

DOI:

Research Article



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Covid-19 Paradigm shift in Corporate Social Responsibility: A Study of Indian Companies

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ABSTRACT

The purpose of the study is to examine the evolution of the idea of corporate social responsibility (CSR) in light of one of the most severe global crises, the COVID-19 epidemic. The idea of corporate social responsibility (CSR) has evolved from being thought of as philanthropic deeds to include systematic corporate activities and close stakeholder interaction based on social, economic, and environmental interests aimed at long-term sustainable economic development and public welfare. The difficulty of relocating to a new setting has been presented to the companies due to the rapid proliferation of COVID-19 worldwide. Results shows that businesses everywhere are engaging in CSR initiatives in response to the COVID-19, regardless of the degree of development in their respective nations. Companies with extensive expertise in corporate social responsibility (CSR) are responsible to their communities and society. The primary objective of CSR—to contribute to public safety and wellbeing—remains unchanged regardless of where it is in its growth. The findings demonstrate that even during the financial crisis, the businesses examined in the research continue to engage in socially responsible activities that support the achievement of CSR objectives.

ARTICLE HISTORY

Received 11 October 2022

Revised 17 December 2022

Accepted 27 December 2022

KEYWORDS

CSR, Covid 19, Companies, Pandemic

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INTRODUCTION

The SARS-CoV-2 viruses have generated substantial health, monetary and social dangers due to constraints of Mobility and economic activity. More specifically, COVID-19's global pandemic has resulted in about 32.5 million illnesses and 989,000 fatalities by September 2020 (IMF, 2020). Various international

agencies have calculated that the economic impact will be worse than any previous crises, with a GDP decline of 2 to 3 percentage points expected. Temporary layoffs have occurred as a result of CEOs' decisions to either minimize their companies' economic difficulties or plan for a bleak medium-term future. However, in general,

the current situation resulting from the epidemic has revealed that many companies have demonstrated leadership by adapting their corporate social responsibility (CSR) policies and actions to current health, economic, and social needs. As a result of the pandemic crisis, companies' economic, social, and environmental goals have changed, placing a greater emphasis on the role they must play in society (**Owais Nazir, 2020**). Firms must adapt their CSR strategies in this new scenario to establish a business commitment to society and vulnerable groups, particularly those closest to them, which is the local environment associated with the firm's country of origin or territories where it operates and has a greater presence. To survive in the long run, a strategy that balances profit and the common good will be more appropriate.

Covid 19 Pandemic

The COVID-19 outbreak began on December 31, 2019, when the World Health Organization (WHO) received verified reports of 27 cases of pneumonia of unknown cause, which were eventually recognized as a brand-new virus, SARS-CoV-2, whose associated scientific picture, is known as COVID-19. On March 11, 2020, the WHO proclaimed the global pandemic, which had already spread to 32.5% of the world's population and resulted in more than 989,000 fatalities. The coronavirus illness (COVID-19) is caused by a novel coronavirus strain (SARS-CoV-2) that has never been seen in humans before. Corona Virus (COVID-19) was designated a public health emergency by the World Health Organization (WHO) on January 30, 2020. Due to the extensive impact, some

countries and governments were forced to proclaim a state of emergency. Almost the whole country of India was under lockdown from March 31, 2020 (**Sen, Kotlarsky & Budhwar, 2020**). To combat the spread of COVID-19, the federal and state governments, as well as other federating units, have taken a variety of measures, including limiting flight operations at airports, restricting intercity travel via buses and trains, and temporarily closing businesses and schools, among other things.

Health Economics and Social Risk during Covid 19

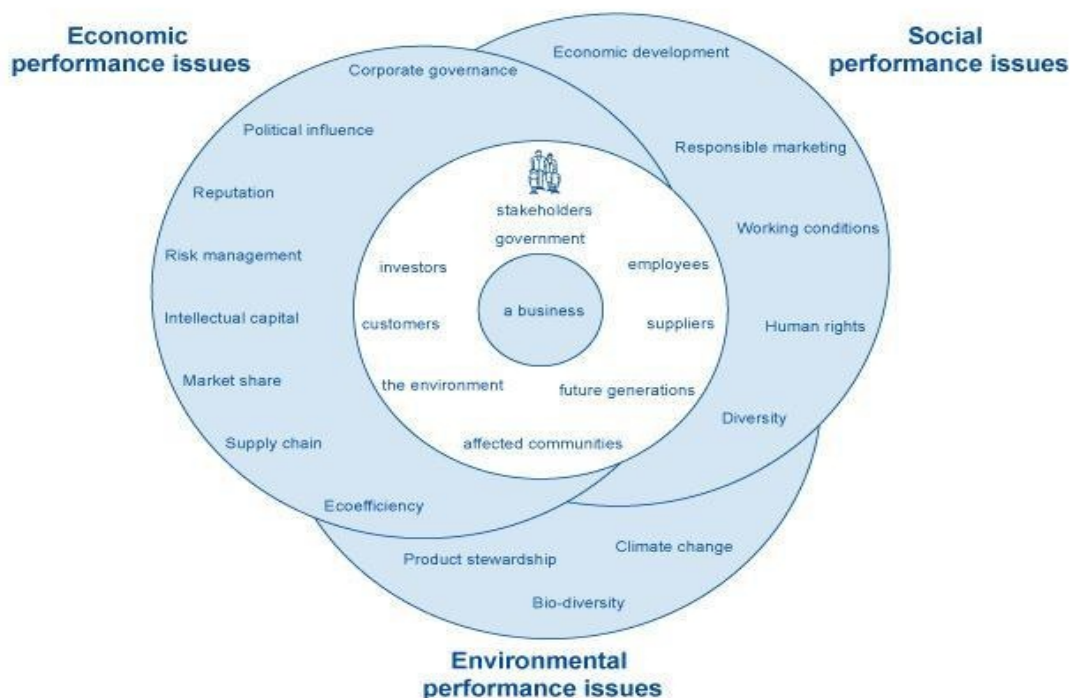
Health Risk	Economic Risk at Business level	Socio-Economic Risk
<p>Absence of a vaccine or Remedy for the disease.</p> <p>There isn't enough hygienic and protective equipment on hand.</p> <p>Inadequate hospital space for extremely ill patients, as well as a lack of facilities for light and asymptomatic patients, the elderly, and other vulnerable populations.</p>	<p>Employees and customers face new security and cyber security threats.</p> <p>Limitation of face-to-face commercial activity poses operational concerns</p> <p>Operating expenditures unrelated to revenue</p> <p>Liquidity issues</p> <p>Survival</p>	<p>Unemployment, income loss, and the rise of vulnerable situations</p> <p>Massive emergence of psychological difficulties as a result of grief over the death of loved ones or challenges relating to the new personal and professional position, feelings of loneliness</p> <p>Due to limited mobility, there is a need for training and leisure activities at home.</p>

The SARS-CoV-2 virus poses major health, economic, and societal dangers, as well as their interrelationships, as shown in the table. Due to containment measures, it is feasible to see that the health crisis has created an economic crisis at the business level—declining development trends in certain industries while rapid expansion in others—favouring the appearance of socioeconomic dangers for both people and families.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility refers to businessmen's responsibility to pursue policies, make choices, or take actions that are beneficial in terms of our society's goals and values (**Sana Begum M, 2020**). Corporate Social

Responsibility (CSR) is a management concept in which businesses incorporate social and environmental issues into their operations and relationships with stakeholders. CSR is commonly defined as the process through which a firm achieves a balance of economic, environmental, and social imperatives ("Triple-Bottom-Line-Attainment") while also meeting the expectations of shareholders and stakeholders. CSR may be divided into several phases, ranging from pure philanthropy to pure strategy. Apart from corporate CSR initiatives, the government is also attempting to incorporate CSR principles into business operations. Mandatory execution of CSR activities and disclosure as per the company's act 2013 in India exemplifies such initiation (**Sudipta Mondal,**



N.A). CSR may be classified into several phases, ranging from pure altruism to pure strategy.

Apart from company-led CSR initiatives, the government's initiative on CSR is also attempting to incorporate CSR principles into business operations. The mandated adoption of CSR activities and disclosure as per the company's act 2013 in India is an example of such beginning.

According to Section 135 of the Companies (CSR) Rules 2014 and Schedule VII of the Companies Act 2013,

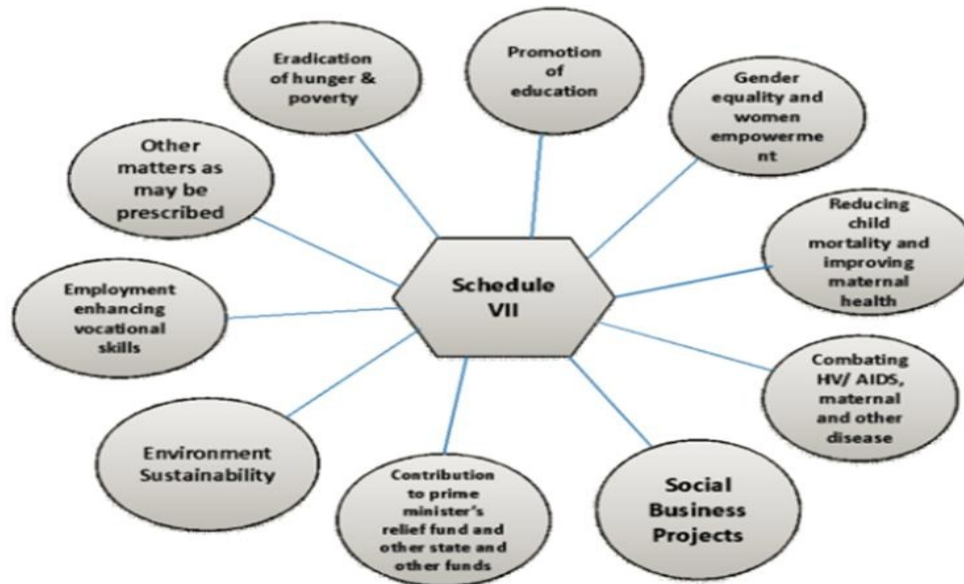
- **Every company with a net worth of Rs 500 crores or more,**
- **A turnover of Rs 1,000 crores or more,**
- **A net profit of Rs 5 crore or more**

During the immediately preceding financial year must form a CSR committee and devote at least 2% of its average net profits earned over the previous three financial years to CSR activities. CSR is required to expand the rural economy, modernize villages, and provide new business prospects. Certain policies had to be rethought, and certain laws had to be amended to attain these goals. Companies that were able to provide quick aid and assistance in the battle against COVID 19 proactively engaged in different CSR initiatives by fighting unethical business practices, according to the findings. To those with foresight and a thoughtful approach to CSR, the current pandemic crisis may surely be viewed as an opportunity. Many UK companies, for example, have converted their plants to make ventilators, personal protective equipment, and hand sanitizer. Vodafone, the telecommunications behemoth, gave many of its pay monthly customer's free access to unlimited mobile data and upgraded their vulnerable pay monthly

clients to the unlimited data package for free. Several businesses have already begun to recognize the need of cultivating a corporate conscience and encouraging socially responsible operations.

Schedule VII of the **Companies Act, 2013** has a list of permitted activities that must be included.

should use their CSR efforts to supplement worker mental capital. This study discovered that developing and implementing CSR practices can



LITERATURE REVIEW

During the present epidemic, a plethora of literature has appeared on the challenges of economic contribution through CSR in the Indian setting. The majority of the studies have focused on covid and health-related company initiatives.

Aguinis et al. (2020) highlighted how Personnel have played a crucial role in examining the relationship between COVID-19 and CSR response. Furthermore, firms that are increasing their COVID-19 CSR response might reap significant benefits in terms of employee satisfaction.

Using the conservation of assets hypothesis **Hobfoll, (2020)** the authors found that groups

provide employees with self-efficacy, hope, resilience, and optimism, all of which are necessary for regaining normalcy by overcoming COVID-19's mental impacts.

Owais Nazir (2020) partially mediates the link between CSR and employee engagement. This study examines how CSR sports give support in the form of compassionate deeds and bring purpose to employees in the hotel industry, which is otherwise plagued by work-lifestyle imbalances and worker scepticism.

In his research, **D Acunto et al. (2020)** found that CSR records are seldom cited in visitors' online evaluations, implying that CSR initiatives aren't an important factor in their decision-making. As

a result of these researches, we propose that, during the corona-virus pandemic, travelers' intents to visit are more likely to be influenced by a hotel's CSR activities than by their views of inn cleanliness due to the health risks associated with COVID-19.

Saladino V, (2020) suggested that the current Covid-19 outbreak has had significant emotional and social consequences for the people. Children, university students, and fitness professionals, for example, are considerably more prone to develop post-traumatic stress disorder, anxiety, depression, and other distress symptoms, according to research. Human connection and empathy in the direction of others have been impacted by social distance and safety precautions.

Ding et al. (2020) investigate the influence of pre-2020 CSR on the COVID-19 pandemic inventory charge response. They discover that organizations with a high level of CSR perform better. However, because the authors were interested in a cross-national trend, they most effectively employed Refinitiv ratings and found little evidence that typical CSR had an impact on overall firm performance in our sample.

Lins and colleagues (2017) examine CSR valuation outcomes using the significantly exogenous shock of the 2008–2009 economic crises, and attention concentrates mostly on agreeing with as the channel through which CSR influences business worth. They discovered that companies with a high level of CSR have much greater catastrophe duration returns, particularly

when located in locations with higher levels of social agreement. Our data suggest that CSR's contribution to shareholder wealth became negligible at some point during the COVID-19 stock market meltdown. The use of universal CSR scores, CSR additives, and industry-level CSR scores are all supported at this location.

OBJECTIVE OF THE STUDY

The objective of the present study is to outline numerous CSR initiatives to restore normalcy and social upliftment in society during a pandemic.

METHODOLOGY

For this paper secondary data has been gathered from the annual report of companies, news reports, and circulation at the times of the Pandemic.

Contribution of Companies for CSR Activities

Academic researchers and business practitioners have recently turned their attention to the area of corporate social responsibility (CSR). Customer perceptions of CSR and the impact of CSR action on consumer responses have been examined more extensively in India than anywhere else in the world. With the enactment of the Companies Act (2013), many public sector companies such as Bharat Heavy Electricals Limited (BHEL), Bharat Petroleum Corporation Limited (BPCL), National Thermal Power Corporation Ltd. (NTPCL), Steel Authority of India Ltd.(SAIL), Oil and Natural Gas Corporation Ltd. (ONGC), National Mineral Development Corporation Ltd. (NMDC), Visakhapatnam Steel Plant (VSP), Hindustan Petroleum Corporation Limited

(HPCL), Hindustan Unilever Ltd. (HUL), Gas Authority of India Limited (GAIL), National Hydroelectric Power Corporation Ltd. (NHPC), Indian Oil Corporation Ltd. (IOCL), Coal India Ltd. (CIL) came forward and contributed towards

various CSR activities for the benefits of the society in their pre-pandemic period (**Kalyan, Nabasmita (2014)**).

Contribution during Pandemic period

Company Name	CSR Activity
Asian Paints	<p>Collaborated with various stakeholders like NGOs, district administrations, civil societies across India to reach out to affected communities and help them to overcome on-ground challenges.</p> <p>Provided testing kits, ration kits, essential protective materials, to around 15000 families and 38000 individuals.</p> <p>Provided relief to truckers, migrant workers, and underserved community members by providing them with 790 ration kits to sustain themselves.</p>
Infosys Foundation	<p>Contributed INR 100 crore to support efforts towards fighting COVID-19 in India.</p> <p>The Foundation contributed half of this commitment (INR 50 crore) to the PM CARES Fund.</p>
Wipro	Committed Rs 1125 crore towards tackling the unprecedented health and humanitarian crisis arising from the COVID-19 pandemic outbreak.
Reliance Industries	<p>Contributed Rs 1,140 crore in the fiscal ending March 2021 on corporate social responsibility (CSR) initiatives including Covid-19 support, rural transformation, education, health, sports, and disaster response.</p> <p>According to the company's latest annual report, Reliance had spent Rs 1,022 crore in 2019-20 on CSR initiatives.</p>
Adani Foundation	Contributes Rs.100 Cr to PM CARES fund and stitched over 1.2 lakh masks for use to police and health workers

Mankind	Pledged Rs.51 Cr and donated ventilators, personal protective equipment, and medicine to the states that are reporting maximum positive cases
JSW group	Committed INR 100 Cr to the Prime Minister citizen assistance and relief in emergency found to all ongoing relief efforts
MG Motor India	Donated Rs. 2 Cr for the government hospitals and health institutes
TVS motor company & Sundaram Clayton	Rs. 30 CR for the manufacturing and supplying supportive equipment like masks and provided cooked meals to the frontline staff.
Hindustan Unilever limited	Pledges 100 cr. price cut on lifebuoy sanitizers and Domex

CONCLUSIONS

The current epidemic creates a tangled web of ethical dilemmas. To preserve public health, economic closures and social separation were required due to the immediacy of public health hazards. As a result of these acts, there was a substantial economic slowdown with an undetermined duration and cost. Returning to large-scale lockdowns for a lengthy time is not financially viable, and it would damage low-income people, ethnic minorities, and women much more. Lower-income groups and service-sector employees are more likely to require a mix of government assistance and CPDR over an extended period. Employees should be provided with masks, disinfectants, and other equipment, free screening, and contact tracing systems, and funds to develop vaccination and treatment options, among other things. As long as the virus is present in society, businesses must take steps to reduce the danger to employees and consumers.

Businesses are increasingly required to look beyond the short-term aims of the corporation and its managers, and instead, prioritize the interests of other stakeholders. The business sector is required to prioritize employee safety before profits and deploys its resources to help stakeholders deal with the pandemic's issues. Individuals' activities have been limited as a result of the epidemic, as has their capacity to enjoy a wide range of products and services. People's attitudes about goods and services, as well as their expectations of businesses, are likely to shift. To match, businesses will have to reassess their priorities. It's also more crucial than ever for company executives to keep all of their stakeholders' confidence and work together for the greater benefit.

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