

# CSR Initiative as a PR Strategy during the COVID-19 Pandemic

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**Abstract:** The coronavirus (COVID-19) pandemic has resulted in a sharp decrease for worldwide businesses. Protecting market share and reputation seems to be crucial during this crisis. Many companies believe connecting corporate social responsibility (CSR) with business responses is an effective solution and a great opportunity to change into more genuine CSR and prevent their asset from losses. This essay will concentrate on business responses related to COVID-19 and the corresponding impact of CSR initiatives in the pandemic. It will then give public relations (PR) implications to guide companies to the most reliable and efficient way to maintain and improve their stakeholder engagement.

**Keywords:** CSR initiatives, PR practices, COVID-19 pandemic, Business responses, Stakeholder.

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## 1. Introduction

Nowadays, business organizations and their public relations (PR) departments are taking corporate social responsibility (CSR) more seriously. CSR is a key legitimizing practice in contemporary society. PR practitioners can use CSR as an element to foster a favorable and positive climate of opinion for their institutions (Somerville & Wood, 2011) [1]. For many companies, CSR is a voluntary and selective action depending on corporate property and business type. However, there is a phenomenon that when an influential social problem happens, PR workers will take CSR initiatives in the same aspect without an agreement in the industry to create a responsible brand image and even aim to maintain revenue during the crisis.

The booming CSR attempts in the background of COVID-19 are attracting attention in the PR academia. This paper will choose the epidemic as the scenario to analyze whether CSR can contribute to firm reputation and values in the worldwide social issue. To be specific, the research focuses on the relations between CSR and business performance as well as PR implications in the particular epidemic period.

Since the outbreak, there are intensive debates about CSR's effectiveness, albeit the positive prediction. There is a contradiction between the theoretical support of CSR's value-enhancing function and insufficient data to prove it (Bae et al., 2021) [2]. Moreover, it is a predicament for PR practitioners because they need to reassess the stakeholder identification and prioritization (Crane & Matten, 2020) [3]. Therefore, although some companies have already been praised and rewarded due to their coronavirus-related measures (Shin et al., 2021) [4], instead of appreciating CSR as a pure blessing and a lifesaver, this paper critically evaluates business responses related to different stakeholders and their influences. By examining the latest researches published after the pandemic, how CSR might be helpful with professional PR guidance for achieving corporate goals in this harsh time is going to be explored.

## 2. Literature Review

Businesses take different responsibilities from the government. The public does not expect them to safeguard all

citizens' health conditions nor manage the overall economy. During this crisis, the various CSR activities many companies have engaged in are predominantly philanthropic like altering products to high-demand items, which can offer immediate assistance to satisfy stakeholders' needs or fight against the virus (Manuel & Herron, 2020) [5]. For example, UK manufacturers transformed their production to ventilators, personal protective equipment, and hand sanitizer, with some donating rather than selling (Miller, 2020) [6]. In China, tourism businesses like airlines, travel agents, and hotels allowed travelers to cancel reservations without a fee or penalty and offered free rooms for healthcare workers partnering with hospitals as their CSR forms (Walker, 2020). The tea brand PG tips cared about mental health cooperated with a charitable organization named Re-engage, which aims to solve loneliness for the elderly. During the lockdown, they train volunteers to call older people (Jones, 2020) [7]. In these cases, CSR is used as a method for companies to manage various stakeholders including employees, business partners, customers, local communities, shareholders, etc (Cuesta-Valiño et al., 2019) [8].

Among all these stakeholders, Brulhart et al. (2019) [9] summarized the three most important stakeholder groups for companies who are one internal stakeholder and two distinct external stakeholder groups, standing for employees, customers and communities separately. They embody the central features for all CSR reports because of their status for firms in societies (Öberseder et al., 2014) [10]. In the era of COVID-19, customers top companies' stakeholder lists. They assume customer safety and well-being are salient CSR factors given the changes in people's everyday lives (Wen et al., 2020) [11]. Moreover, the public and potential investors may keep their eyes on customer protection measures of companies like hygiene standards, healthcare facilities, and contactless services (Jiang & Wen, 2020) [12]. CSR with customers could influence corporate financial conditions instantly such as growing stock returns in the epidemic (Qiu et al., 2021) [13]. The same assumption also works for CSR with employees because organizational commitment with staff can ensure firms' normal operation and probably strengthen investors' trust. Mao et al. (2020) [14] concluded that CSR activities could arouse the enthusiasm and optimism of employees during the COVID-19 adversity. However, few

studies have demonstrated employee-related CSR's direct economic benefits with data (Singal, 2015) [15]. The input-output ratio of community-related CSR is also not that measurable and considerable as PR practitioners perceived. In this situation, if businesses want to improve performance through internal stakeholder linkages, they need to redesign a more efficient and targeted operating procedure, which is also urgent for CSR with communities in the epidemic. With a reasonable PR strategy, CSR can present win-win prospects and establish confidence between the community and businesses (Boadi et al., 2019) [16].

### 3. Discussion

Businesses can immediately and effortlessly measure the short-term impact of Covid-19 is because some of them have recorded the process of suffering from the decline, taking CSR actions, and receiving image returns. However, there is still a skeptical attitude because previous studies only suggest that CSR can serve an insurance-like function to alleviate adverse impacts of negative news on firms. It is not clear whether it has the same long-term function in the lasting public health crisis (Zhai et al., 2021) [17]. As the most momentous environmental and social changes in modern history, the COVID-19 pandemic could last for a long time and probably cause a profound impact on businesses (He & Harris, 2020) [18]. PR practitioners have to temporize and make changes for their CSR initiatives sooner or later. For enterprises that raise questions about CSR's impact, PR people might have ignored their own business nature and scope. Just following what others are doing in the same industry (i.e., imitating the donation amount) cannot meet the expectations of particular stakeholders. The issue is not about whether or not to invest in CSR but how to accomplish this task.

First of all, enterprises need to take the enterprise scale into account. For large-sized enterprises, they usually have better historical CSR performance with the help of financial support as a natural advantage in the epidemic period. The research of Qiu et al. (2021) found that investors would appreciate companies with better previous CSR history more, so large enterprises can stick to their CSR strategy with slight adaptations to the COVID-19. However, for small- and medium-sized enterprises (SMEs), PR people need to totally rethink the traditional CSR strategy because they do not have the capital and human resources to continuously create social values in this persistent epidemic situation (Liu et al., 2020) [19]. It does not mean SMEs should give up CSR practices. On the contrary, during the present COVID-19 pandemic, SMEs focus on attracting consumers and quickly converting their products or services into cash flow to save themselves. Therefore, SMEs need to reframe their CSR investing structure to acquire consumer awareness and preference, and thereby overcoming this crisis. The proposed reframing process begins from choosing a stakeholder group, or more than one, among all stakeholder linkages developed by Grunig and Hunt (1984) [20].

When dividing CSR partners and deciding who to engage with, research, analysis, selection, and negotiation for internal corporate social responsibility (ICSR) and external corporate social responsibility (ECSR) have become excellent differentiators. SMEs with relatively scarce resources can pay most attention to internal corporate social responsibility (ICSR) because the premise of catering to end customers is to cater to internal customers (employees) at first (George &

Bettenhausen, 1990). As a result, consumers will perceive these enterprises are self-sacrificing and have a sense of morality and responsibility for their functional input stakeholders. In this case, SMEs can gain spillover effects to enhance consumers' brand attitudes during the pandemic (Liu et al., 2020). Specific mechanisms in this field include home/remote work policy, hygiene protocols, and cleaning frequency in work places (Mahmud, 2021) [21]. The pandemic is not only a crisis for SMEs anymore but a survival challenge, so they cannot take risks to lose or disappoint employees.

Large global enterprises can continue to concentrate on external corporate social responsibility (ECSR) like cooperating with broader customers and communities instead or take both ECSR and ICSR into considerations. PR departments in large enterprises need to convey the key message to functional output stakeholders that they are willing to pay actions like providing both customers and community retailers with something essential in the pandemic including food, medicines, and other useful goods at home. For example, luxury perfume brands Christian Dior and Givenchy, along with Alcohol behemoths, Absolut Vodka, and Brew Dog have all started to produce hand sanitizer (Coady, 2020) [22]. In addition, CSR with communities includes more kinds of stakeholders represented by enabling linkages and diffused linkages. For instance, PR practitioners in regional, national, and international companies should keep good relations with local governments and respond to their epidemic prevention policies. They also tend to collaborate with big plays in the philanthropic industry like global and local foundations and nonprofit organizations to consolidate safety and health network of communities in the times of COVID-19. Johnson & Johnson's set a good example by cash donation to support frontline health professionals (Mahmud, 2021). PR consultants need to match proper stakeholder groups for companies' CSR initiatives depending on different business sizes and targets.

Last, no matter business organizations are small-, medium-, or large-sized ones, the most important thing for PR is to convey the message of companies' contribution to the public and all stakeholders. Otherwise, all that they did would have been in vain. As another diffused stakeholder linkage, media coverage of CSR investing affects the enabling linkages, especially investors' decisions (Mitchell et al., 1997) [23]. If businesses hope to materialize CSR goals, they can promote a positive corporate image among stakeholders through good CSR news. Forty-eight percent of total press releases sent out between March to May in 2020 mentioned COVID-19 as brands scrambled to communicate their plans to employees, customers, and stakeholders (Ragavan, 2020) [24]. Therefore, based on the industry news, PR practitioners should know what the familiar journalists want and what audiences care about during the pandemic to promote brand reputation like telling the public how their future events related to CSR are.

Publishing CSR values and behaviors on owned media and shared media is also a widely used PR tactic. Take the homepage of McDonald's [25] Australia as an example. It set a COVID-19 Updates tab on its official website to publish their business responses towards the pandemic like McDelivery and Pick-up services (McDonald's, 2021). Coca-Cola America took another approach on Facebook. It has more followers on social media than The New York Times, so it can use this channel to deliver health information. For about three months, Coca-Cola decided to put no brand comms out

and instead presented simple messages around social distancing, hand washing, and mask wearing (B&T Magazine, 2021) [26]. All in all, PR practitioners should identify and prioritize their CSR proposals according to feasibility for their businesses to maximize stakeholder engagement and then use the most impressive media channels to promote relevant campaigns. After that, they can collect relevant data on sales or apply social listening to monitor and measure the CSR effects and make real-time adjustments based on the epidemic changes.

#### 4. Conclusion

As a PR strategy, CSR investing is highlighted by many businesses and PR practitioners because it can help them earn quite a reputation. Although a paradox exists to indicate that the market may not reward an ethical company (Frankental, 2001), COVID-19 is indeed changing people's expectations of PR. If a company is taking CSR initiatives, even if it does not get the extra reward from stakeholders, it can maintain the business state and relations at least. However, if they ignore CSR's role during the pandemic, they may upset their stakeholders and set the stage for future tensions because the epidemic is still lasting and will integrate with people's daily lives. Companies' business and PR models cannot stay the same before the outbreak. Suggestions are analysis of business characteristics, stakeholder groups, and the environment to shift into more authentic and effective CSR with different levels of attention towards employees, customers, and communities, as well as press releases to help two-way communication.

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