

HOW THE PANDEMIC HAS IMPACTED CSR AND EMPLOYEE VOLUNTEERISM IN THE SME SECTOR

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Abstract Social and economic sustainability has become a crucial issue in the corporate sector over recent decades, both in large and small- and medium-sized enterprises (SME). The shock caused by the global pandemic has prompted SME players to rethink their operations. It has motivated them to develop sustainable processes to ensure their long-term economic and competitive presence in the market. The aim of this article is to provide a literature review of operational areas that can be examined and developed from the scope of Corporate Social Responsibility (CSR), which is a concept relating to understanding a business being part of society. Another scope underlined is employee volunteerism as an essential part of CSR activities. However, restrictions due to the COVID-19 pandemic have rewritten enterprises' willingness to help and ways of providing such help. This paper provides a preliminary study of how employee volunteerism might work in the extraordinary COVID-19 situation. This study is a review article, which has been written to bring together and summarise the results/conclusions from multiple original research articles/studies. The authors of this study aim to provide practitioners with an overview to help them adapt to today's rapidly changing environment.

Keywords:

CSR,
employee
volunteerism,
global
pandemic,
SME,
sustainability

*Employee volunteerism is what
the best companies do and
is good for business – inside and out.’
(Cycyota et al., 2016)*

1 Introduction

The last two years were one of the most difficult on record in recent economic history, and the COVID-19 pandemic was not just the most significant healthcare challenge of this century. Nevertheless, the pandemic caused mass unemployment or reduced working hours on the labour market and disrupted the economy (some sectors were highly affected, e.g. tourism) and the educational system. Many Europeans worried that the pandemic would lead to job losses, social injustice and lower environmental, health and data protection standards. The younger generation also feels that their contact with people in other countries cannot improve their quality of life (Schubert & Turnovsky, 2018). Unemployed people find it very difficult to find work, while enterprises face severe skills shortages. Research economists have examined the issue from different approaches to identify the causes and make recommendations for European states to successfully tackle the problem (ILO reports).

According to the International Labour Organisation (ILO) (Kapsos, 2021), the effects of the recent COVID-19 pandemic totally confused standard labour market assessments, mainly in relation to classic productivity indicators. The impact of the COVID-19 pandemic on the global economy resulted in an uneven increase in labour productivity. The world's output per hour worked almost doubled to 4.9% in 2020 compared with the long-term average annual rate of 2.4% registered between 2005 and 2019. While this effect has driven up average productivity significantly, overall it has resulted in fewer working hours and extremely unequal damage to the corporate environment. The pandemic resulted in a significant and rapid shift in the composition of employment between 2019 and 2020. For example, the summarised working hours from 26 countries measured by ILOSTAT shows that smaller enterprises experienced more significant declines in working hours than larger enterprises.

Meanwhile, restrictions in force due to the COVID-19 pandemic resulted in development battles such as poverty or inequality. Full recovery is likely to take many years and is going to require massive efforts throughout the world. Those who are the most vulnerable in this social and economic uncertainty need more help and volunteering may become more crucial, with an increased number of people volunteering to help. However, the ILO (Ganta, 2020) stated that global estimates of the number of people who performed volunteer work during this period are not available. Indeed, looking at the past five years, the highest number of searches of the Google index for the word ‘volunteering’ – in various languages – was registered in March and April 2020. Even though many of those who searched for volunteering opportunities may not have been able to carry out the activities they wanted to due to COVID-19 restrictions or illness, volunteering during a pandemic may affect different demographic groups and encourage people who would not normally volunteer to help (Mak & Fancourt, 2020). Some may have more time and energy available to volunteer, whereas other people, for example young children who are unable to go to school or older people who are at increased risk of illness, may have failed to engage in certain volunteer activities. At the same time, formal or organisational volunteerism has struggled with many problems. Governments focused on the healthcare sector and managed economics. Formal or organisational-based volunteerism can be described using the so-called third-party market model, where the three participants are government, corporations and educational institutes (Haski-Leventhal et al., 2010). Usually, the ‘giants’ of the third-party volunteerism model are responsible for organising and managing volunteer activities, however, in this case their reaction times seemed to be slower than that of individual volunteers. The competitive sector protected its employees and stabilised its business activities. In addition, the non-profit sector has been slow to wake up from the first hit. The aim of this systematic review is to provide a better understanding of how employee volunteerism could work in the extraordinary COVID-19 situation.

2 Corporate social responsibility

Sustainability can be characterised by the three pillars, namely social, economic, and environmental aspects. Enterprises need to consider their social, governmental and environmental interests. The former is strongly related to CSR, which, as it is often used in business today, can be primarily described in business terms. Although many major global companies strive to integrate value-based corporate governance into

their everyday management practices, this attitude still prevails among managers of SMEs, despite changes and developments. An increasing number of enterprises are beginning to realise that their business (the world of business, profit and work) is not a hermetically sealed area but rather it is closely interconnected and in constant interaction with its (natural and social) environment (Lindgreen, 2009). In this context, the objectives and values of enterprises managed by responsible and committed managers include social, human rights and environmental aspects and profit maximisation to achieve sustainable growth (Lichtenstein et al., 2004). The stakeholders of a company are the individuals or groups that influence the organisation's functioning and vice versa. The organisation engages stakeholders and aligns their interests to reduce risks and increase benefits (Peloza & Shang 2011). Stakeholders are shareholders, investors, employees, consumers, competitors, suppliers, civil society, government and the corporate environment. Today, when HR professionals in enterprises face severe challenges in finding and retaining the right employees, it is inevitable that corporate and HR professionals are aware of the criteria that may be important for future employees.

There are many areas of corporate social responsibility, but it can be essentially divided into internal and external corporate activities. Internal activities can include those that strengthen employees' emotional attachment to the company and enhance the value of the corporate image. Activities such as training, communicating a safe workplace and change management fall into this area. The external corporate dimensions reinforce the company's brand equity, customer relationships and customer image. This includes activities related to environmental protection, campaigns with partners and suppliers, activities organised in the company's micro-environment or smaller municipalities, etc. (Lim et al. 2018). Sustainable finance can support organisations in improving their response to environmental, social and governance challenges. A resource-based approach, such as the human resource sustainability model, is essential for SMEs. How to design and manage a marketing strategy or how to make a company 'greener' is of equal importance. Many operational areas are affected by the transition to sustainable development.

There are many different interpretations of the CSR phenomenon, yet there are several common points that are widely accepted:

- It is based on voluntarism, i.e. it is undertaken and implemented voluntarily by enterprises, according to objectives and methods of their own choice and at their own pace. Therefore, CSR should continuously be assessed beyond the relevant basic legal requirements. However, it should not be seen as a substitute for the existing legal rules because CSR complements rather than replaces them.
- It builds on the three dimensions of sustainable development (Purvis et al. 2018), i.e. enterprises integrate environmental and social aspects into their decisions and economic objectives and considerations.
- It relies on stakeholders, i.e. enterprises, to understand their expectations and act on them in their day-to-day activities.
- It permeates the whole company, i.e. it is present in all its processes, functions and activities as a fundamental approach.
- There is no one-size-fits-all solution; each company must develop its response to the challenges according to its industry, size and geographical location.
- As it is a long-term concept, it requires conscious, planned action rather than ad hoc measures to achieve long-term goals.
- It can also deliver short-term results.
- Credibility is the key to its success, i.e. only talk about actual action. It strengthens competitiveness, as the business objectives remain the same, only the method differs.
- Organisational learning is necessary. It leads to a change in the company's behaviour and the individuals who make it up. It can also mean a renewal of values, beliefs and attitudes.
- Effective communication between stakeholders is an essential condition for CSR.
- Stakeholders also need to be appropriately trained, practised and skilled in CSR.
- It is a process of continuous renewal, in which feedback and self-reflection play an essential role.

It should not transfer existing public tasks to the private sector.

- It is a global issue, and therefore its dimension outside the EU (i.e. developing countries) may be the most challenging problem (Kun 2008, Győri 2010).

In terms of the first characteristic, volunteerism is a fundamental part of CSR on the corporate level and is essential for the wider voluntary sector. Employee volunteering as a practice of CSR is a good solution for both the company and the employee (Cycyota et al., 2016). The environment primarily influenced the attendance and intensity of voluntary activity due to the effects of the pandemic. Most volunteers are of working age; indeed, a lot of them are employed. Therefore, voluntary activities can be a part of everyday work. Employee volunteerism programmes are an important and essential part of CSR at the company level and firmly frame this activity, whereby employee volunteerism could associate each participant's interests and improve their values.

3 Employee volunteerism

The question arises as to why a profit-oriented company might be interested in a voluntary action without any profit. Baines (2014) observed the flow-on benefits to businesses of engaging in the non-profit sector: (1) at the internal level, this relationship may facilitate attracting employees, staff retention and employee engagement; (2) it is assigned with company purpose and values; (3) it will enhance customer loyalty and brand enhancement and opens new markets. Furthermore, the realignment of roles and participants in the volunteering sector requires stronger relationships and sectoral strategies among the government, competitive sector and non-profits. This contribution may positively influence each participant's reputation and strengthen the bonding between them. Kolnhofer and Nagy (2020) listed the advantages and disadvantages of employee volunteerism. Based on their work, below the authors of this study have summarised the positive and negative impacts.

Table 1. Advantages and disadvantages of employee volunteerism,
based on Kolnhofer & Nagy (2020)

Positive impacts	Negative impacts
Employee's view	
<ul style="list-style-type: none"> - Enhances positive feelings and attitudes. - Facilitates time management, communication and creative thinking style. - Supports attitudes towards work, organisational commitment and job satisfaction. - Provides more of a sense of belonging to a team. - Strengthens team relationships and provides new opportunities for social networking . 	<ul style="list-style-type: none"> - The volunteer activity might be not beneficial for well-being on a personal level. - It might be time-consuming (feeling of wasting time) and costly. - It might have a negative social aspect, the stereotype is of typical people with higher income and higher education who can afford to provide support for those in need. - The new environment might have negative affects, such as mobbing or bullying.
Employer's view	
<ul style="list-style-type: none"> - Teams may have a rising number of anecdotal and case examples of business impact from employees involved in service and social-good programmes. - Better employee attendance, which reduces absenteeism, helps recruit and retain talent. - Increases employee engagement and long-term loyalty. - Helps to identify rising leaders and attract and recruit better potential candidates. - Supports strategy clarification thus ensuring a clear vision and a more effective strategy. - Builds trust with stakeholders to keep in contact, and sharing information creates a positive reputation and image. - Commercial and social benefits create a positive halo effect, i.e. better engagement with the public and improved reputation. It improves reputation brand perception for new customers and increases brand loyalty. - Strengthens social capital through new networking and relationship development (new sales options), even recruiting new employees. - Provides a further opportunity to win market share from competitors. 	<ul style="list-style-type: none"> - Lack of a conscious and meaningful CSR strategy and a helping role might trigger social apathy, insensitivity (lack of responsible thinking and activity) and selfishness. - It might result in so-called preselection and schemes, whereby an organisation only selects those applicants who demonstrate shared organisational values based on personal traits and who fit into its voluntary and involuntary turnover. - Costly; every CSR involvement requires ongoing investments. - Overloaded marketing aspects may lead to a loss of reputation. - A universal and untailored campaign may be useless and ineffective. - Over repeated programmes may confuse the core values and mislead communication about the company's mission.

In addition to the internal and external benefits of employee volunteerism, it also plays a crucial role in the CSR strategy. (Cycyota et al., 2016). While CSR is becoming a mainstream issue for many bigger businesses, most of the research relating to CSR addresses large enterprises rather than SMEs. As Perrini et al. (2007) found, SMEs are also approaching CSR, however, compared to large enterprises, they have a different profile that should still be explained in terms of their familiarity and consciousness of CSR. Their results suggest that neither SMEs nor large enterprises seem to support community volunteering in Italy. Seemingly, the larger the enterprise, the more it undertakes formal CSR strategies. However, the SME sector might not be so concerned about employee volunteerism, but it is still involved in community problems at a local level. According to Lukka (2000), the most popular area was cash donations, followed by sponsorships and donations of goods and equipment. Half of his sample indicated that employees were involved in a community activity.

Even big enterprises have faced severe challenges attracting and retaining new or existing workers in this extraordinary period. A well-designed programme of CSR activities can significantly attract and motivate the new generation. For Generation Y and Z, a prospective employer's importance to corporate social responsibility is increasingly important in the job search (Cho et al., 2018). The voluntary contribution of young people is an essential basis for a CSR programme and a significant opportunity for employers. Cho et al. (2018) suggest that the four main motives that attract Generation Z are 'value', 'career', 'learning' and 'self-esteem', each in relation to CSR. The importance of employee volunteerism in promoting sustainable economic development and social inclusion is increasingly recognised by communities and national governments. On the other hand, participation in volunteering has been found to be an excellent reference and training phase for those individuals seeking jobs, thus recruiters highly value these activities.

4 CSR and employee volunteerism in the post-COVID era

Companies are playing a key role in resolving social problems, including pandemics. The contribution of enterprises in pandemics can be performed through corporate social responsibility, therefore it is useful and necessary, and was especially so in the recent COVID-19 pandemic. However, CSR policies in response to COVID-19 are created by organisations but are implemented by individual employees. People

throughout the world were heavily engaged in working together and supporting each other in various ways during the critical COVID-19 period filled with fear and uncertainty. After spontaneous community-level volunteer actions, as was expected, organisational volunteerism is slowly returning to local and national levels. However, this return must be carefully planned and firmly implemented into CSR activities because simply the creation of a new employee volunteer programme does not guarantee its success. Leaders should respond to the COVID-19 pandemic in order to support their vital stakeholders, including internal (employees) as well as external (consumers and communities) stakeholders and society (Mahmud et al., 2021).

Aguinis et al. (2020) provided a theoretical work about CSR and employee volunteerism in relation to the COVID-19 pandemic. They found that, if a enterprise is involved in CSR, the decision-makers need to know that embedded CSR (e.g. CSR that incorporates the core competencies of the organisation and is aligned with the company's strategy, routines and operations) is only linked to positive results if properly implemented by both the company and its employees. In contrast, peripheral CSR (i.e. CSR that is not integrated into the company's strategy, routines and operations but is based on initiatives such as donations or volunteering) may produce unwanted or unpredictable, mixed results. Employees involved in peripheral CSR might view it as symbolic or selfishly motivated by their employers, they might be sceptical of the organisation's claims, or they might feel that CSR is motivated by pure self-interest in profit (Aguinis et al., 2020).

Numerous NGOs received donations from enterprises prior to the pandemic. These donations have decreased by approximately 44%, which is an obvious outcome of an economic recession. This loss can also be explained by the lack of necessary infrastructure and client-facing programmes, thus leading to main events being cancelled and regular updates being hindered regular. Moreover, the prompt implementation of new health and safety procedures. As for enterprises that suffered from economic shortages and were hit hard by COVID-19, monetary donations are obviously not such an urgent issue now. Nevertheless, lockdowns and restrictions rewrote the normal working structures and hours, which can be explained by sudden stops or slowdowns in working activities.

Consequently, if enterprises lend a helping service in the form of pro bono or skilled volunteerism, this could prove to be the perfect match. Pro bono or skilled volunteerism means that the employee's professional skills are offered in service to a community partner (Dempsey-Brench & Shantz 2021). These new collaborations may result in both private and public engagement and create new HRM routines, practices and measurement metrics (in terms of recruitment). Volunteer activities serve as the best field in which to practice and develop skills, increase motivation and engage participants. Why could this not happen under the umbrella of CRM? Employee volunteering activity may be the best reference and entrance ticket to the competitive sector when the market is fully ready to be back to normal. In addition, volunteering provides a shielding effect for volunteers to prevent them from being isolated in hard times, providing that safe and secure work is secured in parallel (Kolnhofer-Derecskei & Nagy, 2020).

Practical managerial implications can be summarised into the following to-do list:

- Objectives of employee volunteering programmes and their communication must be clear and aligned with the strategy and close to the enterprise's mission.
- Employee volunteerism is not a marketing tool. Not every object of volunteerism need be linked to a enterprise's positioning or product. It is more about common beliefs, values and mission.
- Bringing into line with employees' motivation; employee volunteerism is not an external reward. Employees must be involved and engaged in participating in the programme.
- Each campaign must be unique, well prepared and carefully planned. Shared goals and common metrics are crucial. It is not a must do, rather it aims to generate enthusiasm.
- Employee volunteerism is a joint action among the competitive sectors (both employees and employers), governments and NGOs (Haski-Leventhal, 2010), where the responsibilities and successes of each achievement must be shared withm and clearly communicated to, every participant.

The authors of this study agree with the following notion suggested by Mahmud et. al (2021, p.13), ‘This study reveals that people, government, business leaders and nonprofit organisations have already come together to support vulnerable people throughout the globe with the critically essential world needs during this pandemic period.’

5 Discussion and conclusions

Enterprises may face more and more environmental and economic problems in the future. It is essential to prepare for these in advance by building a strategy to respond quickly to sudden changes. This is not only in the interest of enterprises but also of workers. A well-thought and detailed corporate CSR strategy can play a significant role, supporting employers and employees in sustainable operations and supporting areas of life where it is needed through volunteering. For future research, the authors of this study would aim to provide the SME sector with methodological support to help it develop sustainable operations and urge enterprises to cooperate in critical situations. A possible guideline for these changes may be the 2030 Agenda for Sustainable Development aligned with the 17 main Sustainable Development Goals (SDGs) defined by the United Nations.

This systematic review serves as a possible starting point for forthcoming empirical research where appropriate methods may provide deeper understanding of how and why the SME sector reacts to the current political and social circumstances, such as the war in Ukraine, where Hungary, as neighbouring country, must also lend a stronger helping hand (WHO, 2022). The initial reactions show that while volunteers and charity organisations are doing their best to meet people’s immediate humanitarian needs, Hungarian companies must collaborate with charity organisations and establish long-term partnerships in form of employee volunteerism.

Acknowledgement

This research is supported by the Centre of Excellence for Sustainability Impacts in Business and Society (CESIBUS) at Budapest Business School.

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