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## IMPACT OF COVID-19 PANDEMIC ON CORPORATE SOCIAL RESPONSIBILITY AND MARKETING VIEWPOINT

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### ABSTRACT

The COVID-19 pandemic has gravely wounded the world economy with serious consequences impacting all communities and individuals. Moving rapidly across borders, along the principal arteries of the global economy, the spread of the virus has benefited from the underlying interconnectedness – and frailties – of globalization, catapulting a global health crisis into a global economic shock that has hit the most vulnerable the hardest. Emerging from the natural environment and paralyzing our societies and our economies, the coronavirus disease demonstrates the interdependence implicit in the Sustainable Development Goals, but it is derailing global efforts to achieve them. The global health, economic, and social impacts of the coronavirus (COVID-19) pandemic are growing day by day. Over the past few months, first China, and now the whole world has been grappling with the effects of the COVID-19 pandemic in businesses, employees, customers, communities, and each other.

**Key words :** COVID-19 pandemic, corporate social responsibility,

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### INTRODUCTION

Since the outbreak of the coronavirus disease of 2019 (COVID-19), more than 1 million people have lost their lives due to the pandemic, and the global economy is expected to contract by a staggering 4.3 per cent in 2020. Millions of jobs have already been lost, millions of livelihoods are at risk, and an estimated additional 130 million people will be living in extreme poverty if the crisis persists. These are grim figures that reflect the immense challenges and human suffering caused by this pandemic. Nor is an end to COVID-19 yet in sight. In many countries, the number of new COVID-19 cases is rising at an alarming rate and, for many, a second wave is already an unwelcome reality. Much uncertainty remains about how and when the pandemic will run its course, but the unprecedented economic shock generated by the global health emergency has already sharply exposed the global economy's pre-existing weaknesses, severely setting back development progress around the world.

We are writing this article during the first period of lockdown in the UK and being “responsible citizens” by complying with the social distancing measures. Whilst academics like us are still busy with our usual research activities, we are learning to adjust to a new reality and way of work (and life, though the boundary is diminished during lockdown) with online meetings with colleagues, research students, and of course quite ‘dauntingly’ online teaching. What is more, we have to do this with little prior warning or training. Probably one of the most important ways to cope with this lockdown to avoid any deterioration of mental and physical wellbeing is to take advantage of the situation to reflect on something that we cherish the most in our research, in our case corporate social responsibility (CSR) and marketing.

What we do know is that the world has changed. Like other global events with planet-wide impact, Covid-19 could potentially change how we see the world, the ways in which we think, and how we conduct our lives. Notwithstanding the human tragedy of lost lives, broken families, and scarred communities, the economic and social changes caused by a pandemic-driven lockdown will constitute

a cultural legacy which will live long in our memories and those of future generations. The pain is personal, emotional, psychological, societal, economic, and cultural; and it will leave scars. In many regards, we view Covid-19 as analogous to that which Taleb (2008) calls a 'Black Swan Event' – a shocking event that changes the world (as similarly also noted concurrently by a number of authors and editors – see for example Grech, 2020; Mazzoleni, Turchetti, & Ambrosino, 2020). While Taleb (2008) discussed a range of examples of such past events (such as the events of 9/11) his analysis highlighted that human responses to such shocks tend toward critical reverse prediction. That is, after shocks that change cultures happen, people within those shocked cultures almost immediately rationalize such events by reflecting that they could have been predicted and probably avoided. Is Covid-19 an example of this – we think so? After Covid-19 the world will not be the same and notwithstanding numerous apocalyptic movies, conspiracy theorists, and political opportunists, we cannot but help to hope that future pandemics can be avoided if we learn the lessons, we cannot help but think should have been learned before Covid-19.

The impact of Covid-19 on the global economy is likely to be unprecedented since the 1930s Great Depression (Euronews, 2020). Therefore probably the Covid-19 pandemic represents one of the most significant environmental changes in the modern marketing history, which could potentially have a profound impact on corporate social responsibility (CSR), consumer ethics, and basic marketing philosophy. The short-term impact of Covid-19 is immediately and effortlessly felt, due to the widespread lockdown and social distancing measures globally. However the pandemic will end, it is already set to have longlasting profound economic, social, political, and cultural impacts. In this paper, we discuss some preliminary ideas on how this pandemic can influence the field of CSR and marketing philosophy. In terms of CSR, we will discuss its impact on CSR opportunities and trends, and consumer ethics. In terms of marketing, we will focus on its potential implications on the core marketing concepts, the context of marketing, and marketing strategy.

## **IMPACT ON CORPORATE SOCIAL RESPONSIBILITY AND CONSUMER ETHICS**

**Corporate social responsibility :** Covid-19 poses challenges to firms and organizations with regard to CSR. It has been reported that some firms/retailers have tried to profiteering from this crisis. In order to curb the potential wide spreading of profiteering, in the UK for example its competition watchdog, the Competition and Markets Authority (CMA), set up a special taskforce to crack down on companies profiting from the pandemic by inflating prices or making misleading claims about products (Butler, 2020a,b). Inevitably this crisis has put companies under test for its commitment to ethical business conduct and CSR. Some may argue that the financial strains, both short-term and long term, caused by the outbreak could significantly pushed firms to pursue short-term gains, sometimes even through fraud and misconduct, and reduce long-term CSR investment, probably due to lack of slack resources and mounting pressure for survival

Fortunately, we have observed that many companies not only have resisted unethical business practice during this crisis, but also have proactively engaged in various CSR activities, particularly those that can offer immediate help and assistance to the fight against the virus. Undoubtedly, the current pandemic offers a wide range of significant opportunities to those with a more mindful and acumen approach to CSR. For example, UK manufacturing companies transformed their factories to produce ventilators, personal protective equipment, hand sanitizer, and so on, with some of them donating, instead of selling, these products. Telecommunications giant Vodafone introduced free access to unlimited mobile data for many of its pay monthly customers and upgraded its vulnerable pay monthly customers to unlimited data offer for free (BBC, 2020a). Supermarkets in the UK have allocated opening hours specifically for the elderly and NHS workers, and donated Easter eggs and general food to food banks and charitable organizations (Fairshare.org.uk, 2020; Lindsay, 2020). The UK tea brand

PG tips partnered with Re-engage (a charitable organization aiming to tackle the issues of social isolation and loneliness for older people) to train volunteers to call the oldest in the UK during the lockdown (Jones, 2020). Companies donated their original commercial campaign airtime to promote good causes. Banks waived interest on overdrafts over a period of time. And the list goes on.

Covid-19 pandemic has exposed and exacerbated some ingrained social issues, such as poverty and inequality. The general narrative is that Covid-19 does not discriminate in terms of the medical fact that people from different demographic backgrounds are equally susceptible to the illness. However, Covid-19 does discriminate as there are growing data showing that people from BAME backgrounds are more likely to contract the virus and become seriously ill or even die from it (Booth, 2020; Butcher & Massey, 2020). Many explanations beyond medical terms have been offered. Most of these explanations speak to the truth that there is still higher level of inequality in the developed world in terms of wealth, health, education, and so on. This offers significant opportunities for CSR. Companies should focus more of their efforts on tackling social issues on these fronts during this pandemic as well as in the long-run. The United Nation (UN) has made a call for efforts to build more inclusive and sustainable post Covid-19 economies that are more resilient in facing global challenges, such as pandemics, climate changes, and others, instead of going back to the world as it was before (UN.org, 2020).

### **CONSUMER ETHICS:**

Classic frameworks of ethical decision making stress the joint impact of personal and situational/contextual factors (Ford & Richardson, 1994; Treviño, 1986). Personal factors can include consumer personality traits, moral values, moral identity, implicit morality beliefs, and so on. Situational/contextual factors can be issue characteristics, social influences, group and intergroup dynamics, and so on. The Covid-19 pandemic, as an unprecedented situational and contextual factor, has significant implications for the understanding on consumer ethical decision making during the pandemic as well as potentially post-pandemic in the long run. During the pandemic, numerous consumers are grounded to their homes with limited external access except the internet, due to lockdown and other social distancing measures. Consumer decision making can be irrational during crises like current pandemic, as evidenced by stockpiling of food, medicines, hygiene and sanitation products, and even toilet papers all over the world. Some might argue that, panic buying (incl. stockpiling) is the perfectly rational consumer behaviour during crises like this with a significantly high level of uncertainty (Lufkin, 2020). Nevertheless, it seems that consumer decision making is currently driven purely by self-interest and emotions, such as fear, anger, and anxiety. This has forced the supermarkets to take measures such as rationing and designating opening hours for key workers and seniors. On the other hand, consumers have exhibited many altruistic behaviours during the pandemic, including resisting panic buying and buying groceries for vulnerable residents (e.g., over 70s) (Guardian, 2020). Therefore this crisis provides an excellent opportunity to examine the interplay between personal and situational/contextual factors in influencing consumer ethical decision, including the factors relating to the nature and ongoing situations of the pandemic at the contextual level, and personal factors, such as consumer personality differences, rationality, and consumer emotions such as fear, anxiety, animosity, and positive emotions such as hope.

The pandemic has given opportunity and time to the consumers to reflect on the basic meaning of consumption and the impact of their consumption not just on themselves but on others and the general society and the environment. Before the pandemic, consumers in the developed world have taken for granted how their basic needs, such as food and shelter, can be easily met through the wide availability of various products and services that can help meet those needs. Actually consumers were “spoilt” with “choice overload”. Moreover, consumption is also driven by consumers’ pursuit of goods and services

that can help meet their higher social (e.g., social belonging and self-esteem) and self-actualization needs (Maslow, 1943). The pandemic shocked consumers with the idea and even a highly probable reality that their basic needs might not be met in the sense that food and basic necessities might not be available to them. Whilst in the developed world, basic consumer needs are still likely to be met, there will be some shifts in terms of how consumers appreciate and value those needs being met. At the same time it changes consumers' perspective on how to pursue higher social and self-actualization needs. There is likely to be a significant shift towards responsible and prosocial consumption in the sense that consumers consciously reflect on how to consume and make product/brand choices to be more responsible to themselves, others, the society, and the environment.

## **INTERNATIONAL RESPONSES**

Efforts to provide fiscal space and liquidity support to respond to the crisis began to emerge in mid-April 2020. On 13 April 2020, the International Monetary Fund announced the cancellation of the debt repayments of the 25 poorest developing economies under the catastrophe containment and relief trust. This debt cancellation is estimated to amount to around \$251.24 million (International Monetary Fund, 2020b). In addition, the International Monetary Fund responded with the provision of emergency financing through a range of financing facilities (catastrophe containment and relief trust, flexible credit line, standby arrangements, extended fund facility, extended credit facility, standby credit facility, rapid credit facility and rapid financing instrument). As at 16 September 2020, the International Monetary Fund had responded to requests by providing financing of \$88,635.83 million to 81 countries (International Monetary Fund, 2020c; see the COVID-19 financial assistance and debt service relief tracker of the International Monetary Fund).

On 15 April 2020, Group of 20 leaders announced their Debt Service Suspension Initiative for the poorest countries, which applies to 73 countries eligible to borrow from the International Development Association or classified as LDCs (Group of 20, 2020a; four International Development Association countries are not eligible due to being in arrears with the International Monetary Fund or the World Bank, namely Eritrea, the Sudan, the Syrian Arab Republic and Zimbabwe). The initiative relates to interest and principal payments on official bilateral debt, limited to bilateral official debt only; it initially applied from 1 May to end-December 2020 but has been extended by another six months (Group of 20, 2020b). The Group of 20 requested private creditors to provide comparable treatment and multilateral development banks to consider their participation. As at 8 September 2020, 43 of the 73 eligible countries (59 per cent) had signed up to the initiative, amounting to \$8.77 billion in debt service payments that have been deferred (World Bank, 2020b). Countries in debt distress record the highest level of participation, at 80 per cent; those at low levels of debt distress have a lower level of participation, at 33 per cent. In examining participation across income groups, it may be seen that high-income developing countries have the highest levels of participation (80 per cent), followed by low-income developing countries. Across geographic groups, sub-Saharan Africa has the greatest number of countries eligible to participate in the initiative, representing 74 per cent of the region, followed by South Asia, at 75 per cent of the region, and East Asia and the Pacific, at 47 per cent of the region.

The international community should also consider increasing resources for technical cooperation with developing countries in the area of debt management. There is broad recognition that the new financial vulnerabilities and increased risks of debt distress faced by developing countries as a result of the COVID-19 crisis reinforce the need for effective debt management as an intrinsically important component of public financial management. An appropriate response by Governments to the pandemic requires the effective management of their public debt. Debt transparency and the availability of comprehensive, accurate and timely information on public debt are crucial with regard to policy decisions, risk management and the implementation of emergency financing and debt moratorium measures. However, many developing countries lack the appropriate human and technical capacities to

effectively handle public resources and liabilities. In this context, as a leading provider of technical cooperation in debt management, the UNCTAD Debt Management and Financial Analysis System programme offers countries solutions in improving their capacities to manage public liabilities, to record and monitor public debt and to provide reliable debt data consistent with international standards. In the context of the international policy reaction to the COVID-19 crisis, bilateral donors should consider increasing their ODA, possibly by setting apart a certain percentage of their scal stimulus packages for ODA to developing countries, including LDCs.

### **IMPACT ON MARKETING PHILOSOPHY**

In discussing the plethora of ways in which Covid-19 has changed our disciplines and practices, marketing is an interesting study. We believe that the effects of Covid-19 have been profound and pervasive so to structure our review, we explore how the pandemic has altered the core marketing concepts, the context of marketing, and marketing strategies.

### **CORE MARKETING CONCEPTS:**

The wide-ranging and deeply-felt upheaval of the Covid-19 pandemic will affect the marketing discipline in multitudinous ways. As our very lives and societies are uprooted, changed, and shaped by events, so will the philosophies, ideologies, and fundamental principles that anchor our field. While much of this change is difficult to prophesize, it seems probable that these events will have a profound impact on core marketing philosophies, mindsets, and concepts. Marketing is grounded in the philosophy and ideology of the marketing concept wherein we endeavour to identify and respond to the needs and wants of targets markets better than competitors (see for example Kotler, Armstrong, Harris, & He, 2019). More enlightened and progressive commentators and organizations have espoused variations of the societal marketing concept; wherein organizations balance short-run consumer wants with the long-run welfare of society (see Kotler & Zaltman, 1971; Kotler et al., 2019). In the aftermath of Covid-19 it seems likely that consumers, societies, and organizations will critically re-evaluate and question such philosophies and priorities. Economists, philosophers, and marketers have primly advocated long-termism while ‘real-world’ pressures have constrained many policy-makers, companies, and executives to more immediate and pressing concerns. In this regard, the bottom-line and short-run goals have been promoted above longer-run, more ethereal objectives (see Anwar and Bassiouuny, 2020). Will a pandemic constitute a sufficient shock to marketing directors and scholars to question their companies and their own core goals and underlying ideologies? At this stage, this is difficult to predict but as the death toll rises and we are all faced with post-pandemic world, sociallyisolated, lock-downed practitioners and academicians have a lot of time to reflect on the worth of their life and business orientations, and their significance.

Marketers have also championed the benefits of acknowledging and driving meaningful customer evaluations of value, satisfaction, and loyalty. Indeed, for half a century the credo of customer sovereignty to propel positive customer interpretations and reflections of product offerings has been the mainstay of many Marketing 101 modules and innumerable consultant-driven initiatives and careers. However, midpandemic consumers were not driven by considered evaluations of varying brands or by long-run value or by future loyalty reflexions but were frustratingly constrained by limited choice, product accessibility, and immediate demand. In some regards, rather than marketing myopia (Levitt, 1960) where marketers over-focus on the physical characteristics of their products they short-sightedly overlook customer latent needs, the Corvid pandemic was more the case of consumers’ pandemic-driven tunnel vision of panic buying and hoarding (Lewis, 2020) while, possibly, in the future, marketers will be rebuked and castigated for their of hypermetropia (the opposite of myopia) during such crises for failures to focus on the want satisfying attributes of their products. Retrospective studies into such behaviour and companies’ crisis management will undoubtedly generate much insight

into these issues. Post-pandemic theorists and practitioners are likely to face a radical different marketing landscape and much changed customers. Opinions, beliefs, values, habits, and behaviours evolve due to both good and bad experiences; the Covid-19 outbreak will, sadly, have had a profound impact on all of these. Pre-Covid, marketers were fixated on the efficient and effectiveness of their value-capturing from customers in the form of customer loyalty, share of the market/customer, and customer equity. Post-pandemic, previously standard and seemingly incontrovertible metrics such as customer lifetime value, share of customer, and customer equity, are likely to be critically questioned. While it seems rather unlikely that such metrics will be entirely disregarded, it seems probably that marketers and customers will tailor and supplement such measures.

### **THE CONTEXT OF MARKETING:**

While changes to core marketing concepts occurred and continue to happen, such changes will reflect the turbulence that Covid-19 caused in the marketing environment. Recessions, down-turns, wars, revolutions, earthquakes, and volcanos seem minor blips when compared to global lockdowns and expansive state interventionism on scale previously witnessed not for a millennium. The marketing microenvironments of organizations have been hit by a tsunami of change that outweighs any previous fluctuations and reverberations. The ways in which companies operate have been altered by social distancing and forced lockdowns that necessitate radical changes to operations and set-ups. The supply chain globally was largely severed during lockdown and local supply-chains stretched to breaking-point across most industries and sectors. Distribution firms have gone from being derided as ‘white van pests’ and ‘damned nuisances’ to being praised as national saviours by consumers, in cases, quite literally starving for goods (SIRC, 2020; cf. Hatchman, 2020). Across the globe, restaurants switched from fine dining to take-out makers; fast-food deliverers expanded their role to become supermarket shoppers and deliverers (see Whitbread, 2020). Advertising and media companies have needed to develop campaigns and responses in days when earlier efforts took months and years. Public safety campaigns and other social marketing efforts will be scrutinized and lessons learned and enshrined in new theories and grounded insights. The context of competition has also changed. During the pandemic consumers, publics, and governments required and, in some cases, forced, collaboration for the good of all. In this regard, past competitors became collaborators out of need – the Formula 1 initiative to design, manufacture, and supply ventilators at incredible speed being an illustrative example (see de Menzies, 2020). Post-pandemic, retrospective research will scrutinize such efforts and practitioners from previously adversarial organizations may well reflect on the benefits and reward of collaboration.

In the marketing macro environment, fundamental changes happened for which the repercussions will resound for decades. Economically, the global economy has been profoundly affected. Dwarfing the impact of austerity regimes, Covid-19 measures closed entire sectors, forced industries to move, almost exclusively, online, and radically changed the nature of consumer spending. Prior to lockdowns grocery retailers in particular had unprecedented sales while online entertainment and connectivity organizations thrived on massively increased demand. Other sectors the like housing and automotive industries were hit extremely hard and the rebound and waves of fluctuating demand and supply will likely continue for many years. Politically, almost all countries saw sweeping changes to ideologies that severely imposed on previously-cherished doctrines of freedom of movement and market-economics amongst many others. The state took over many industries in many countries and the long-run implications of this will resound within countries, regions, and global economies. Technologically, while politicians hailed the Internet as a lifesaving medium (quite literally in virus-tracking countries – particularly in Asia) (The Japan Times, 2020), the adoption of technology to replace face-to-face interaction was widespread. As such, media commentators have suggested that the pandemic forced twenty years of technology adoption in twenty-four hours. Science and technology were thrust into the

forefront as scientists, modellers, and researchers were granted immediate funds to pursue vaccines, antibody testing, and virologic modelling. Socially Covid-19 has changed and will change individuals', groups', managements', and governments' mindsets and philosophies. Culturally, people's views of themselves, of others, of organizations, of nature and of the universe have shifted. While few predicted the timing of such events, futurologists and long-term scenario planners have long laboured to highlight the potential of such dramatic and tragic episodes to affect the world (see Malaska, 2000). What the precise nature of such shifts in our society and our culture will be is unclear but marketers should be at the forefront in exploring, elucidating, and responding to such changes.

### **MARKETING STRATEGY:**

Changes to the marketing environment and the marketing landscape forced organizations to develop a strategic agility pre-, during-, and post-pandemic. While strategists have long advocated agility in strategy making, the lightning speed of the spread of Covid-19 required organizations to develop such entrepreneurial agility as to constitute flexibility to the point of hypermobility! While innovative commentators lauded the need for strategic agility to create new markets that reach new consumers and customers – blue ocean strategy (see Kim & Mauborgne, 2004), pandemic-inspired/forced/required agility required executives and managers to develop systems, operations, and tactics that reached customers (more life-water strategy than necessarily blue or red ocean). Nonetheless, many organizations found previously hidden or untapped sources of entrepreneurial and innovative spirit that saw inventiveness and sheer gumptiosness triumph in the face of adversity (see Armstrong, 2020). Marketing strategy scholars will indubitably desire to explore such new-found agility and embed such flexibility in their strategic processes. While implementing change has always proved troublesome, impending crises appears to free previously untapped and much valued resourcefulness. Exploring, describing, and promoting such approaches should prove illuminating. What will the post-Covid-19 marketing strategy world involve? First, it seems probable that espoused organizational goals will change. Vision statements are supposed to be long-run and not subject to the vagaries of environmental blips. However, Covid-19 feels more than a little like a Black Swan shock than a blip. Organizations reflecting on the post-pandemic world will need to re-evaluate their visions, missions, and their objectives to account for the changes to their customers, competitors, amongst other shifts. Goals and objectives that incorporate long-term survival, strategic agility, meaningful social responsibility, possibly centred on a societal marketing orientation seem likely.

### **CONCLUSION**

We conclude this article by asking our academic communities to engage in rigorous research on the following research questions. Although the immediate impact of Covid-19 pandemic seems to be evident, what could be the long-term impact on CSR and consumer ethical decision making? What are the opportunities and challenges for CSR in the long run post-coronavirus? Will the short-term change in consumer habit leads to long-term sustained shift of consumer ethical behaviour, if yes how? How will Covid-19 change our marketing philosophy? Will an outcome of this pandemic be an increased incorporation of social and societal issues into our driving philosophies? In terms of customer behaviour there is an urgent need to explore how citizens, customers, and consumers responded (both positively and negatively) to varying lockdown restrictions. Changes to behaviours may well be evident (such as in tourist choices and the move to online shopping and entertainment) but alterations to attitudes, values, beliefs are likely to be subtle. Similarly, while Covid-19 drove sector, firm, and organizational innovation, research is need to explore the drivers of effectiveness and to detail which changes will prove beneficial in the long term.

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