

CSR opportunities during the Covid-19 Pandemic in Cyprus.

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Abstract

This research paper tries to shed light on the nature of the CSR programs of Companies in Cyprus during the period between March 2020 and June 2022 when COVID 19 pandemic was on its peak and compare these strategies to the pre-pandemic period in order to identify the CSR opportunities the pandemic has provided to the Cyprus Market. Comparative research was conducted on the CSR practices of 23 companies of 9 different sectors of Economic Activity in Cyprus. Data was gathered via published CSR reports, business articles, online conferences and other CSR related published information. Results indicate that, large businesses and many SMEs in Cyprus have taken immediate action and adapted their CSR activities in order to alleviate the negative consequences of the pandemic on their staff, customers, and the society in general and joined the fight against the pandemic.

Keywords:

Corporate Social Responsibility, Marketing Opportunities, Covid-19, Pandemic Cyprus.

1.Introduction

The new coronavirus outbreak had affected almost all businesses worldwide, according to data collected through the World Bank surveys (The World Bank, 2021). Only during the period October 2020 and February 2021, 25% of the companies saw their sales to drop by 50% with an overall average of 27%, and 65% of the companies worldwide adjusted payroll by reducing wages and working hours (The world Bank,2021). Given the fact that the Covid outbreak continued for more than 18 months after those surveys, one can easily understand the negative impact of the pandemic to the health systems, Economies and standard of Living

of people around the World. Businesses were forced to rethink their global value chains and shaped to maximize efficiency and minimize losses. At the same time, CSR Oriented companies soon realized that they have an important role to play during the Pandemic, and as Corporate Citizens they had to help the Humanity by investing in CSR Programs. According to Rechman (2022), CSR is a form of self-regulatory behaviour that signifies a business's accountability and dedication to pursuing the environmental and social well-being of individuals and society. CSR is important for a company's reputation, appeal to clients, staff, and investors, as well as for retaining top talent and achieving overall success in a business (Reckman, 2022). Lamphear (2022) adds that businesses that stand out for the honourable deeds they are doing in the community get attention and coverage from the media which helps in enhancing their good brand image even more. Higher sales, devoted customers, and growing interest in the company stock can all result from a company's efforts to improve its corporate image. CSR initiatives can also aid in creating a barrier against controversies, rumors, and other situations that might be detrimental to a company's reputation. In addition to fostering goodwill, CSR can increase a company's profitability. These tactics aid in enhancing public perception and cultivating a favourable attitude toward business. This enhances consumer confidence, brand sentiment, and company reputation (Thomas, 2022)

Bosch-Badia et al (2015) claim that companies which adopt CSR policies did not face a significant financial decline or shock during the financial crisis. They believe that CSR is an important tool for the improvement of a company's financial performance during a crisis. Moreover, CSR contributes to the stability of businesses during a crisis and in the profitability of a company by transforming basic values and helps in overcoming environmental crises (Nakashima and Ota, 2016).

1.2 CSR In Cyprus

Cyprus has recognised the importance of CSR and demonstrates this in several ways. The Directorate General Growth (DG EPCD), within the Cyprus Ministry of Finance, has been appointed as the National Coordinator for the promotion of CSR in Cyprus and thus, it focuses on formulating, and supporting measures in order to cultivate and empower a CSR culture in Cyprus and encouraging the practice of corporate sustainability by companies in Cyprus (DG EPCD, 2022). DG EPCD (2022) "The Strategic Plan" Directorate General Growth Ministry of Finance Available at: [DIRECTORATE GENERAL GROWTH, MINISTRY OF FINANCE - DG EPCD Strategic Plan](#) (Accessed 1st Sept, 2022).

Many companies in Cyprus, recognizing CSR as an opportunity rather than a threat (Demetriou et al 2010) have heavily invested in CSR and in many cases in successful Cause Related Marketing Programs, even in periods of Economic Crisis back in 2013.

1.3 The Impact of the COVID-19 Pandemic on CSR in Cyprus

On the 11th of March 2020, the World Health Organisation (WHO) declared the COVID-19 as a pandemic in a public announcement by the WHO Director General, Dr Ghebreyesus (WHO, 2020). Due to the COVID-19 pandemic that started in December 2019, which is still prevalent in 2022, countries across the world were forced to impose prolonged periods of lockdowns and find new ways of working 'remotely', adapting to confinements, companies worldwide, regardless of their sizes and industries. Consequently, according to the International Monetary

Fund (IMF), the overall international economy will suffer greatly since the 1930's Great Depression (Eurobank, 2020).

More specifically, on March 2020, the President of Cyprus announced a lockdown, including the closing of most businesses and the banning of unnecessary movements from 6pm (PIO, 2020), marking the beginning of a series of lockdowns and strict measures on people's lives which inadvertently affected the economy. According to a PwC survey carried out to assess the impact of the pandemic on the Cyprus economy (PwC, 2020), the most heavily affected sectors were hotels, restaurants and tourism, real estate and construction, and finally wholesale and retail trade. Firms in Cyprus had to think harder for the future, how to diversify their suppliers' base, how to hedge against disruptions to particular producers, study better their strategic plans or even discuss changes in their trade policies. At the same time, many big CSR Oriented companies, realizing their Social Role, they invested in intensive Social Responsiveness plans to help the Cyprus Government and the Cypriots in need.

2. **Research Methodology**

In order to examine the impact of the current pandemic caused by COVID-19 on the CSR activities of companies in Cyprus, secondary qualitative research methods were used. Data was collected primarily via 23 companies' CSR reports of 9 different sectors of the Economic activity, as well as national reports, research papers, business and news articles and press releases from international organisations and governmental bodies. The sampling

3. **Findings**

The majority of companies continued to support their regular CSR initiatives in contrast to the fact that in times of crises, CSR initiatives can be significantly reduced (Karabrahimoglu, 2010). The majority of CSR practices during the pandemic in Cyprus, focused more on the society, the economy, and their employees, rather than on the environment, which was expected, as based on Carroll (2021), the pandemic pushed companies to re-evaluate their CSR policies in order to meet the needs of the affected stakeholders. Concerning the COVID-19 pandemic, the main stakeholders affected were employees and the society, as well as the public health system. Similar findings were observed in countries such as the US (Mahmud et al, 2021), and Europe (Panagiotopoulos, 2021).

Most businesses of the pharmaceutical sector, soon after the first lockdown they diversified their CSR programs from activities related to the protection of the environment, to support the Health System of Cyprus. Their immediate reaction was the financial contributions to the health sector and soon enough (within a period of one month) they provided the hospitals, clinics, nursing homes, and the Ministry of Health with protective equipment and supplies like masks, gloves, and other personal protective supplies and ventilators. Another sector of the Cyprus Economy was the sector of Services like telecommunication and Electricity. Realizing that a lot of their customers were unable to pay their utility bills due to the long and repetitive lock downs which caused high unemployment levels among the workforce in Cyprus, they offered arranged payment plans to people in need. They also invested on the technology that enabled their workforce to work from home. The same sector, before the pandemic, was investing a lot of money on CSR programs for the protection of the Environment, the Culture and Education. A third sector which diversified its orientation from the Culture, Education and Environment to support the Health System in Cyprus, and the civilians in need, was the Banking sector. The biggest banks in Cyprus, offered arranged payment plans, paused mortgage and other loan payments and they avoided to cease the provision of their services to

late paying customers or to any customers who could not pay their loans. On the contrary, with the support of the Central Bank of Cyprus, and the Finance Ministry all the loans from eligible borrowers were suspended from repayment, without any compound interest **during** the suspension period. (Cyprus Mail 5.4.2020). Eligible borrowers were all individual and legal entities which had no arrears of more than 30 days on February 2020. This of course, created a lot of financial problems to the Banks which a few years ago (2013) they suffered the devastating consequences of the Financial Bail-in (known as Financial Haircut). Despite this serious Economic turbulence, the Biggest Banks of Cyprus continued their CSR programs in support to their employees, Cypriot Citizens in need, the Health System of Cyprus and at a later stage the Environment. A good example, is the Bank of Cyprus which inaugurated a network with the name SupportCY (Bank of Cyprus 2022) inviting big companies to join effort to support the government, the public health, the Social Services and all other members of the Society in need. From the very beginning of this initiative, 59 big companies joint effort under the coordination of the CSR Department of the Bank to support pupils, employees, the Public Health System, the charity Organizations and the people in need. This network increased to 90 members within a period of three months from the day of the first lockdown in Cyprus with great impact on the Cyprus Society. (demetriou & morphitou, 2022). Another important sector of the Economic Activity in Cyprus was the supermarkets. All companies of this sector, along with pharmacies, remained open during the lockdowns. All of them heavily invested on the safety of their employees and their customers, and a number of them provided financial support, food and other necessities to charity organizations in support of people in need. Some of the big stores also joint the SupportCy initiative for a greater and properly coordinated support. The other sectors of the economy under study were shipping agencies, accountants including the “Big 4’ as well as a few SMEs which despite their size tried to support people in need by providing cash or in-kind donations as well as employee volunteering programs. In certain cases, a number of SME’s, despite their size and their difficult economic position, in acknowledgement of the need for social responsiveness, they decided to join the SupportCY for more substantial results. (Demetriou & Morphitou, 2022)

4. Conclusion

In this article, we examined the impact of Covid 19 Pandemic on the CSR strategies of big and SMEs Corporations in Cyprus. Given the research findings on 23 corporations of 9 different sectors of Economic activity in the island, the pandemic offered those corporations new opportunities in enhancing their Brand image and reputation. Most of the corporations under study had a long history of successful CSR programs before the pandemic, even during the Economic turbulence of 2013 in Cyprus with the unique and shocking bail-in of all deposits above 100,000 Euro of the two biggest Banks in Cyprus. These CSR Oriented companies re-directed their programs, and even increased their CSR investment in order to alleviate the impact of the pandemic on the society, their employees, and the economy. Even smaller companies, with not established CSR activities, have also donated money and conducted other relevant CSR activities in an effort to support the fight against the pandemic. Generally, the current pandemic triggered businesses to re-think their value within the economic system, and consequently increased the number of their CSR practices since organisations felt pressure to meet consumers’ expectations, a trend that is not expected to go away any time soon (He, 2020).

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