid-19-situation/articleshow/75572818.cms>> [Accessed 30 June 2022].

¹⁸ Downtoearth.org. 2022. *Corporate social responsibility practices in the times of COVID-19: A study of India's BFSI sector*. Available at: <<https://www.downtoearth.org.in/blog/governance/corporate-social-responsibility-practices-in-the-times-of-covid-19-a-study-of-india-s-bfsi-sector-74583>> [Accessed 1 July 2022].

businesses and marketers are stepping forward and shifting their strategies to help society.¹⁹

The worldwide economic effect of Covid-19 is likely to be unmatched since the Great Depression of the 1930s. As a result, the Covid-19 epidemic is likely to be one of the most important environmental shifts in contemporary marketing history, with the potential to have a substantial influence on CSR, consumer ethics, and basic marketing philosophy. Due to widespread lockdown and social isolation tactics across the world, the short-term impact of Covid-19 is quickly and easily recognized.

Covid-19 presents CSR problems to businesses and organizations. According to reports, several businesses/retailers have attempted to profit from the issue. To prevent profiteering from becoming widespread, the Competition and Markets Authority (CMA) in the United Kingdom, established a special task force to prosecute firms benefiting from the pandemic by raising prices or making false product claims.

Conclusion and Suggestions

CSR (Corporate Social Responsibility) refers to businessmen's duties to pursue policies that are beneficial in terms of our society's aims and values, not only for the company but for the entire society. We proclaim that, in addition to generating a fair and appropriate return on capital, the business must be just and human, as well as efficient and innovative, because business life in India intimately concerns and increasingly affects the happiness and wellbeing of its people. Because a nation's business life is increasingly concerned with and determines the happiness and welfare of its people, in addition to making fair and adequate returns on capital, every enterprise has multiple responsibilities, including those to itself, its customers, workers, shareholders, and the community, and it is the responsibility of management to reconcile these separate and sometimes conflicting responsibilities. How it is to be done is dependent on the circumstances, which must be evaluated as thoroughly and objectively as possible before determining which approach would best guarantee that the business accepts and discharges these obligations.

It is considered that social responsibility in business may best be assumed in an environment of freedom and with the least amount of constraint on healthy competition as feasible. Individual perspectives on the relative function, size, and liberty that the private, public and governmental sectors should have may differ. But we are united in our belief that to enjoy confidence and respect, business, no matter how large or small, must actively discharge its responsibility in all of the above directions, rather than toward one or two groups, such as shareholders or workers at the expense of the community and consumers.

The COVID 19 Pandemic has turned life upside down. During this crisis, corporations stepped forward to grease the wheels of people by assisting them through CSR and contributing to the rebuilding of nations in their hour of need through CSR expenditure on preventive healthcare and sanitation, promoting healthcare and sanitation, promoting education, and disaster management among various countries to demonstrate how companies carry out their responsibilities ethically.

The focus has changed away from pre-determined CSR frameworks and toward actions connected to the battle against the new coronavirus illness (COVID-19), which would

¹⁹Hongwei He and Lloyd Harrisb, The impact of Covid-19 pandemic on corporate social responsibility and marketing philosophy, Journal of Business Research Vol. 116, August 2020, Pages 176-182

reap indirect advantages from the operational segment in which firms operate. It has been clear that the focus has been one-sided, with the majority of attention focused on corporate procedures, intentions, and consequences of such initiatives.

Business houses around the world had acknowledged their societal responsibilities by participating in a variety of activities during COVID 19 by formulating effective strategic policies and various instruments based on the company's history to implement CSR is an effective way to achieve the goal, and their work demonstrates extensive philanthropy.

Even during COVID-19, the Indian government is encouraging firms to offer social assistance, and with Ministry of Corporate Affairs (MCA) rules and notifications, all expenses made on COVID 19 activities have been included as authorized avenues for CSR Expenditure.

Another factor to consider when developing Corporate Social Responsibility actions is consistency. Whatever action you decide to take, it must be directly related to your company's main business. If each firm is expected to contribute, the best place to begin is with the areas and activities you are most familiar with. After all, in an emergency, not only financial resources but also the necessary skills and technical expertise, are required. Companies must disclose this information to the rest of the community for at least two reasons.

Ferrari, for example, opted to employ their production line to make respirator valves. Armani chose to shift all of its Italian factories to the manufacturing of disposable gowns for use as personal protective equipment (PPE) for healthcare professionals on the front lines of the coronavirus. In both situations, the acknowledged competence of these companies has contributed value to the business as well as the quality and dependability of the items delivered. Such efforts also contribute to the company's goal, which can be broadened to include delivering an effective response to the larger community during a crisis. Second, by remaining focused on core business operations, firms may avoid superficial or hurried CSR that may come out as “green washing” or hypocritical. The result of such a mindset is doubly bad.