

Pandemically Speaking: Sustaining Corporate Social Responsibility During Times of Uncertainty

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Abstract - In a pre-COVID-19 world, corporate social responsibility (CSR) transformed how organizations reported on ethical and responsible behavior to enhance their reputation and public perception. With COVID-19 quickly spreading around the world, shrinking supply chains, and limiting resources, leaders were faced with the challenge to transition workers to new environments and become agile in addressing customer demands. Entering into an unknown world, leaders took unofficial steps toward CSR practices that could lead to a strategic competitive advantage. As the world emerges from the COVID-19 pandemic, leaders of organizations should reflect on the positive approaches that emerged. Just as how leaders experienced the benefits of a remote workforce resulting in increased efficiencies due to reduced commuting times with social distancing and shelter-in-place mandates, the increased focus on the organization's true capital - its human capital - may lead to a more sustainable world.

Key Words: COVID-19, Coronavirus, Corporate Social Responsibility, CSR, Organizational Change; Change Management, Project Management, Supply Chain Management

1. INTRODUCTION

Corporate Social Responsibility (CSR) has become increasingly prevalent and visible in corporations such as Google, Levi-Strauss, Starbucks, and others being used as a mechanism to energize and motivate stakeholders as well as manage societal perceptions. According to one study, there are over 8,000 companies from more than 150 countries who are focused on issues of human rights, labor standards, the environment, and anti-corruption initiatives [1]. This commitment to CSR leads corporations to conceptualize and enact their social obligations. Edmans [2] conducted a four-year study to see if socially responsible firms perform better, or if CSR responsibility is a distraction to the bottom line. In this study, Edmans looked at how employee well-being affected future stock returns by looking at the Fortune the top 100 companies to work for in America. In the results, Edmans found the top 100 best companies to work for in America beat their competitors by 2-3% per year over a 26-year period. By providing evidence such as Edmans' study, leaders of organizations can demonstrate how CSR can have a positive impact on the organization's bottom line.

With the COVID-19 pandemic, it would be easy for leaders of organizations to overlook the importance of CSR. CSR is the belief and, in some instances, the requirement that a corporation should operate in a manner that considers impacts to stakeholders versus just maximizing shareholder profit. The triple bottom line of people, planet, and profit is a concept that illustrates the buckets into which those various stakeholders can be classified. Conventional thinking would believe organizations that provide additional benefits to their employees and pay higher wages than the industry standard are focused on employees to the detriment of their shareholders. For leaders of organizations primarily focused on profits, CSR is not a priority. If leaders continue to focus mainly on the financial health aspect of the triple bottom line, they will continue to steal from our future - our children and grandchildren - for monetary profits [3]. The impact of corporations not committed to CSR is substantial. Corporations not focused on CSR do not contribute to economic growth, quality of life for its workforce and families, environmental preservation, or improvement in the quality of their local communities. Leaders of these organizations must understand that CSR has a significant impact on corporate reputation and must balance profit-making with socially responsible decisions.

2. INTEGRATING CSR WITH SUPPLY CHAIN MANAGEMENT AND OPERATIONS

CSR has transformed how organizations report on ethical and responsible behavior to enhance their reputation and public perception. Leaders have now realized that CSR must be a core part of their organization to remain sustainable [2]. Socially responsible leaders should be instrumental in assisting businesses in appreciating how the triple bottom line can be an indicator of long-term business sustainability. Additionally, socially conscious leaders have a moral responsibility to recognize and adhere to the expectations of societal ethics by going beyond established regulations [4]. With CSR, organizations find that companies that treat their employees better perform better, resulting in increased profits.

Measuring operational success using the triple bottom line is a key indicator of an organization's sustainability. This model takes into consideration that organizations using fewer natural resources will ultimately become more successful. Furthermore, with the COVID-19 pandemic shrinking supply chains and limiting resources, leaders of organizations were forced to operate with a Lean mindset.

Lovins, Lovins, and Hawken [5] offered a new approach for environmental sustainability that can contribute to improving profits and a new way of conducting business post-COVID-19. Using advanced techniques to maximize resources, both shareholders and future generations can receive benefits from an approach identified as natural capitalism. Transitioning to natural capitalism requires four key modifications in business practices:

- Maximize the output of natural resources: Changes in technology and manufacturing processes can reduce energy, water, and other natural resource waste.
- Shifting to biology-inspired operational models: Closed-loop supply chain systems allow for raw materials to be returned to the ecosystem or reused for other products.
- Convert to a solutions-based business model: A shift to providing services to repair or replace worn parts versus replacing an entire finished good can reduce overall product and process costs.
- Reinvest in natural capital: Replenish natural resources by participating in activities such as planting trees to counterbalance carbon emissions to protect the earth's biosphere.

As business partners of global firms continue to question whether their supply chains and production facilities are sustainable and safe, these companies have vowed to become environmentally sustainable. By integrating sustainable operations, processes, and information through knowledge-sharing within an organization, organizational leaders could have a positive effect on social change by fostering employee collaboration, innovation, and empowerment [6]. To document their efforts, these companies are working with ERP providers to modify their current applications to create modules to track their information. To develop a tool to track sustainable processes, researchers have begun to call these new applications Sustainable Enterprise Resource Planning (S-ERP) applications [7]. While decision-makers within firms can utilize existing technology using the tools and information they currently have at their disposal, the following caveats could be identified regarding the implementation of S-ERP applications:

- Data management in organizations
- Data penetrations through ERP systems consistency in data logging
- Supply chain transparency
- Supply chain reliability
- The language (and education) issue

While leaders of organizations speak to supply chain concepts from a theoretical perspective, these leaders could move toward advanced sustainable technology to put these theories into practice.

As personnel continued to seize counterfeit COVID-19 tests and protective equipment at ports and airports around the world, healthcare supply chains became threatened due to greed and the opportunity to profit from the world's vulnerability. To mitigate this risk moving forward, leaders of organizations must develop strategic business partner relationships and create communities where everyone strives to give their best to deliver the value the firm promises [8]. In order to change an organization's culture, leaders must change their stakeholders' mindset to align with the company's CSR strategy. When culture is perceived as an organization's core values, assumptions, and interpretations, the link between internal stakeholders and culture is apparent [9]. Given both practitioners and scholars associate CSR to the triple bottom line, focusing on the four types of CSR - environmental sustainability, philanthropic giving, ethical business practices, and economic responsibility - an organization's corporate citizenship could lead to a strategic competitive advantage for an organization.

3. IMPLEMENTING AND INFLUENCING CHANGE DURING UNCERTAIN TIMES

For today's leaders looking to transition to an organization focused on the triple bottom line, it is an unfortunate reality that they can spend much of their time managing resistance from internal and external stakeholders. Identifying the various stakeholders of an organization is an elementary step towards crafting and gaining agreement on CSR goals. Industry analysts and researchers define resistance to change as an insistence that the status quo remains and that there is no need to change it [10]. Some stakeholders resist change because they associate any change to risk. In conducting change management initiatives for small, medium, and large enterprises around the globe, Goldston [11] identified risk management strategies when implementing enterprise-wide initiatives:

- Treat ongoing project iterations as an opportunity for learning and foster an organizational culture that supports it.
- Be open to discussion and reflection, and do not be afraid to alter the strategic direction during the initiative.
- Repurpose technological and organizational-based learning from past experiences.
- Treat sub-projects as part of an ongoing program that promotes continuous improvement.
- Allocate at least 50 percent of the budget of the project to organizational aspects of the change, such as developing new processes, roles, routines, communication, education, and training.
- Put change management on top of the executive agenda and develop tools, roles, methods, and skills for its execution.

- Make sure that the leaders that act as change agents and transformation managers excel at listening and communication.

In researching the risks of not implementing a CSR program, a study by Cone Communications and Echo Research of 10,000 global consumers found that 91 percent of shoppers worldwide will likely switch to brands that support a social or environmental cause [12]. Additionally, another study found that 90 percent of shoppers would boycott a company based on moral or irresponsible business practices [13]. In identifying the rewards to implementing a CSR program, Karla Jo Helms, CEO of JoTo Public Relations discussed the rewards of implementing CSR company-wide by stating “positive publicity and will increase the overall success of any CSR being performed simply by creating better word of mouth and getting the news out to the media and ultimately to the public. By leveraging your CSR efforts with a proactive public relations strategy, the public eye will take notice of the work your company is doing, which studies show heavily influences buying decisions” (p. 2).

As validation to Goldston’s [11] empirical experience, industry thought leader, Sikich [14] noted that leaders should be transparent and candid in the risks associated with an enterprise-wide project at a strategic, operational, and tactical level. To mitigate the risk of a failed project, Sikich identified four critical steps to implement, track, and monitor during a large-scale project:

- Establish organizational goals and objectives: In order to establish the goals and objectives centered around CSR, leaders of organizations should be able to answer the following questions.
 - What CSR strategies are leaders of the organization committed to?
 - How will the organization fulfill these objectives?
 - Does the organization feel its current state environment supports the identified goals and objectives?
 - Does the organization have the appropriate resources (financial and non-financial) to drive, implement, and support this initiative?
 - Does the workforce currently have the skills required to support this initiative?
 - How will communication and information be delivered throughout the organization?
- Begin to understand the project complexity: Similar to other enterprise-wide initiatives that could be identified as risky endeavors, leaders should perform research and reach out to other organizations that have completed a CSR initiative. Also, hiring a CSR expert would be beneficial in understanding the holistic view of embarking on this type of project.

- Develop a communications plan: Visibility is one of the most critical aspects of an enterprise initiative. A public relations strategy to communicate the project and the progress will increase the buy-in from both internal and external stakeholders.
- Rethink current paradigms: Leaders of organizations should encourage their internal and external stakeholders to become thought leaders and visionaries regarding CSR. By rewarding stakeholders for their ideas, organizations are increasing their exposure to the CSR initiative, while also mitigating risk through increased buy-in.

Although it is important to identify the risks and mitigation strategies for a project, it is more imperative to communicate and demonstrate the rewards that internal and external stakeholders will receive with this project. In an effort to validate this initiative, during the interactions with organizations and consultants that have successfully implemented CSR programs, leaders should inquire about how long it took to achieve strategic, operational, and tactical goals, as well as any additional rewards attained. With this information, organizations embarking on a CSR project can create an infographic to provide a quick visual as to the benefits of implementing a CSR strategy. Additionally, published interviews and white papers created by business partners and consultants are valuable to add to an organization’s communication plan to demonstrate the value of a CSR adoption from a third-party source. Once the future-state visioning has been established, leaders should work with their project team to develop mini or sub-projects that can be implemented as inputs into the full-scale CSR roll-out. In adopting this Agile-style approach, organizations will experience small wins that not only empower internal and external stakeholders to continue with this initiative, but these stakeholders will also experience the positive impacts these small changes have on individuals of the organization, the community, and around the world.

Another way to mitigate the risk of conflict among stakeholders is by incorporating transformational leadership. Through transformational leadership, leaders could encourage innovation and discard obsolete traditional approaches, which would help improve the business environment and stakeholder relations, which could foster CSR [15]. A transformational leader would embrace integrated strategies that would balance profits and competitive advantage with social sustainability and initiate continuous CSR-oriented actions and programs into the corporate agenda that solves social concerns. Although we may think shareholders are only concerned with monetary gain, stakeholders are also focused on the profit aspect of the triple bottom line in hopes of achieving the American dream. Operating in a multi-stakeholder environment, leaders must learn how to navigate through both the positive and negative commentary they will encounter with this new initiative. In portraying the following traits, transformational leaders can inspire, encourage, empower, and influence project team

members to work toward the common objective of a successful implementation.

4. DEMONSTRATING POSITIVE SOCIAL CHANGE WITH CSR REPORTING

Leaders of an organization that are seeking a higher purpose and desire for stronger social responsibility may exhibit organizational citizenship behaviors. The ability to recognize and be empathetic to other's emotions is a trait of emotional intelligence (EQ) [16]. Organizational citizenship and EQ are two examples of positive behaviors that leaders can exhibit that bring a stronger commitment to social, environmental, and global responsibility. To make a positive impact, these leaders must demonstrate their social responsibility initiatives, both internally and externally. To do this, similar to following global standards such as ISO 9000 for quality assurance and quality control, the International Organization for Standardization (ISO) launched guidelines for social responsibility, referred to as ISO 26000. Developed by 450-plus experts from over 100 countries, ISO removed the term 'corporate' to stress the fact that social responsibility is a social initiative compared to a corporate or enterprise effort [17].

ISO 26000 is broken out into seven core subjects:

1. Organizational Governance: Leaders must practice accountability and transparency throughout the organization.
2. Human rights: Leaders should treat all individuals with respect while also providing additional attention to vulnerable groups.
3. Labor practices: Organizations must provide safe and healthy conditions for workers while also offering two-way communication to address issues and concerns.
4. Environment: Leaders of organizations should identify and improve the environmental impacts of their operational practices.
5. Fair operating practices: Leaders should practice accountability and fairness when dealing with all business partners.
6. Consumer issues: Organizations should provide the population with safe products that promote sustainable consumption.
7. Community involvement and development: Leaders and employees of organizations should become more involved with their local communities.

With ISO 26000 providing organizations with a methodology to implement social responsibility practices, ISO designed its standards to integrate with existing reporting guidelines such as the Global Reporting Initiative's (GRI's) sustainability guidelines. Since 2000, GRI's Sustainability

Reporting Guidelines have been used by over 10,000 organizations from more than 90 countries to report their impacts on the triple bottom line publicly [18]. In an effort to standardize the process, GRI's prescriptive guidelines are the world's most widely adopted sustainability reporting standards. Within the United States, many Fortune 500 organizations have also joined the GRI movement. In adopting these reporting standards, Dow Chemical's Vice President for Sustainability and Environment, Health, and Safety, Neil Hawkins, stated: "I believe that GRI is the best standard for reporting in the world, and I think the companies that are using it and especially getting third-party validation are some of the more sustainable companies out there. GRI creates confidence that the report you are looking at is accurate" (p. 45) [19]. Reporting on these impacts enables organizations, and their stakeholders, to understand their contributions towards the goal of sustainability.

In developing their sustainability reports, organizations can follow the steps below to ensure they are aligned with GRI's standards:

- Identify the aims of reporting: Through brainstorming sessions and the voice of the customer surveys, organizations should identify the drivers for reporting. Some considerations are as follows:
 - The organization's current market position
 - Stakeholder pressure
 - Customer requirements, requests, and expectations
 - Government regulations
- Materiality assessment: Organizations should identify what matters most for their business and stakeholders based on the company's mission and vision.
- Define key performance indicators (KPIs) and metrics: Once the focus areas have been identified during the materiality assessment, organizations will determine their data collection approach.
- Report progress: Once the data is collected and analyzed, organizations will finally report their results and add their report to the GRI database that currently holds over 30,000 reports for organizations from around the world. The GRI standards will outline the disclosures and reporting requirements needed during the data collection and reporting processes.

Corporate citizenship goes beyond the concepts of corporate philanthropy as it is a corporation's civic duty to contribute to sustaining the world's well-being in cooperation with governments and civil society [20]. Corporate citizenship is a mindset that must be developed and demonstrated throughout the organization. In order to successfully implement corporate citizenship, leaders and stakeholders

must be deliberate and thoughtful for the effects to be felt globally.

5. CONCLUSIONS

As the world emerges from the COVID-19 pandemic, organizations should reflect back on the positive approaches that emerged. If leaders begin to take precautionary steps to protect the organization's workforce, communities, and the planet, the profits will follow. Just as how leaders experienced the benefits of a remote workforce with increased efficiencies due to reduced commuting times with social distancing and shelter-in-place mandates, the increased focus on the organization's true capital may lead to a more sustainable world.

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