

THE IMPACT OF COVID-19 ON THE PRO-SOCIAL ACTIVITY OF SMALL AND MEDIUM COMPANIES

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Purpose: The conditions in which enterprises from the SME sector have to operate are not easy. The enormous changeability of the environment contributed to a shift in the ways of managing a company. In these uncertain and quite difficult times, the key variable when verifying the conducted activity is pro-social or pro-ecological activity in the form of CSR activities. The aim of the study is to define CSR models implemented by entrepreneurs from the SME sector.

Design/methodology/approach: The research task was carried out based on the literature on the subject and the results of a survey from the first half of 2021, conducted among 164 enterprises based in the Slaskie Voivodeship. Due to the nature of the obtained data (qualitative features), the correlation studies used the φ - Youla correlation coefficient based on the χ^2 statistic.

Findings: The conducted analyses have shown that the pandemic has led to changes in the approach of entrepreneurs to the subject of CSR. The conducted research has shown that the importance of CSR activities increases with the increase in the size of the enterprise. The conducted research allowed us to verify the adopted hypotheses. The results showed that the pandemic has indeed led to changes in the approach of entrepreneurs to the subject of CSR, as there is a decrease in the positive perception of CSR as an important element of the functioning of the company on the market.

Originality/value: The conducted study allowed to identify the tendency towards pro-social activity of enterprises from the SME sector in the time of the COVID 19 pandemic. In the course of the research, an upward trend was determined in the case of medium-sized enterprises, stable in the case of small enterprises and a downward trend in the case of micro-enterprises. The study also allowed for a model approach to CSR activities in selected groups of enterprises.

Keywords: enterprises from the SME sector, social responsibility, CSR models, COVID-19, stakeholders.

Category of the paper: Research paper.

1. Introduction

The COVID-19 crisis has caused major disruptions in the economy, and thus in the activities of a number of companies, which in turn has led to major changes in their functioning. Today's businesses face many challenges, including temporary closures, limited capacity, unexpected workforce changes, and supply shortages. In fact, many economic actors have been forced to close, leading to "unprecedented trade disruption across most industry sectors" (Donthu, Gustafsson, 2020). Moreover, the pandemic has created a situation of endemic uncertainty and confusion about the risks to workers, measures and best practices that organizations should adopt (Bryce et al. 2020). It should be remembered that enterprises from the SME sector are more vulnerable to the crisis. They have far fewer resources and tools to adapt to the changing context. For this reason, these enterprises are struggling with difficult questions about how to survive and thrive in the times of COVID-19, while meeting public expectations regarding corporate actions to fight the virus (Lee, Cho, 2022).

In view of the above, the question arises whether SMEs should care about the public good and concerns in this pandemic or not. On the one hand, the crisis caused by the COVID-19 pandemic has changed the way modern companies pursue their economic, social and environmental goals (García-Sánchez, García-Sánchez, 2020). On the other hand, according to Ou et al. (2021), declines in customer traffic, profits and purchases made many enterprises focus on CSR initiatives. It can be said that in this new scenario, enterprises should adopt CSR strategies in order to establish business commitment towards society and vulnerable groups. Taking care of employees' health, a flexible approach to work or undertaking support activities are the foundation of a new view of CSR.

Taking into account the presented premises, this study aims to fill the research gap by attempting to define the CSR strategy in enterprises in the SME sector during the crisis caused by the COVID-19 pandemic. Secondly, the author has developed a model of activities of enterprises from the SME sector in the field of CSR activities.

2. Literature review and conceptual framework

There is no doubt that social responsibility (CSR) should be considered through the prism of economic, legal, ethical and discretionary (later philanthropic) expectations that society has towards the organization at a given moment (Carroll, 1979, Carroll, 1991). It can be said that CSR is a modern business model in which enterprises make coordinated efforts to act in a way that improves and does not degrade society and the environment (Singh et al., 2019). It should be noted here that the outline of social responsibility both in the theory and practice of

management from the very beginning aroused numerous debates and controversies, at the same time arousing the interest of scientists dealing with management, sociology, strategy, law and other fields (Kabir, Chowdhury, 2022).

In the literature on the subject, CSR has been identified as a key factor in the success of an organization (Beck et al., 2018; Mutuc, Cabrilo, 2022), affecting mainly: financial results (Mutuc, Lee, 2019; Chen et al., 2017), organizational culture (Yu, Choi, 2016; González-Rodríguez et al., 2019), stakeholders (Boronat-Navarro, Pérez-Aranda, 2019; Tong et al., 2021; Sidhoum Serra, 2017; Tang, Tang, 2018), image (González -Rodríguez et al., 2015; Darwish, Naggat, 2021), job engagement and satisfaction (Chan, Hasan, 2019; Farrukh et al., 2020).

Although CSR has become a common business model, it remains unclear how companies will engage in CSR activities in the face of a major crisis. Therefore, the question arises whether enterprises, despite serious disruptions (economic, health and social) related to the outbreak of the COVID-19 pandemic, are able to carry out socially responsible activities. He, Harris (2020) found that CSR activities during the pandemic provided companies with an excellent opportunity to strengthen their relationship with society. A slightly different view was presented by Crane, Matten (2021), according to whom the COVID-19 pandemic not only questioned the existing assumptions, concepts and practices of CSR, but also changed the expectations of stakeholders in this area. Supporting the common good of society (fighting the COVID-19 pandemic) has become as important a goal as ensuring shareholder value and profitability for organizations of any size. It can be said that the COVID-19 pandemic has brought with it a new face of CSR. Following Moura-Leite, Padgett (2011), it should be stated that CSR is not a panacea for social problems of all enterprises, especially in times of crisis, but it contains an important premise that the entrepreneur should follow in the future. Lang (2022) reports that during the COVID-19 crisis, many enterprises actively engaged in various CSR activities, especially those that can offer immediate help and support in the fight against the virus. Unfortunately, some enterprises were unable to continue the planned CSR activities. This was due to the fact that many of them struggled with financial problems resulting from the imposed restrictions.

Therefore, the following are the research questions that this study seeks to answer:

- (A) Has the COVID 19 pandemic led to a change in the way enterprises from the SME sector implement CSR activities.
- (B) Does the size of the company matter in the implementation of CSR activities.

3. Research methodology and research sample

The study used a structured questionnaire, divided into two parts. The first identified the respondents (entities from the SME sector), the second substantive identified the impact of COVID-19 on their pro-social activities.

To decide on the size of the sample, reference was made to the work of Boubakary, Moskolaï, (2016), who used a sample of 126 enterprises from the SME sector to study CSR. According to the authors, this sample size remains statistically acceptable. And so, 164 entrepreneurs with their registered office in the Silesian Voivodeship took part in the study. Data collection took place from March 2021 to June 2021.

The characteristics of the tested environment showed that:

- 38.4% of the surveyed group are medium-sized enterprises, 29.3% of the total are micro-enterprises, 22.6% are small enterprises, 9.8% run their own business,
- 47.6% of enterprises are medium-sized service companies, 17.1% of all respondents are small trade enterprises, 14.6% are medium-sized production enterprises, 9.8% are service and trade companies, 6.1% are service companies - trade and production, 2.4% each went to entities with the following profiles: production and trade and service and trade,
- 30.5% of the surveyed entrepreneurs operate on the local market, 28.3% on the European market, 24.1% on the regional market and 10.7% on the European market, 6.4% on the global market.

It should be noted that the developed questionnaire was completed by business owners or by a person appointed by them holding a managerial position.

Due to the fact that CSR is a voluntary action strategy, the limits of the sample cannot be defined. Therefore, purposeful sampling was used in this study (Li, Chen, 2023). According to Johnson, Christensen (2019), the use of purposeful sampling allows you to create a research sample with specific characteristics. Therefore, this study identifies those enterprises from the SME sector that engage in CSR activities. Thus, 11.3% of the surveys declared that there is a long-term CSR strategy in their company. 9.5% of the respondents reported that their company has an annual or even two-year CSR action plan. In turn, in other enterprises, CSR activities are undertaken on an ad hoc basis, depending on the needs and capabilities of the enterprise.

4. Results¹ and discussions

In the conducted study, the areas of activity of small and medium-sized enterprises in the aspect of CSR before and during the COVID-19 pandemic were analyzed. The analysis of the collected material showed that:

- before the outbreak of the COVID-19 pandemic, for 46.3% of enterprises (especially medium-sized), CSR activities were an important element of management, for 25.6% of enterprises (mainly micro-enterprises) it was not a strategic aspect of their activity on the market, and for 28% of enterprises it was not convinced of the role previously played by the CSR strategy in their company,
- after the outbreak of the COVID-19 pandemic, the approach of enterprises from the SME sector has changed, which is particularly visible in the group of enterprises considering CSR as an important element of the company's functioning on the market (a decrease of 46.3% to 40.9%, which can be considered a negative phenomenon from the point of view of from the point of view of CSR), a positive phenomenon (increased interest in CSR activities) is noticeable in the group of enterprises considering the CSR strategy as of little importance, there is also a noticeable increase in ignorance regarding the role of CSR in the enterprise.

Bernardi, Stark (2018) are of the opinion that the implementation of CSR is a form of social contract fulfillment, as well as an attempt to build its legitimacy in the eyes of stakeholders. For this reason, building relationships and creating value for a wide range of stakeholders is becoming increasingly important. Organizations are expected to take care of their employees, suppliers, customers and fulfill their obligations towards local communities and the entire society, including the natural environment (Barić, 2017). The obtained research results showed that in the case of customers, employees and the natural environment, the activity of the surveyed enterprises decreased. On the other hand, in the area of suppliers, as well as business partners and local communities, an increase in CSR activities was recorded. In turn, determining the relationships that occur between individual areas of CSR activities (Figure 1), a statistically significant correlation also occurred between the implementation of CSR activities in the area of suppliers and the size of enterprises ($\varphi = 0.187$; $\chi^2 = 5.741$; $p = 0.017$). It shows that the increase in the size of enterprises will lead to greater involvement in future CSR activities in the mentioned area.

The analysis of the collected material showed that the COVID-19 pandemic divided the surveyed companies into three main groups:

¹ The presented research results are a fragment of the author's research, which is the basis for the monograph: K. Olejniczak-Szuster (2021). Socially responsible entrepreneur - motives and strategies of action in the era of the COVID-19 pandemic. Sources, concepts, models. PCZ Publishing House, Częstochowa.

- the first is made up of enterprises that declared the implementation of CSR activities planned earlier (before the pandemic), increasing their scale by implementing initiatives related to the fight against the pandemic,
- the second is made up of enterprises that have suspended CSR activities, including the strategy in this area,
- the third, which is made up of enterprises that do not implement the social responsibility activities planned before the pandemic, focusing only on survival.

Moreover, the obtained results allowed to determine the model of conduct of the surveyed enterprises in the field of CSR during the COVID-19 pandemic. With regard to the CSR models proposed by Walton (1967), the obtained results showed that in the era of the COVID-19 pandemic:

- every second company implements the Household model, in which CSR activities relate mainly to employees,
- every third company implements the Austere model, in which the CSR activity has receded into the background. Their efforts mainly relate to maintaining their own business during the current crisis,
- every fifth enterprise implements the Vendor model, whose activities are aimed at customers.

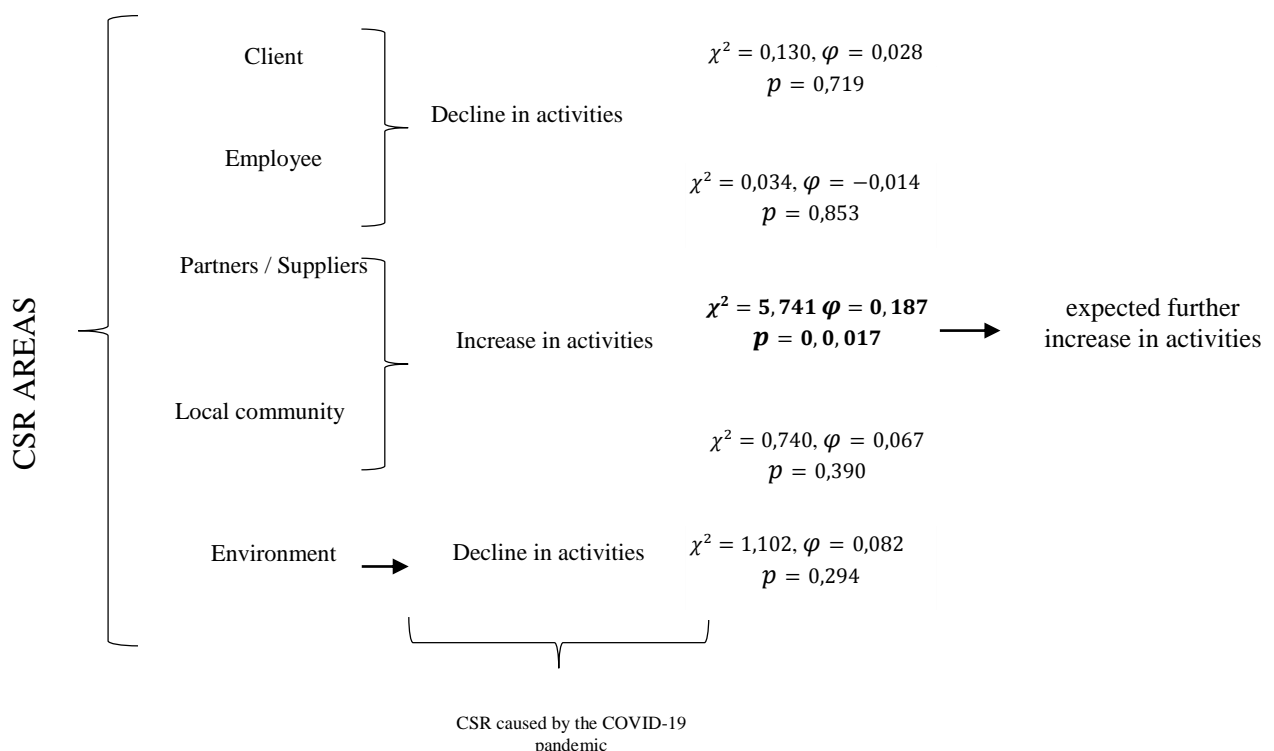


Figure 1. Areas of CSR activities during the COVID19 pandemic.

Source: own study.

The conducted research also showed the dependencies that occurred between the size of enterprises and changes in the field of CSR during the pandemic period. Thus, a statistically significant correlation was observed in terms of:

- suspension of some of the CSR activities carried out and planned for this year ($\varphi = 0,172$; $\chi^2 = 4,842$; $p = 0,028$),
- undertaking new initiatives related to the active fight against the pandemic ($\varphi = 0,216$; $\chi^2 = 7,652$; $p = 0,006$),
- changes in strategy and future CSR activities ($\varphi = 0,248$; $\chi^2 = 10,115$; $p = 0,001$).

In these cases, these activities were observed more often in small and medium-sized enterprises. On the other hand, the opposite situation ($\varphi = -0.216$; $\chi^2 = 7.601$; $p = 0.006$) was observed for micro-enterprises and the self-employed in terms of possible lack of impact on CSR activities. It can be assumed that these enterprises dealt with problems in areas other than CSR in the analyzed period.

Taking into account the above-mentioned size of the company, it was noticed that depending on the size of the company, a different stance towards CSR activities is implemented (Figure 2).

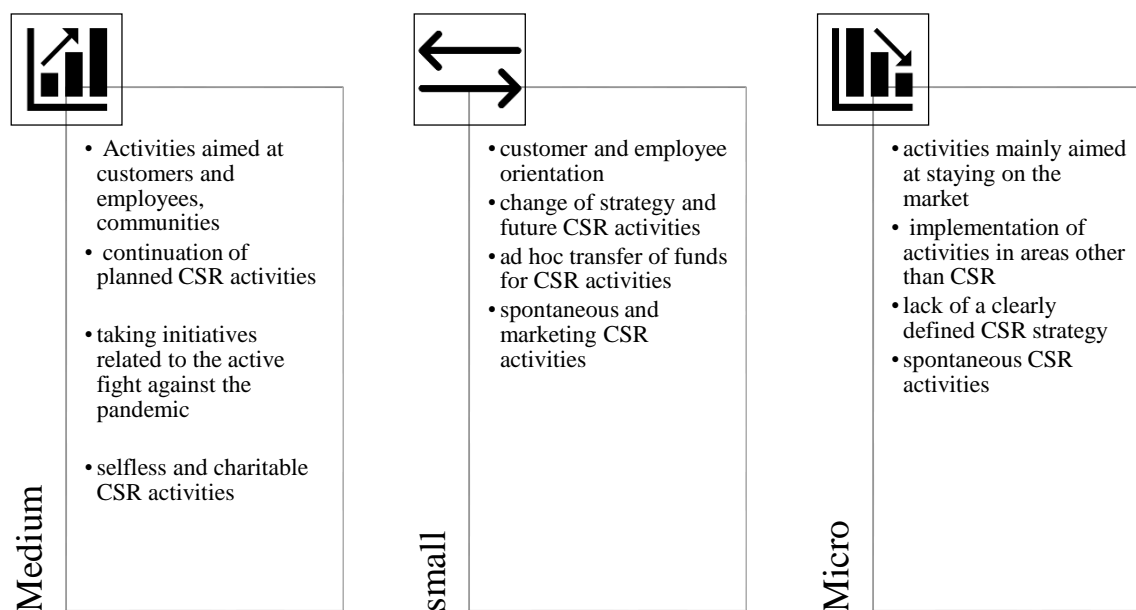


Figure 2. Models of CSR activities during the COVID19 pandemic, broken down by company size.

Source: own study.

In summary, it can be said that despite various trends in the implementation of CSR activities by entrepreneurs, several common aspects can be identified. Firstly, entrepreneurs relate their activities to the fulfillment of social duties, and their actions are spontaneous. Secondly, the surveyed entrepreneurs mostly do not have strictly defined CSR strategies, and the actions are ad hoc, usually dependent on financial capabilities. Thirdly, CSR activities are primarily aimed at employees and customers.

Summary

The outbreak of the Covid-19 pandemic has set big challenges for the implementation of the CSR initiatives. It can be said that Covid-19 pandemic has put many of them to the test in terms of pro-social and pro-ecological involvement. From a practical point of view, the results of this study show the exchanges that occurred in the areas of the implementation of CSR initiatives. It can be said that the global crisis forced enterprises from the SME sector to intensify and adapt CSR activities. In the course of research, it was found that: an increase in the size of enterprises determines to orient the surveyed enterprises for greater involvement in CSR activities in relation to implemented activities before pandemic. What's more, studies have shown changes in the attitudes of enterprises from the SME sector on socially responsible activities during the Covid 19 pandemic crisis.

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