

# CORPORATE SOCIAL RESPONSIBILITY IN TERMS OF COVID 19 PANDEMIC

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## ABSTRACT

Global society is currently facing the greatest challenge of the 21st century. The pandemic created by the Sars-Cov-2 virus has caused a major health crisis which has appropriate implications not only for health organizations and institutions, but also for the whole institutional system of each country and particularly has a full impact on the functioning of national legal and economic systems. The COVID 19 pandemic expresses its health, legal and economic repercussions equally to all social actors. Analyzed from a legal and economic point of view, legal entities, companies are equally exposed to the effects of the pandemic as individuals (natural persons). The companies strive to achieve their lucrative goal, but in parallel with the lucrative goal, they should also provide their social component, i.e. to contribute to the development of the community in which they operate and function. The purpose of this paper is, using the method of analysis to determine the basic need for corporate social responsibility, especially in the presence of the COVID 19 pandemic. The analysis comes down to defining corporate social responsibility and the impact of the pandemic on the performance of its functions. In that regard, within the newly created economic conditions of functioning, the need to use corporate social responsibility as an element of the business policy of companies and implementation of soft law practices was analyzed. The paper includes an appropriate analysis of the applicability of corporate social responsibility in the new conditions. On the other hand, the use of the comparative method provides a comparison of examples from world and Macedonian practice. The focus of the paper is on emphasizing the need for a responsible approach of companies and realization of the defined corporate social responsibility in changed conditions imposed by the COVID 19 pandemic.

**Keywords:** Corporate Social Responsibility, COVID 19 Pandemic, Company Law.



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## **INTRODUCTION**

The COVID 19 pandemic is currently causing global society as a health crisis, which is spreading surprisingly fast and demonstrating fatal consequences for the health of the entire population. The health crisis caused by the COVID 19 pandemic is not one-way, i.e. it does not imply only on the health system on a global or national level, but it can be defined as a socio-economic crisis with its health, legal, economic, sociological and cultural implications. The spread of COVID 19 causes a reduction in global economic activity and a crisis in all walks of life. On the other hand, appropriate regulation of the newly created conditions and activation of legal instruments in the national legislations is required in order to prevent the spread of the pandemic. The positive effects of globalization are currently stagnant and are met with restraint in the free movement of people, capital, products and services.

The treatment and analysis of this crisis from a purely health point of view is insufficient in presenting its overall impact it has on the global society. Therefore, certain legal and economic elements that this crisis has reflected should be analyzed separately and to present separately the appropriate effects that the pandemic has caused. The main drivers of the economic system on a national and global level on the one hand are the companies and on the other hand is the labor force. Both companies as legal entities and workers as individuals are equally affected by the COVID 19 pandemic, primarily from a health perspective, and then from an economic and legal perspective.

Modern corporate governance imposes corporate social responsibility, which companies should manifest to their stakeholders. Corporate social responsibility means a company reaction in terms of improving the functionality and quality of life of the community, whether it is for the immediate community (its employees), or for society as a whole. (Valeri, 2019, p. 19-20) The conditions of the pandemic put every company in front of the challenge to ensure a balance between the negative economic conditions in which it is forced to work and to achieve a sustainable level of productivity and social responsibility towards its working community and the society in which it operates. That is why it is of particular interest to analyze primarily the need for an established and stable approach in creating corporate social responsibility and analysis of the application of such an approach in difficult and negative economic conditions. Here, first of all, soft law instruments must be taken into

account, whose non-coercive character contributes to the realization of the foreseen and newly imposed strategic goals of modern companies.

The COVID 19 pandemic is the starting point in the analysis of this paper by emphasizing the changes it has caused in the socio-economic system and the consequences for business entities. The analysis that this paper seeks to provide includes the definition, need, functioning and legal nature of corporate social responsibility, its functioning in changed economic conditions imposed by the COVID 19 pandemic.

## **1. COVID 19 AND ITS SOCIO-ECONOMIC AND LEGAL IMPACT**

The genesis of the emerging state in which the world is occupied and forced to find alternative mechanisms of functioning begins in China in December. Less than 4 months after the first case of coronavirus was diagnosed in March 2020, the World Health Organization has already declared a pandemic. This pandemic is characterized by the rapid spread of the virus worldwide so the current situation after one year from the first registered case is the following: 66 964 380 infected cases and 1 536 618 deaths (the numbers are constantly growing and are variable). (World Health Organization [WHO], online available)

From the very beginning of the declaration of the pandemic, its effects have exceeded the limit of only a health crisis, and it has an impact on the basic foundations of society and the economy as a whole. However, the impact of the pandemic and its effects are variable from country to country and this contributes to a proportional increase in inequality and poverty worldwide, which requires a coordinated approach to overcome the negative consequences. (Bagchi et al., 2020, p. 15) On the other hand, despite the attempts for a coordinated approach in dealing with the pandemic, national protection of the interests and priorities of each of the countries is evident. The growing disproportion between countries will escalate with global irreparable damage, endangering life and livelihood in the coming years, and therefore requires a rapid socio-economic response to the development strategies that countries seek to undertake in dealing with the COVID 19 crisis.

The effects of the pandemic have a multidimensional effect on the social movement, which can be partially analyzed as health, economic, social and legal effects.

The COVID 19 pandemic has pronounced implications for a health system that is overloaded and oversaturated. In a situation where the health system is on the verge of collapse, then the consequences of the

pandemic are not expressed in infected cases but in deaths and the creation of difficult conditions for treatment. When health systems are on the brink of extinction, this leads to an increase in deaths not only as a result of the pandemic, but also as a result of other medical conditions. Therefore, the focus should be on maintaining the necessary health services during the pandemic. Countries in this situation tend to make difficult decisions to strike a balance between the needs posed by the pandemic and the needs necessary for the normal functioning (in the absence of a pandemic) of the system to reduce the risk of collapse. What is critical is defining health as a priority by mobilizing basic health services and the system during the pandemic, reducing financial barriers to basic services and access to viral diagnostics, and focusing on the most vulnerable groups to ensure continuity of services. (Gans, 2020, p. 11)

Under normal circumstances, economic theories focus on the fact that there are limited resources that need to be used adequately to achieve the maximum effect of their exploitation. However, the current conditions are out of amplitude to be able to be defined as normal, so the appropriate resources need to be directed to public health. The current conditions dictate the direction that politicians and business leaders take towards accepting the idea that we need to deal effectively with the pandemic first and foremost in public health, so as not to cause a loss of economic health. The economic crisis caused by the COVID 19 pandemic is leading the world into a recession with a historic unemployment rate. The pandemic causes job losses that qualifies it as an existential crisis. Small and medium-sized enterprises (SMEs), agricultural workers, the self-employed, day laborers, refugees and migrant workers are hardest hit. Jobs in service industries, especially tourism and culture, are equally affected. The global economic recession caused by the pandemic will affect global population movements and hence will affect countries with high levels of migration and negatively affect their Gross Domestic Product (GDP). The International Monetary Fund (IMF) has described the crisis as unique and unprecedented. The consequences of this crisis are huge because at the same time they cause a loss of human capital, it manifests financial implications that are difficult to measure due to the uncertainty of the duration of the pandemic. (Gans, 2020, p. 13) Economic recovery is possible through the protection of jobs and workers, the provision of appropriate and decent working conditions and the protection of productive assets, production units and productive networks during the crisis. At the same time, economic recovery is impossible without support for business units during a pandemic by creating economic policies to

mitigate the negative consequences on basic services to avoid permanent job loss.

COVID 19 pandemic expresses its impact deeper in the field of social protection and basic social services by expressing its social effects. The COVID 19 pandemic has a strong impact on the most vulnerable and poor categories and with significant implications on the intergenerational structure of the population. In order not to put the world in a situation where more people have died as a result of the collapse of the social system, it is necessary to ensure that the population has access to social services and social protection. The social protection system must take into account the different effects of the pandemic on vulnerable groups, namely men and women and those with income from the informal sector, as well as groups excluded from the health care system. Of particular importance here is the structuring of a wide range of social protection programs and basic social services and the implementation of social protection in a way that will be accessible to all groups in society who need it. (United Nations [UN], 2020, p. 29-30)

The legal effects of the COVID 19 pandemic have been an integral part of everyday life for the past year since the pandemic was declared. National legal systems were set up to find measures to prevent the spread of the pandemic that had a direct effect on the restriction of human rights and freedoms. The pandemic has far-reaching implications for human rights, unequivocally on civil, economic, political, social and cultural rights. Measures taken in response to the pandemic should seek to strike the right balance between addressing the key issues posed by the pandemic and the universally accepted international human rights standards (Nuredin, A. (2016: 18). Primarily, this entails the provision of the right to life and health through the maximum use of national and international resources to ensure the availability, accessibility, affordability and quality of health care for all who need it, including for conditions other than viral infection, and to ensure that the right to life is respected throughout the period of the pandemic. This framework includes respect for the right to information and participation, the right to social protection and the right to work, the right to education, the right to liberty and security, a fair trial and freedom of movement, as well as the proper use of the state of emergency and its legislative implications. (United Nations [UN], 2020, p. 41-46)

This classification of the effects of the pandemic is illustrative only. Because the effects are deeply intertwined. It is almost impossible

for a phenomenon not to manifest its economic, social and legal effects. Corporate social responsibility is an example of this interaction of effects. Here is emphasized the social component of legal entities - companies, in harsh and unpredictable economic conditions and set legal restrictions that depend on the pace and development of the pandemic.

## **2. THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY**

The company analyzed only as a set of factors that lead to economic profit is insufficient, and it should be analyzed from the prism of its role in the society in which it operates. As an active social unit, the company, in addition to the economic function, must also have a social function that arises as a result of its action in the wider social system, so it is necessary to ensure a balance between the economic and social function of the company. Accordingly, the company as a unit can not be analyzed in isolation, but only in correlation with the economic and social conditions of the community in which it operates, and the overall impact that society has on the company. Just as society can influence a company, so a company can influence the economy and the society in which it operates. (Doxee, 2020) This leads us to the conclusion that it is impossible to completely separate a company from the outside world, many of its business choices have an impact on various areas of society, from employees to the environment. In this regard, customers, employees and the general public expect companies to implement initiatives that are in line with corporate values and skills that can benefit the entire community. All this emphasizes the pronounced role of corporate social responsibility.

This by no means that the company's focus is not on making a profit, profit remains the main goal that drives the company's activities, but it is only the foundation on which the fulfillment of other responsibilities defined by different entities (such as government/regulators, customers, suppliers and, finally, society as a whole) depends.

Defining corporate social responsibility is a process that is constantly evolving. Thus, the notion of corporate social responsibility has changed in the past and is constantly exposed to the overall achievements in technology, economy and society. In this regard, the definition of corporate social responsibility from the middle of the last century has evolved from normative and ethically oriented arguments, through an integrative approach, to an instrumental approach oriented to the

performance of the company. The normative approach is based on the view that companies should take social responsibility as an ethical obligation to society as a whole. The integrative approach is based on the fact that business entities depend on society in terms of their existence and growth, including their input resources and output products are dependent on social conditions. According to the instrumental approach, corporate social responsibility means that companies are expected to achieve profit and financial stability, and on the other hand this concept is rooted in the assumption that the role of the company is to create wealth for the good of society as a whole. (Valeri, 2019, p. 18-19)

In recent years, corporate social responsibility and its implementation has been widely accepted and widely recognized as a good practice that can lead to improved company image and financial performance. The concept of corporate social responsibility is based on the belief that companies have a responsibility to society despite the fact that their primary focus is to generate profit for shareholders. The premise of corporate social responsibility is that companies have moral responsibilities that are higher than net profit for their owners and shareholders. Being socially responsible means acting in a way that does not satisfy only legal and economic obligations, but acting in a way that is of particular benefit to the society. In a simplified sense, corporate social responsibility means doing good and at the same time not harming the relationship with stakeholders. In summary, corporate social responsibility can be defined as voluntary activities that a company can undertake, once it has complied with the minimum legal requirements, in order to strengthen its own competing interests and the interests of the wider society. (Kubasek et al., 2016, p. 18-19)

The analysis of corporate social responsibility every time imposes the debate on its impact on the financial and economic performance of the company. This primarily raises the questions of defining the factors that affect profit, the existence of a relationship between corporate social responsibility and financial performance of the company and how to properly measure the contribution of corporate social responsibility to the overall profit of the company. The view that there is a positive relationship between corporate social responsibility and corporate financial performance is generally accepted. This view leads us to the conclusion that the socially responsible behavior of the company will enhance its competitive advantage and result in better financial performance and sustainability. In this regard, corporate social responsibility should be developed as an inevitable element of business strategy, in order to develop a competitive advantage. This unequivocally shows that those

companies that apply corporate social responsibility will be more financially successful. At the same time, this attitude does not mean that companies that can benefit from corporate social responsibility do not have initial costs before receiving a return on investment. On the other hand, there are costs for the lack of corporate social responsibility for companies. Being socially irresponsible has negative consequences, as it gives the company a negative reputation that leads to greater difficulties in attracting customers, investors and employees, and can lead to costly litigation. Making a profit as a goal can be achieved again, but improving a negative reputation can take years, and a good reputation can be lost forever. (Marom & Lussier, 2020, p. 252)

The applicability of corporate social responsibility is strongly related to the overall stakeholders of the company. Corporate social responsibility must not be treated only in correlation with the company's shareholders. Stakeholders can be defined as a group that can influence or be affected by the achievement of the company's goals. According to this definition, the group identified as stakeholders may include various constituents such as employees, customers, suppliers, investors, society and others. Anticipating corporate social responsibility as part of the company's business policy does not mean that the company should demonstrate social responsibility outside the company every time, but the company is equally socially responsible if it is aimed at undertaking activities in the form of internal policies that affect on employees and the working atmosphere. The company can affect stakeholders both negatively and positively. Stakeholders can be hurt by the company's actions, but it can help them achieve their goals. Stakeholders, on the other hand, can act in a way that contributes to or hinders the company from achieving its goals. Therefore, companies need to establish stakeholder management practices in order to address their needs and expectations in order to avoid negative outcomes and produce positive outcomes for themselves. (Marom & Lussier, 2020, p. 253)

### **3. INTERNATIONAL FRAMEWORK OF FUNDAMENTAL PRINCIPLES OF CORPORATE SOCIAL RESPONSIBILITY**

Corporate social responsibility is the subject of elaboration of acts adopted by international organizations with a non-binding character that try to lay the foundations that would define corporate social responsibility. The purpose of these acts is to establish advisory standards for the application of corporate social responsibility in a way that would



contribute to the development of business culture and high awareness of companies about their social environment. There are several initiatives to set standards that would model corporate social responsibility. The development of these standards primarily begins with the establishment of basic principles formulated by international bodies such as the United Nations (UN), the Organization for Economic Co-operation and Development (OECD) and the International Labor Organization (ILO). Regarding the definition of basic principles of corporate social responsibility, the existence of the Guidance issued by the most important international standardization body - the International Organization for Standardization (ISO) is of particular importance. The contribution of the European Union (EU) using its methods of adopting acts with advisory content in promoting corporate social responsibility as an integral part of the business policy of companies can not be left out of this framework. (Valeri, 2019, p. 22)

The review of these acts, which establish the basic principles, should begin with the United Nations Global Compact. The Global Compact is a strategic initiative for the wider socially oriented enterprise in the world, which was proposed in 1999 and officially launched in 2000, in order to promote a sustainable global economy, through the development of agreements and joint activities involving a number of institutional and non-institutional actors belonging to the private sector. In general, the United Nations Global Compact is a voluntary initiative to adhere to a set of principles that promote long-term values of sustainability through political action, business practices, responsible social and civic behavior, and also take into account future generations. However, once companies have joined these activities, they are committed to developing, implementing, maintaining and disseminating sustainable practices and policies. In detail, the Global Compact proposes ten basic principles related to human rights, labor, environmental protection and the fight against corruption. (United Nations Global Compact, 2014)

Corporate social responsibility is part of the precise framework of the Organization for Economic Co-operation and Development (OECD), which is an international organization with specific expertise in the field of economic cooperation. The OECD Guidelines for Multinational Companies, published the first version in 2000 and updated in 2011, reflect on the changes affecting international investment and multinational companies. The Guidelines provide voluntary principles and standards for responsible business conduct in accordance with applicable laws and internationally recognized standards. However, countries that comply

with the Guidelines undertake a binding obligation to implement them. (OECD, 2011)

The tripartite ILO Declaration of principles concerning multinational enterprises and social policy adopted in 1977, amended in 2000 and 2006 and revised in 2017 is also significant in this area. This declaration is an international reference point on issues of corporate social responsibility related to labor. In particular, it provides guidance to multinational companies, governments and employers and workers organizations in areas such as employment, training, working and living conditions, and inter-industry relations. The guidelines are essentially based on the principles enshrined in international labor conventions and recommendations. (ILO, 2017)

As part of the basic principles for defining corporate social responsibility, it is necessary to emphasize the contribution of the Organization for International Standards with the updating of the ISO 26000 standard entitled "Guidance on Social Responsibility". (International Standard [ISO], 2010) The ISO 26000 standard is a non-mandatory international standard for corporate social responsibility started to be published in November 2010 after many years of process and inclusive stakeholder participation. The standard was developed to help companies evaluate and effectively focus on those social responsibilities that are relevant to their operations, the environment, their stakeholders, and the world at whole. The standard establishes guidelines focusing on five aspects - understanding social responsibility; principles of social responsibility; recognition of social responsibility and commitment to stakeholders; guidelines for the basic subjects of social responsibility; and guidelines for integrating social responsibility across the organization. The goal that the Guidance seeks to achieve is to help companies contribute to sustainable development. The purpose is to encourage them to overcome legal compliance, recognizing that compliance with the law is a fundamental duty of every company and an essential part of their social responsibility. In addition, the Guidance aims to promote a common understanding in the area of social responsibility and to complement, rather than replace, other instruments and initiatives for social responsibility. (Idowu, 2019, p. 2-3)

Since 2000, the European Union has made an important contribution to the dissemination of corporate social responsibility practices. The publication of the "Green Paper" by the European Commission is considered to be undoubtedly the most important initiative that the EU has taken in this field. (Commission of the European

Communities, 2001) This is how the European Framework for Corporate Social Responsibility was promoted in July 2001. Initially, the concept advocated by the European Commission in the 2001 Green Paper defined corporate social responsibility as a concept in which companies voluntarily choose to contribute to a better society and a cleaner environment. Ten years later, the European legislature revived the issue by regulating the issue through Communication No. 681 of 2011, entitled "A renewed EU strategy 2011-14 for Corporate Social Responsibility", which also introduced a new definition of corporate social responsibility as responsibility of companies for their impact on society. (Commission of the European Communities, 2011) This new definition rejects the voluntary nature of previous legislation and firmly places corporate social responsibility in a much wider area, stipulating that for the full fulfillment of their corporate social responsibility, companies should have a process for integrating social, environmental, human, ethical, human rights and customer care in their business and core strategy in close correlation with their stakeholders. It is therefore not at all surprising that in recent years the EU has sought to spread the concept of shared value, in which economic aspects, social benefits and marketing strategies can coexist. The idea behind this approach is that the competitiveness of each company and the well-being of the community in which it is located depend on each other. Recognizing and promoting this kind of link between the economic and social spheres would give greater impetus to the new wave of sustainable economic development and, at the same time, correct some of the damages typical of capitalism. (Doxee, 2020)

#### **4. THE IMPACT OF COVID 19 PANDEMIC ON CORPORATE SOCIAL RESPONSIBILITY**

The emerging situation caused by COVID 19 has a strong impact on companies in terms of corporate social responsibility. The advent of COVID 19 has contributed to a drastic and structural change in corporate social responsibility policy during 2020. Starting from the fact that one of the fundamental goals that companies strive to achieve is to make a profit, the newly changed economic conditions dictate the pace at which companies try to minimize the negative effects of the current crisis. This imposed behavior of companies undoubtedly indicates changes in the business environment and changes in their crucial business policies. This underlines the impulsive change of companies in terms of their corporate social responsibility.

Characteristic of the COVID 19 crisis is that it causes fluctuating and unequal effects on different types of industries, so the effects of COVID 19 in terms of the company's response to the crisis should be measured sectorally. Certain industrial sectors in the conditions imposed by COVID 19 show excellent results that are characterized by increased profits, and therefore it is expected that in these conditions they will manifest greater corporate social responsibility. The corporate social responsibility of these companies that record positive trends in times of crisis should cover all partial units starting from the company stakeholders to the development of competitive advantages and positive business practices.

The analysis of corporate social responsibility in conditions of COVID 19 crisis must start from the perspective of company stakeholders, primarily from their own employees. Employees are undoubtedly the most valuable company resources and the company's attitude towards them is directly related to the contribution of employees to company results. Corporate social responsibility to employees is most often expressed through typical aspects related to working conditions and labor valuation, such as job security, adequate pay and compensation, employee health, adequate working conditions, equitable organizational distribution, introduction non-discriminatory practices and stimulating diversity and inclusiveness, labor relations and collective bargaining, flexible working arrangements, training and careers, and other good labor practices. With the advent of COVID 19, employees have emerged as the most important component of corporate social responsibility, with certain aspects related to them, such as job retention, remuneration and health and safety at work, gaining the primacy of very important in this context. Practices that should undoubtedly be included in COVID 19 concept of corporate social responsibility aimed at improving the situation of employees are: paid absence from work (full or limited); keeping the job active for a limited period or partially; creating a policy of voluntary leave for a limited period; payment of quarantine fee; work from home; flexible working hours; and work by using of communication technologies. These practices should unequivocally include paid sick leave, maintaining the safety of employees, the mandatory introduction of safeguards and especially crisis support services such as financial assistance. (Aguinis et al., 2020)

The stakeholder dimension of corporate social responsibility includes an active approach to its customers. This includes analyzing corporate social responsibility towards customers from aspects such as quality of products and services, creating a safe and friendly environment,

fair price, consistent quality throughout the product life cycle, honest, well-intentioned and advertising within good competitive practices and similar. This approach is in line with the marketing concept of value perceived by the customer, which in principle provides the answer to the question why customers prefer one product over another, and includes the benefits of the product/service, monetary costs and time and energy. Seen through the prism of COVID 19 some of these aspects are more significant in relation to the new situation such as online services, deferred payments due to difficulties in securing finances, home delivery and etc. Analyzed by sectors, the corporate social responsibility towards the customers in conditions of COVID 19 crisis is manifested in the following way, in the financial sector there is introduction of measures aimed at postponing the payment of loans, mortgages and cancellation of monthly fees for services, etc.; in multidimensional companies increased favoring of online services; in the food sector intensified application of home delivery; in the transport sector abolition of compensation for cancellation of services; in the retail sector it is noticeable to define special working hours dedicated to the elderly; while in the domain of the online sector, the ban on higher prices for basic services is noticeable. (Sundar, 2020). Certainly as a confirmation of increased corporate social responsibility towards customers can be seen through the examples which show the creation of customer value through deals, discounts and free links, which can be used in a pandemic. This includes home delivery, the introduction of free television and online programs, music, digital books, free virtual lessons, increased capacity and speed of internet use, free use of WiFi network, as well as the provision of free services for a limited time interval for certain categories of users (for example students, senior citizens, etc.). (He & Harris, 2020, p. 177).

The social community in which the company operates is an inevitable element that is actively represented in the policy of creating corporate social responsibility. Corporate social responsibility towards the community includes charitable donations to the community, donation of products and services by the company for the needs of the community, use of facilities or managerial expertise, as well as helping those categories of community members who need it. The COVID 19 pandemic dramatically emphasizes this aspect of corporate social responsibility. Of particular importance here are practices such as food donations, donations to finance the medical needs of at-risk populations, assisting families in finding temporary childcare solutions, community assistance programs, providing medical supplies, donating masks, donating supplies and deviating the

capacity to hospitals and other health care providers. (United Nations [UN], 2020, p. 28)

The companies have the primary responsibility to work in the best interest of the shareholders and their operation is based on making a profit. Without making a profit, the company can not remain in business and consequently provide a return on investment to shareholders, pay taxes that would be reinvested for social needs, pay employees and increase their compensation, give donations to non-profit organizations and including to be socially responsible to other stakeholders. The COVID 19 pandemic, on the other hand, posed challenges that brought the issue of profit to the status quo, creating conditions in which many companies are currently trying to keep up or reduce costs, as well as minimize the loss resulting from the pandemic. This pandemic is characterized by large layoffs by companies, creating a record number of people looking for work and creating rising unemployment. In such circumstances, companies face the challenge of meeting the demands of shareholders, which in no way includes the possibility for shareholders to give up anything in favor of other stakeholders, unless they benefit in some indirect way, such as an increase of brand value, reputation or productivity. In this regard, careful use of the tool called corporate social responsibility is needed. On the other hand, the company manifests its social responsibility towards its shareholders in conditions of pandemic through other important aspects in terms of organizing general meetings and giving directions related to achieving business success. As a result of the adopted policies and measures of the companies for work from home and social distancing, they must be applied in the organization of shareholders' meetings by organizing hybrid/virtual meetings. (Marom & Lussier, 2020, p. 256)

In the classical definition of corporate social responsibility, the environment is a segment that companies should pay exclusive attention to. The increasing debate on climate change and environmental threats puts this topic at the top of the priorities in creating a company's social responsibility policy. The COVID 19 pandemic, analyzed from an environmental point of view, is perhaps the only area in which it manifests positive effects. This is a result of the cessation of major activities around the world, including industry and transport. However, this is in no way related to the corporate social responsibility of the companies, but is a result of the natural development of the pandemic situation. (Tansley, 2020)

Under normal conditions, companies in creating corporate social responsibility measure their corporate results, i.e. they measure their competitive advantages that they receive from the use of corporate social responsibility with the costs they have for its realization. However, with the advent of the COVID 19 pandemic, the focus on corporate social responsibility should outweigh the purely competitive advantages by reallocating resources to achieve the desired effects of corporate social responsibility. First of all, this refers to the use of the opportunity by the company to direct its own production in order to achieve social responsibility. This can be done in a way that companies can offer their product lines, production opportunities and material resources, in order to produce items needed for treatment or protection from COVID 19. This diversion involves the production of medical equipment, disinfectants, masks and ventilators. The same can be done so these newly needed products, which are not their typical products, are the result of a transformation of production. A second way they can contribute, and thus be socially responsible, is by renting space, machinery, staff and production expertise.

The second segment where companies can manifest corporate social responsibility under COVID 19 is to increase production. This includes companies that regularly produce products needed to fight the coronavirus, such as disinfectants, masks and ventilators. These companies are currently facing increasing production needs of their own products, while changing their production portfolios. Such a change requires a high degree of flexibility in production, and expresses the ability to adapt to future unpredictable changes that occur in conditions where the external environment is changing. (He & Harris, 2020, p. 177).

The corporate social responsibility for the duration of the COVID 19 pandemic incorporates the company's efforts to invest in research and development in order to overcome the negative consequences of the imposed health and economic crisis. This stems from the fact that the fight against the pandemic requires the rapid development of medical products, including new opportunities for diagnosis and treatment, as well as vaccines. This can be achieved with large investments in research and development mainly carried out by companies from the medical and healthcare industry. This is a challenge for both large pharmaceutical companies and start-up companies in this industry. (Marom & Lussier, 2020, p. 259)

Normal conditions (conditions before the onset of the pandemic), and especially the newly imposed conditions as a result of the pandemic require companies to actively use information technology in order to be

socially responsible. This approach can be seen through the development and adequate application of location tracking technology to help limit the spread of the disease. Other efforts are aimed at improving Internet accessibility, and there is a growing need to prevent the spread of misinformation.

The rapid adaptation to the new operating conditions requires companies to make the most of their logistics capabilities and thus demonstrate their social responsibility. The emerging situation as a result of the pandemic has contributed to a shortage of basic supplies, including health and medical supplies, as well as food in supermarkets, as a result of a disruption in the global supply chain. The disruption in itself is a result of the cessation of production in many locations and countries, disruptions in worldwide transportation and a shortage of workers in the supply chain. Hence companies with strong logistics capabilities and supply chain must act proactively and enable the shortage of basic needed products to be overcome. (Marom & Lussier, 2020, p. 260)

The analysis of the overall effects of the COVID 19 pandemic on corporate social responsibility is subject to certain limitations. First of all, it must be emphasized that the pandemic crisis is still ongoing and that in the foreseeable future this new situation will still be active. On the other hand, the current conditions affecting corporate social responsibility must be seen not only in terms of stakeholders and competitive advantages, but also in terms of a broader socio-economic and legal aspect.

## **CONCLUSION**

Companies as business entities must make efforts and resources to deal with the consequences of the pandemic, while following the basic definition of corporate social responsibility have the responsibility to realize their commitments and justify their function within society. The extensive range of practices that are part of corporate social responsibility, in conditions of great global health and economic crisis, provides an opportunity to express affirmation of the need to find the best ways in which companies should plan and practice their social responsibility.

The directions in which corporate social responsibility should be developed are also actualized from the aspect of the upcoming post-pandemic period. The pandemic exposes the vulnerability of business entities to extraordinary external forces, creating increasingly turbulent and unstable business environments that have their implications for corporate social responsibility. The post-pandemic period will bring to the



surface the dilemmas of companies and business leaders about investing in corporate social responsibility and its importance or they will have to succumb to the pressure of short-term business activities and the threat of survival. (He & Harris, 2020, p. 177).

The general conclusion is that the post-pandemic development of corporate social responsibility should be planned in the long run, companies to understand that their long-term survival and development depends on achieving a delicate balance between profitability and harmony with their various stakeholders. Instead of confronting companies with the dilemma of whether to invest in corporate social responsibility, they should show interest in investing in corporate social responsibility in order to achieve mutually beneficial and interdependent social, environmental and economic goals. What global society can learn as a lesson from this pandemic is that "we are all together in this", which undoubtedly imposes the need for people and companies to be more socially responsible. Therefore, the post-pandemic period must be created as a period in which companies succeed in the realization of their business activities with a strong commitment to corporate social responsibility by developing effective strategies and having their effective implementation.

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