**Changes in Corporate Social Responsibility Activity during a Pandemic: The Case of Covid-19**

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**Acknowledgments**: We gratefully thank the managers and participating organizations for contributing their valuable time and input into this research at a time of great crisis.

**Accepted for publication at** *Business Ethics, the Environment & Responsibility* on 7th February 2023.

Mellahi, K., Rettab, B., Sharma, S., Hughes, M., and Hughes, P. (2023), “Changes in Corporate Social Responsibility Activity during a Pandemic: The Case of Covid-19”, *Business Ethics, the Environment and Responsibility*, in press.

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**ABSTRACT**

This study examines the practice of corporate social responsibility (CSR) during Covid-19. Little is known about how organizations practice CSR during acute exogenous crises. Overlooking how CSR practices change during a crisis matters because organizations are compelled into trade-offs that carry implications for their CSR initiatives. Analysis of interview data with CSR managers, from 21 Dubai-based business organizations during Covid-19, uncovers changes in the content and process of CSR during the pandemic. The results show that the practice of CSR underwent a fundamental change in focus as organizations shifted to an employee-centric model of CSR and away from an environmental one. Measures placed on organizations and society to combat the pandemic also led to a recalibration of stakeholder and issue salience, with notable effects on CSR that challenge the capability of the power-legitimacy-urgency framework to anticipate these shifts. We consider the impacts associated with the shift in the content of CSR initiatives and process of their implementation and discuss the implications of the findings for CSR theory, research, policy, and practice.

*Keywords*: corporate social responsibility, CSR, stakeholder theory, instrumental, Covid-19, pandemic, Interviews, environment, workplace, volunteering, virtualization

**INTRODUCTION**

Corporate social responsibility (CSR) represents an essential area of business research and burgeoning business practice (Aguinis & Glavas, 2012; Crane & Matten, 2020; Agudelo, Jóhannsdóttir & Davídsdóttir, 2019). CSR can be broadly defined as discretionary organizational actions that seek to generate benefits for stakeholders inside and outside the organization rather than only for shareholders (McWilliams & Siegel, 2001). Despite the progress made to address stakeholders’ interests and expectations through CSR, several questions remain unanswered. As illustrated in a recent *Academy of Management Review* editorial, “corporations still struggle to figure out where, how, and when to devote their social efforts” ([Wang](https://journals.aom.org/doi/abs/10.5465/amr.2019.0450?journalCode=amr), Gibson & Zander, 2020: 1). Due to resource constraints, organizations simply cannot address all stakeholders’ concerns (Donaldson & Preston, 1995) and must prioritize their CSR initiatives (Michelon, Boesso & Kumar, 2013).

An extensive body of research has sought to address the identification and prioritization of stakeholders. However, while the issues of identifying and prioritizing stakeholders have been extensively investigated during normal times, it is less understood during extreme crises such as the Covid-19 pandemic. Crane and Matten (2020:280) argue that given the shift in stakeholder salience during Covid-19, “it is incumbent upon CSR researchers to reassess our theories of value creation and stakeholder identification and prioritization.” Scholars typically draw on instrumental stakeholder theory (Jones, 1995) and stakeholder salience theory (Mitchell et al., 1997), specifically the three stakeholders’ attributes of power, legitimacy, and urgency, to examine who and what organizations should focus on. However, the pandemic puts the power, legitimacy, and urgency of stakeholders into a state of flux (Crane & Matten, 2020; Miguel et al., 2022; Qiu et al., 2021), resulting in a reshuffle of CSR initiatives. It is reasonable to expect that stakeholder saliency — “the degree to which managers give priority to competing stakeholder claims (Mitchell et al., 1997: 869) — changes during the pandemic, triggering a change in CSR focus (Crane & Matten, 2020; Miguel et al., 2022; Qiu et al., 2021; Raha et al., 2021). Yet, while Raha et al. (2021) noted that the Covid-19 pandemic provides an important context “to examine how organizations have responded to their stakeholders’ interests with respect to their power, legitimacy, and urgency” and “it could be interesting to analyze how managers changed the salience of the primary stakeholders and hence their strategic and organizational decisions in the different waves of the pandemic”, Levy (2020:4) calls explicitly for research that examines “whether COVID shifts the emphasis of CSR”. This study answers this call. Here, we study how organizations identified their salient stakeholders and prioritized their CSR initiatives against the backdrop of uncertainties and resources constraints caused by the Covid-19 crisis, and the implications for theory and practice from shifts in stakeholder salience.

This study is important for several reasons. First, to date we know very little about how *actual* CSR practices change during extreme crises, or the potential ramifications of these changes (Jamali, Leigh, Samara & Barkemeyer, 2021). Studies examining CSR during a crisis deal with CSR practices’ value during an economic crisis (Lins, Servaes & Tamayo, 2017) or focus specifically on country crises such as the Greek economic crisis (e.g., Magrizos, Apospori, Carrigan & Jones, 2021). Research on CSR during the pandemic has focused predominantly on the association between CSR and organizational outcomes (Arora, Sur & Chauhan, 2021). The small body of research that explored CSR practices during the pandemic relied primarily on secondary data (e.g., Mahmud, Ding & Hasan, 2021). For instance, Mahmud et al. (2021) used press releases, newsletters, and letters to shareholders to examine CSR practices within 25 Chinese firms during Covid-19. But so far, little attention has been given to *why and how* firms shift their CSR focus during crisis times. An examination of stakeholders’ salience during Covid-19, we believe, provides the appropriate lens to study CSR changes during Covid-19.

Second, the study reconciles the contradictory assumptions about CSR and the prioritization of salient stakeholders during the pandemic. The limited prior research on how organizations act to address stakeholders’ needs and mitigate the effects of exogenous crises makes opposing predictions (Cheng et al., 2019; Johnson, Connolly & Carter, 2011; Sakunasingha, Jiraporn & Uyar, 2018). While some studies propose that organizations will sustain or intensify their CSR activities during calamitous times such as the Covid-19 pandemic (He & Harris, 2020; Carnevale & Hatak, 2020), others stipulate that organizations will deprioritize their CSR activities (Crampton & Patten, 2008; Fehre & Weber, 2016; Sakunasingha et al., 2018). Similarly, anecdotal claims in the popular business press speak of business organizations both intensifying and scaling back their CSR initiatives during national and global crises (Cernansky, 2020; Delevingne, 2009; [Schieber](https://www.forbes.com/sites/forbesbusinesscouncil/people/theresaschieber/), 2020; Stoll, 2020). Our concern is that the extant literature collectively overlooks how a severe crisis may have a different impact on alternative CSR areas. This is perhaps one of the reasons why different assumptions have been made about the “level” of CSR activities during the pandemic. Broad and unspecified statements about the impact of the pandemic on CSR practices may lead to erroneous conclusions because CSR practices are neither homogeneous nor mutually exclusive, and different stakeholders may have conflicting perceptions of the same CSR activity (den Hond et al., 2014). Moreover, a combination of resource constraints and management characteristics and values (Al-Shammari, Rasheed & Al-Shammari, 2019) may lead an organization to serve environmental advocates but overlook those stakeholders serving community-related concerns. Our study addresses this gap by examining the *shift* in stakeholders’ saliency during the Covid-19 pandemic to understand better the stakeholders and the issues organizations focus on during severe crisis.

We draw on instrumental stakeholder theory (Jones, 1995; Jones, Harrison, & Felps, 2018), stakeholder salience (Mitchell et al., 1997) and the issue salience literature (Bundy, Shropshire and Buchholtz, 2013; Clark, Bryant & Griffin, 2017) to understand shifts in stakeholder salience, anticipating that a shift in CSR may occur during severe crisis. According to instrumental stakeholder theory, a firm will organize and prioritize its CSR efforts to serve their most salient set of stakeholders because of their importance to firm performance (Phillips, Freeman, and Wicks, 2003). Importantly, this theory discounts the notion that a firm must serve all its stakeholders equally because such decisions are conditioned by business goals, whether the organization has an interest in them (Donaldson & Preston, 1995), and whether they have attributes of interest to the organization (Mitchell et al., 1997). Appreciating that firms possess finite resources and stakeholders themselves present competing and unequal demands on firms, we extrapolate from instrumental stakeholder theory to theorize that a crisis compels an internal reevaluation of which stakeholders are strategically instrumental at a moment in time.

We make three contributions to stakeholder theory and practice. First, we find that instrumental stakeholder theory contains an overlooked latent dynamic component, and a crisis will activate a stakeholder reprioritization among senior managers and (re)allocate CSR investments. This reprioritization appears to be driven by both internal stakeholder pressure (voluntary CSR) and external government mandates (obligated CSR), deprioritizing external stakeholders. For managers, this shift in CSR exacerbates the trade-offs between serving competing stakeholder groups and maintaining the company’s perception in the eyes of the outside world. Second, the reprioritization witnessed in our data challenges the mandate around CSR. Our findings reveal the diminishing significance and prioritization of environmental issues because of Covid-19, replaced by a growing employee-centeredness of CSR. As human beings proceed to destroy the planet upon which we depend for our survival, that crises lead firms to look inwards and neglect environmental issues is a cause for considerable concern. While it is amicable that CSR entails the protection of employees, the diminished prioritization of environmental protection raises questions about its legitimacy and reliability as an organizational driver of environmental sustainability. Third, we find that CSR’s often-used power, urgency, and legitimacy attributes (Mitchell et al., 1997) do not explain CSR behavior during the pandemic. Stakeholder salience theory then does not explain CSR practices during the pandemic. Instead, we reveal two additional factors: the behavior of powerful stakeholders (in our case, the government) and the ethical values of managers, in which the theoretical mechanism at play is one of issue salience not just stakeholder salience per se. In turn, we advance the argument of stakeholder dependency during a crisis put forward by Raha et al. (2021), where “no stakeholder stands alone in the process of value creation” (Freeman, 2010:8).

**LITERATURE REVIEW, THEORETICAL BACKGROUND AND CSR DURING GLOBAL ADVERSITIES**

To capture any shift in CSR practices, we adopt the well-established framework categorizing CSR practices into four areas: community, environmental, workplace and marketplace (Crane, Matten, and Spence, 2019; Muthuri & Gilbert, 2011; Gifford, Kestler & Anand, 2010). *Community* CSR activities include voluntary activities in communities and philanthropic contributions. *Environmental* activities refer to corporates’ initiatives to reduce their carbon footprint, improve waste management, and increase energy efficiency. *Workplace* activities comprise organizational initiatives toward the welfare and well-being of employees. *Marketplace* activities refer to CSR initiatives to address supply chain and customer-related issues.

Our review of the small, predominantly conceptual literature on CSR during the pandemic suggests that Covid-19 created a complex dilemma for organizations. On the one hand, stakeholders were profoundly affected by Covid-19, and many of them turned to the business community to help mitigate some of the social and economic impacts of the pandemic (Kramer, 2020; Mao, Morrison, & Coca-Stefaniak, 2020; Carnevale & Hatak, 2020). Conversely, businesses faced severe economic challenges due to the pandemic and were compelled to make business continuity their core priority to ensure their survival (Johnstone-Louis et al., 2020; Donthu & Gustafsson, 2020). Overall, this stream of literature advocates that stakeholders expect the business community to bear part of the responsibility to society during national calamities (Aldrich, 2012; Tilcsik & Marquis, 2013) and stakeholders reward (or punish) them for doing so (or not) (Bae et al., 2021; Chen, 2020; Lins, Servaes & Tamayo, 2017; Yi, Zhang & Yan, 2021). Thus, it is unwise for organizations to ignore stakeholders’ concerns during crises (Ding, Levine, Lin & Xie, 2020) and abdicate their responsibility to their stakeholders (Sajko, Boone & Buyl, 2020). The difficulties for managers, however, lie in determining which stakeholders are salient, which should receive their support, and the implications of their choices and trade-offs.

Theoretical foundations for explaining CSR practices in such a context are underdeveloped. This explains, at least in part, why research on CSR response to perilous circumstances such as Covid-19 puts forward contradictory predictions. First, drawing on a slack resource argument (see Seifert, Morris, and Bartkus, 2004), a stream of literature posits that crisis events are detrimental to CSR activities (Chintrakarn, Jiraporn & Treepongkaruna, 2020; Karaibrahimoğlu, 2010). It argues that as resources are drained and organizations strive for survival, budgetary controls tighten, and resources are re-routed away from *discretionary* CSR to *core* business activities concentrated on those *stakeholders* that are most salient. Second, building on attention-based arguments (Ocasio 1997), one could argue that during times of crisis, decision-makers tend to engage in focalization and concentration of focus, attending to *issues* perceived to be most salient and urgent (Rerup, 2009). Thus, if managers presume that CSR initiatives during Covid-19 are unnecessary frills having little effect on their business’ competitive position and survival, decision-makers will not allocate significant attention to it and ignore it as part of their organizational strategy-making during the crisis. However, organizations may not engage in a full-scale abolition of CSR. Instead, they may (re)prioritize their stakeholders by focusing on some while deprioritizing others (Sakunasingha et al., 2018) depending on the relative saliency of a stakeholder or issue.

**Stakeholder Salience Versus Issue Salience**

During a crisis, because resources are under acute pressure, firms are more likely to take an instrumental stakeholder approach and focus on high salience stakeholders. Stakeholder salience refers to “the extent to which managers give priority and attention to competing stakeholder claims (Mitchell et al., 1997:869). Three stakeholder attributes, namely, power, urgency and legitimacy determine stakeholder salience and guide managers in prioritizing the focal points of CSR that need addressing (Egels-Zandén & Sandberg, 2010; Mitchell et al., 1997). *Power* refers to “the extent -the stakeholder- has or can gain access to coercive, utilitarian, or normative means, to impose its will in the relationship”; *urgency* refers to “the degree to which stakeholder claims call for immediate attention”, and *legitimacy* refers to “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within socially constructed system of norms, values, beliefs, and definitions” (Mitchell et al., 1997: 865). Figure 1 illustrates the different types of stakeholders according to these three attributes. Neill & Stovall (2005) reported that stakeholder power is the most influential treat that determine how the firm deals with the demands made by the stakeholder. The Mitchell et al. (1997) power-legitimacy-urgency framework remains salient and is valid across different institutional contexts (Chen et al., 2020) and where social proximity (such as in Dubai) is strong (Lähdesmäki et al., 2019). Moreover, differences in the level of power, urgency, and legitimacy can explain differences in firm behavior, including those about CSR and environmental initiatives (Thijssens et al., 2015).

**Insert Figure 1 about here**

The three attributes of power, legitimacy, and urgency of stakeholders become dynamic and tend to change during crisis times (Aldrich, 2012; Alpaslan, Green & Mitroff, 2009) resulting in a change in the level of a stakeholder’s salience. Specifically, Alpaslan et al. (2009) note that dormant stakeholders (those that hold power but not legitimacy and urgency) may become dangerous stakeholders holding power and urgency during a crisis, discretionary stakeholders (holding legitimacy but not power and urgency) may become dependent (hold legitimacy and urgency but no power), and dominant stakeholders (power and legitimacy) may become definitive (having power, legitimacy, and urgency). Shifts in stakeholder salience caused by alterations in their power, legitimacy, and urgency attributes suggest that CSR activities will change during a crisis such as the Covid-19 pandemic.

In a crisis context, CSR is an even more essential element of ethical business legitimacy (Rendtorff, 2020). Legitimacy is then an ethical focal point, defined as “a shared understanding regarding societally desirable, mutually aligned behavioral expectations, constituting an infrastructure of social cooperation” (Suchanek, 2020:31). But in volatile, uncertain, complex, and ambiguous circumstances such as those defining a crisis (Hadjielias et al., 2022), this shared understanding erodes (Suchanek, 2020). Because stakeholders expect businesses to contribute solutions (Aldrich, 2012; Bae et al., 2021; Chen, 2020; Lins et al., 2017; Tilcsik & Marquis, 2013; Yi et al., 2021) despite these firms being concurrently financially (Johnstone-Louis et al., 2020) and competitively pressured (Suchanek, 2020), it is incumbent on managers to mitigate the damage crisis can cause on the legitimacy of the firm by managing its legitimacy before, during, and after the crisis (Frandsen and Johansen, 2020).

Where the power-legitimacy-urgency framework struggles is in determining when managers might have to make trade-offs between stakeholders that appear to be equally salient. For instance, both the unavailability of slack resources and concentrated attention views suggest that firms cannot support their full range of salient stakeholders during a crisis. Moreover, the power-legitimacy-urgency framework assumes the freedom of choice. In acute crises, as we saw with the Covid-19 pandemic, governments worldwide offered a variety of financial aid packages to firms and citizens while increasing their scrutiny over business activities, create expectations and obligations about their role in society. We anticipate that issue salience might take precedence over power-legitimacy-urgency attributes of stakeholder salience to correctly anticipate how business will adjust their CSR activities during a crisis.

Issue salience refers to “the degree to which a stakeholder issue resonates with and is prioritized by management” resulting in mobilizing stakeholders around it (Bundy, Shropshire, & Buchholtz, 2013:353-354). Concurrently, “issues are [also] salient to stakeholder groups to the degree that they connect with deeper meanings of what defines the group and makes it unique” (Bundy et al. 2013:352-353). The level of the salience of an issue then is based on the perceived importance given to it by organizational decision-makers, namely the management, based on the perceived instrumentality of the issue to the organization in the pursuit of its strategic objectives. Durand et al. (2019:302) recognize that issue salience is often an outcome of stakeholder salience. As they put it “stakeholders raise issues, and, therefore, stakeholders’ power, legitimacy, and urgency, among other elements ... determine what constitutes a salient issue for the organization and its managers”.

Nevertheless, issue salience is not dependent on a specific stakeholder’s salience because demand for CSR is also driven independently by issues in the social environment of business (e.g., corporate scandals, corporate failures to protect customers, breaches of good faith, etc.) (Lockett et al., 2006). Issue salience does not presume the presence of powerful stakeholders. Instead, choices managers make about CSR can be “morally governed” (Scott, 2008:51) through normative mechanisms. Concurrently, business legitimacy is understood as a minimum notion of moral rightness in business (Steigleder, 2020). In the presence of issue salience then, managers may voluntarily adopt specific CSR activities regardless of whether affected stakeholders demand such actions (Rathert, 2016).

Following these arguments, we believe that focusing on issue salience may shed new light on how organizations behave during a crisis. This is because it underscores the fact that not all issues are of equal importance, and the salience of an issue reflects decision makers’ perception of the issue at a given time in each circumstance while concurrently subject to changes in stakeholder salience, resource availability, and selective attention.

**Research Context: CSR in Dubai**

The UAE is a theoretically interesting context for examining the impact of Covid-19 on CSR. It is one of the very few countries in the Middle East region that have made an explicit commitment to CSR and sustainability (Almatrooshi, Hussain, Ajmal & Tehsin, 2018; Koleva, 2021). New regulations (e.g., Cabinet Decision No. 2 of 2018 on Corporate Social Responsibility) and an explicit political push for firms to be responsible corporate citizens have pushed CSR to the fore. As a result, the practice of CSR has grown in importance and gained significant recognition within the Dubai business community (Al-Jenaibi 2017; Almatrooshi, et al.,2018; Hassan Al-Tamimi, 2014; Al‐Abdin, Roy & Nicholson, 2018; Hassan Al-Tamimi 2014; Koleva, 2021; Kukunuru, & Singh 2017; Rettab & Mellahi, 2019).

CSR in the UAE is practiced within an Islamic values context (Koleva, 2021). There is a considerable body of literature on CSR and Islamic values (for a recent systematic review of the literature, see Shu et al., 2021). Overall, the literature suggests that normative Islamic values inspire businesses to be environmentally responsible (Dusuki, 2008; Helfaya, Kotb & Hanafi, 2018) and strongly emphasize corporate community engagement through altruistic-driven philanthropy (Mellahi & Rettab, 2019, Ray et al. 2014). Syed and Metcalfe (2015) noted that decision-makers are guided by business *akhlaq*, which refers to noble character, morality and ethical conduct. Several scholars found that normative Islamic values are highly aligned with global CSR standards such as the UN Global Compact (Williams & Zinkin, 2010).

One of the widely-discussed issues in the literature and relevant to this study is the perspective of stakeholders on how Islamic values impact CSR (Shu et al., 2021). Beekun and Badawi (2005) examined Islamic values and management of stakeholders and noted that the notions of *adl* and *qist* govern the relationship between an organization and its stakeholders. Adl refers to ‘‘equity, balance’’ and Qist refers to ‘‘share, portion, measure, allotment, [or] amount’’, that is, giving everyone and everything their proper due. They summarized the impact of normative Islamic values on stakeholders as follows: “The Islamic ethical system is balanced, fair, just, and benevolent, and seeks to respect the rights of both primary and derivative stakeholders without allowing for exploitation, nepotism and other human ills”. They noted that Islamic values require managers to treat employees fairly, fulfill contractual obligations and commitments with their suppliers, and buyers should “expect to receive lawful goods that are in working condition and priced fairly” (p.141). Therefore, stakeholder saliency may not be the only determining factor in managing stakeholders according to normative Islamic values. Religious values may also influence how stakeholders’ issues are addressed (Fischer, 2020). Koleva’s (2021) study of Islamic values and CSR in Saudi Arabia, UAE and Oman reported that managers had the moral obligation to support local communities and provide responsive CSR to stakeholder concerns. Koleva argues that the latter is driven primarily by Islamic religious norms and values and is not limited to business-related stakeholders such as employees, suppliers, customers, community and the environment but to also governments. This is because from an Islamic perspective, he argues, managers should serve a much broader societal objective beyond the objectives of their organizations (for a detailed discussion of CSR in an Islamic context see Hanic and Smolo, 2022). Similarly, Murphy & Smolarski (2020) argue that firms in Muslim countries, particularly large ones, have the “moral obligation” to align some of their CSR activities to assist local governments in pursuing a national sustainable agenda. Crises require managers to differentiate between global and local legitimacy (Brink and Esselmann, 2020).

There are two additional context-specific factors that shape CSR practices in Dubai. First, Dubai is one of the Emirates of the United Arab Emirates (UAE) and is one of the most diverse cities in the world. It is estimated that over 99% of employees and managers in the private sector are expats or self-initiated expats (Haak-Saheem, 2020; Al-Waqfi & Forstenlechner, 2014). Furthermore, many MNEs choose Dubai as a location for their regional headquarters. The latter have been influential in transferring state-of-the-art CSR practices (Rettab et al., 2009). Mellahi and Rettab (2019) noted that since early 2000, a move from a philanthropy-based CSR to a more strategic approach to CSR started gaining hold in the Middle East, particularly in Dubai. Chief among the drivers for such development in CSR have been managerial motivation to adopt best CSR practices and pressures from MNEs for their subsidiaries and their suppliers and partners to adopt their global norms (Mellahi and Rettab, 2019). This may result in divergent perceptions and practices of CSR.

Second, the UAE government declared 2017, 2018 and 2023 as the Year of Giving, Year of Zayed, and Year of Sustainability respectively. The Year of Giving propelled CSR to the fore (Duthler & Dhanesh 2018; Goby and Karimova, 2021). It focused the nation on the culture of personal and corporate giving and columnated in developing UAE CSR law. In addition, 2018 was declared the Year of Zayed (the founding father of UAE) to celebrate 100 years since his birth, emphasizing “humanitarianism and giving” and honoring his legacy as the “the man of the environment”. The quest to align CSR initiatives with the Year of Zayed resulted in a strong emphasis on community cohesion, corporate giving and environmental protection. Also, just before Covid-19 struck, Dubai was set to host Expo 2020, which promised to deliver the most sustainable Expo in history and put in motion the plan to make Dubai one of the most sustainable cities in the world. These strategic directions (Al-Amir, & Abu-Hijleh, 2013; AL-Dabbagh, 2020; Mazumder, 2016) empowered stakeholders advocating for environmental issues. Time-specific targets were set for these initiatives rendering those entities representing the environment as urgent stakeholders (Al Naqbi, Tsai, & Mezher, 2019). Over two decades ago, an environmental protection law (Federal Law Number 24 of 1999) set out criminal and civil penalties for environmental offenses (Ellili & Nobanee, 2022) and led to the creation of several government bodies including Emirates Environmental Group, Emirates Green Building Council, Dubai Supreme Council of Energy, Dubai Carbon Centre of Excellence and Dubai Sustainability Council to oversee environmental protection and development in the country. Prior to Covid-19, although employees were considered legitimate stakeholders and had several issues in need of addressing, these stakeholders were not typically considered urgent as their issues were not time sensitive.

Finally, there is an extensive discussion in the literature on the nature and role of stakeholder engagement in the so-called non-western context. This is often related to political CSR which is defined as “those responsible business activities that turn corporations into political actors, by engaging in public deliberations, collective decisions, and the provision of public goods or the restriction of public bads in cases where public authorities are unable or unwilling to fulfil this role” (Scherer et al., 2016: 276). This literature puts a significant emphasis on deliberation with, and power-play between, business organizations and institutional power holders. While exploring how the issue of stakeholder engagement plays out in non-western contexts is interesting, it may not be highly relevant in the context of Covid-19 where speed of action is of the essence. Such an exogenous shock, arriving suddenly with potentially devastating impact, conveys a sense of urgency necessitating a rapid response and national level coordination. Governments and organizations had to act swiftly, often, based on limited information and confronting several uncertainties. Alsuwaidi, et al. (2021), in their appraisal of the UAE response during Covid 19 in *Nature Immunology*, noted that “The UAE government’s response to the pandemic was swift and decisive” and “Effective public health measures were immediately implemented”. Overall, the urgency of response required government entities, including UAE government, to develop swift top-down policies to address the impact of the pandemic.

**RESEARCH METHOD**

Given the lack of prior research on CSR practices during times of global economic and social crisis, a qualitative study design was chosen to gain a deeper understanding of CSR practices during Covid-19.

**Case Selection**

The timing of the study is important. We examine the objectives of this study in the context of a “live” study during the Covid-19 pandemic. Access to interviewees is a significant challenge during such a tumultuous time. Managers are occupied with the crisis management rather than granting researchers access to carry out interviews. Also, events such as Covid-19 often occur too quickly for researchers to carry out interviews to capture managerial behavior in action. We were fortunate to conduct the study while the pandemic was still unfolding. On 29 January 2020, the UAE government confirmed the first case of Covid-19. On 26 March 2020, and due to a spike in the number of people affected, the government imposed a night curfew to carry out a disinfection programme. On 4 April 2020, a 24-hour curfew was imposed, and most business organizations resorted to working from home for the first time. On 24 April 2020, the curfew was reduced to 10:00pm to 6:00 am. Businesses resumed operations after the night curfew was lifted on 24th June 2020. However, social distancing measures and various other restrictions remained to curb the spread of the virus. We conducted the first wave of interviews at the onset of the pandemic and the second round a few months later. Thus, our results provide a unique snapshot of managers in action during the pandemic and reveal how it has affected CSR practices.

Interviewees were selected from different business sectors with a mix of small and large organizations and local and multinational enterprises (MNEs) businesses to account for the potential diversity of organizational CSR response to Covid-19 (see Table 1). We adopted a purposive case selection method (Gerring, 2008) by making sure that studies organizations had some CSR practices material for our investigation. This approach enabled us to select appropriate cases for this study and ensured required variance of cases. Specifically, we approached 100 business organizations based in Dubai, the United Arab Emirates (UAE). The 100 companies approached were selected after careful consideration of their CSR practices. Given the aim of the study, we tried to make sure that the selected companies do indeed practice CSR. We used three databases that the authors have access to in order to select the 100 businesses: a list of companies that won or applied for CSR rewards and recognitions in Dubai, a list of companies that published CSR reports, and a list of companies that are members of CSR and sustainability groups and networks in Dubai. The three databases had over 400 companies. From the 400 companies, we selected 100 businesses that represent the Dubai business community in terms of sectors of activity. The level of CSR maturity was not considered in selecting the 100 businesses. The three databases included the contact details of the person in charge of CSR within large organizations and subsidiaries of MNEs and top managers and or owners of SMEs. After two waves of emails, 21 responded and agreed to participate in a first wave of interviews and five respondents from the first wave of interviews participated in a second wave of interviews. In total, 26 semi-structured interviews (21 initial interviews and five follow ups) were held with CSR managers. Participating companies represent a broad spectrum of the Dubai business community. Twelve of the companies are local companies and nine are subsidiaries of MNEs. Eleven companies were service companies, and ten were manufacturing companies. Thirteen companies were SMEs, while eight companies were large companies. The youngest organization has been in operation for seven years and the oldest for over 100 years.

The first wave of interviews was conducted between May and June 2020 and the second wave in mid-September 2020. We used an interview guide to conduct the interviews. Interviewees were asked about what, why and how CSR practices and initiatives were practices before Covid-19; planned for 2020 before Covid-19 hit, and during Covid-19. All interviews were audio-recorded and lasted approximately one hour. The longest interview was one hour and 20 minutes and the shortest was just under one hour. 12 interviews were conducted jointly by two authors and 14 by one of the authors. One interview was conducted per interviewee in each wave.

The authors developed an interview guide to minimize variability across interviews. Given physical distance measures during Covid-19, all interviews were conducted using Zoom or Microsoft Teams platforms. Given the topic’s sensitivity, before each interview, the authors explained to the interviewee the aims and objectives of the study and how data would be used. All interviews were conducted in English as it is the language of business in Dubai. Interviewees received the option to interview in different languages, but they all preferred English.

**Insert Table 1 about here**

**Data Analysis**

The authors read interview transcripts, listened to each interview several times, and wrote down notes on pre-defined sets of interests for the research. Specifically, the analysis was guided by what has changed, why it has changed, and how has it changed during Covid-19 on each of the four CSR areas, namely, Workplace, Marketplace (relationship with suppliers and customers), Environment and Community (Crane, Matten, and Spence, 2019). The interviews were revisited during the revision of the paper and new additional analyses were carried out in January-March 2022 to examine stakeholder saliency and link thereof to CSR practices. The authors discussed the notes on each item. After each discussion, the authors agreed on each classification and change in the saliency of the stakeholder, and the impact on CSR practices. Selected passages and quotes were then finalized to illustrate the analysis.

**FINDINGS**

**CSR before Covid-19**

Before Covid-19, participating organizations, while they addressed all CSR areas, they put relatively more focus on addressing the stakes of stakeholders representing community and environment.

As put by one interviewee from a large MNE in the food & beverages sector:

“our focus, over the past two to three years, has been on engaging positively with our communities and making a positive impact”.

Also, as stated by another interviewee from an MNE in the facilities management sector:

“We ensure that there is zero harm to the people and to the environment as a direct result of our business operations”.

Environmental initiatives address both internal initiatives such as internal greenhouse gas mitigation through energy efficiency initiatives and external initiatives to protect the environment through, for instance, tree planting activities. Community initiatives were carried out through volunteering activities and financial and in-kind contributions to good causes.

Expectedly, subsidiaries of MNEs typically follow the broad focus of their headquarters, located in Europe, India or the USA, but are provided with discretionary flexibility in choosing their local CSR projects and implementation methods. For instance, a subsidiary of a North American MNE that focuses its community initiatives on education and equality remains dedicated to education but tailors its CSR projects to local UAE needs. For example, one interviewee explained that within their MNE, the African subsidiary focuses on helping poor children with their education costs which is not a specific problem in Dubai because of the high income of families residing in Dubai. Therefore, they decided to focus their initiatives on helping children with special needs. As stated by another interviewee:

“globally its uniform, (but) community involvement team at every site organize activities for community and employees volunteering”.

An interviewee from a European MNE further emphasizes this point:

“we have some support that we provide to schools in South Sudan. We focus on SDGs and we have supported some schools in Kenya for clean water and sanitation…in this region, we are focusing on road safety”.

Community initiatives in most interviewed organizations focused on people with special needs, commonly referred to in the UAE as People of Determination, carried out through charitable foundations such as Dubai Autism Center and Dubai Center for Special Needs, Rashid Center for the Disabled and Emirates Red Crescent, and raising awareness on health issues such as obesity and healthy eating, financial literacy, youth and women empowerment, and blood donation. In-kind contributions were carried out by sponsoring predominantly educational-, sports- and health-related events.

As illustrated by one interviewee from an SME in the retail sector:

“in terms of community, special needs is a topic that is always important to us and we focused on it so we went about in different ways besides employment which was always there. In 2018-19 we introduced internship programs for students for special needs schools and that not only in the head office but also extended to retail operations by the students. Whatever skills they picked up they could practice in a live scenario whether it's making the product in shop and giving things to the customers. Besides employment internships, we also did in kind product donations to special needs school whether it is sponsoring the school kids for the year or setting up stalls during their fundraising events, as this was one of our main community-based project.”

Similar to community initiatives, external environmental initiatives were often carried out through local charitable foundations and Dubai-based social entrepreneurial organizations, focusing on volunteering activities to clean up beaches by, for instance, collecting plastic bottles washed ashore from the sea, tree planting and recycling initiatives, waste management, and energy efficiency initiatives. Organizations tended to engage in multiple environmental projects as stated by an interviewee from UAE based large enterprise in the logistics and trade sector:

“…environment, actually, we have a team under a health, safety and environmental working on lot of projects. It is related to the oceans and it is related to the clean-up. Sometimes we look at the possibility of the mangrove planting. We did install eighty thousand solar panels across the free zone for the three years. It is ongoing. We are now working on a study for the oyster restoration, water quality, especially in the port. We do a lot of education and awareness like Oceans Day, Environment Day. We go for the planting”.

**CSR Practices during Covid-19**

The analysis of the interview data suggests that there was a sudden shift in stakeholder saliency during the early days of Covid-19. Below we analyze the shift, if any, in the saliency of the four stakeholders: Employees, community, (stakeholders representing the) environment, and marketplace (suppliers and customers).

**Employees**

*Urgency:* Prior to Covid-19, there were no employees related issues at the national or organizational levels that needed urgently addressing. However, urgency of action during Covid to address employees’ stakes namely job security and health and safety was the dominant theme throughout all the conducted interviews. Interviewees reported that employees’ safety and welfare became the most urgent issue during Covid-19. Quick solutions were required to deal with a fluid and evolving health situation. Interviewees noted that human resources processes that used to take months to put into motion were taken within days and in some cases organizations took the “act first and formalize later” approach. As put by one interviewee:

“We were able to make decisions quickly and to implement processes and new arrangements quickly, which protected our staff and continue to support our clients and our governments through the Covid19 pandemic.”

Interviewees consistently referred to the government’s calls on businesses to take urgent actions to protect the health and safety of their employees as part of the government's overall efforts to contain the spread and impact of Covid-19. There was a fear that Covid-19 would strike labor camps as well as work sites. Some of the participating companies relied heavily on blue color workers who reside predominantly in sharing accommodations where physical distancing and self-isolation measures were difficult to observe. Interviewees noted that while such initiatives put a substantial financial demand on them, not acting quickly enough to address them would lead to catastrophic results not only for their employees but also for the wider society.

With the fear of Covid spreading quickly, obtaining sufficient reliable data was challenging and organizations relied on the government as the main source of reliable information. Interviewees reported that the government called on the business community to pull all the stops to protect their employees to halt the impact of the pandemic. The urgency to act resulted in several CSR initiatives, including in some cases moving blue color employees from multi-occupancy rooms to hotels and significant investment in employees’ well-being. As stated by an interviewee from a large MNE in the facilities management sector:

“with regards to our employees, we quickly put in place an internal Covid management strategy that looked at making sure the employees were provided with improved accommodation standards. So we have increased our accommodation capacity in order to allow for better social distancing to allow for health and well-being of the employees. We also established areas where employees who would become sick or needed to be isolated could do so safely away from the rest of the workforce. We have looked at the working practices that have in place for the staff. So we have increased transportation as a result of needing compliance with the legislation for less occupancy on buses”.

And, another interviewee from a large enterprise in the service sector noted:

“so this was the time for us to rethink or redo our processes in place, kind of do a little bit of housekeeping, administrative work, what the impacted ones or the critical ones were when we actually understood that our own employees were getting infected. Part of it is where we have understood this very quickly and we have managed to procure hotels that we knew that if people were not able to isolate themselves, we could move them to these hotels”.

The novelty of the challenges posed by Covid-19 and urgency for action, meant that managers had no prior experience to draw on and had to come up with innovative solutions. There were many experiments, and imitation of other organizations became the norm. Interviewees spoke of learning by doing. Several context specific challenges were highlighted as companies shifted their focus to the health and well-being of their employees. Interviewees highlighted the fact that Dubai’s workforce is highly diverse and composed of mainly self-initiated expats from many countries and cultures, created the following challenges: how does an organization create awareness in a metalinguistic multi-cultural and, for some organizations, not highly literate labor force? How do managers get access to these employees safely given physical distancing measures? It is reported that these challenges were overcome through intensive direct communication mainly through social media and education on the virus and how it spreads. Multilingual pamphlets and posters were displayed in workplaces and accommodation sites and broadcasted through social media. As noted by an interviewee from UAE based large enterprise in the service sector:

“from an employee perspective, we were quick to understand that, we have to communicate very strongly with our employees to make sure that, they are aware of the truth. What the group started very quickly was to create a dedicated employee site. What we do with that is that there's this constant one-point source of information which keeps you posted on what the virus is, what you're meant to do, what is social distancing, as in when the new terms came in the paper, there was an automatic update into the site that says, as an average employee, this is what you will do, a social distancing etc. This is what you would do if someone in your family tested positive”.

Moreover, another interviewee from an SME in the finance services sector stated:

“what we have done is to arrange for CEO speaking every now and then. We are making sure that every week some communication is coming from CEO”.

Similarly, one interview from a UAE based large enterprise in the logistics and trade sector reported:

“with forty thousand plus workers, with a lot of awareness posters for them in different aspects related to Covid-19, we also created an animation video and there is now a five or six languages to reach out to them. So they are aware of the symptoms and the importance of taking the necessary measures”.

With regards to the intensity of communication, two interviewees from large organizations noted:

“so there were messages from the chairman, webinar with the chairman of the group on health and safety environment. They were always sending emails and awareness and not only awareness, also updated information to us. We were always encouraged to take information from the right source about the new apps that the UAE has launched”.

“There is a newsletter (that) goes out every day, every week to employees so that they are aware of what is happening in the organization, and especially if there are new guidelines from the government.”

*Power*: On the one hand, employees’ power or ability to influence organizational decisions and attain their interests was reduced even further during Covid-19 because of the reduction in job insecurity and low prospects for job opportunities in the labor market during Covid-19. Interestingly, however, while employees did not have the power to force organizations to focus on their issues, powerful stakeholders, namely the government, was determine that employees’ safety was a national priority during Covid-19 and urged businesses to give it the most consideration. Interviewees consistently referred to government commitment/emphasis of the welfare and safety of employees as a rationale for prioritizing employees’ safety and well-being during Covid-19 and concerns for salary protection and job security. For instance, some of the measures that were taken included Resolution (279 of 2020) on 30 March 2020 by the Ministry of Human Resources and Emiratization (MOHRE) required the move to remote work, requesting that at least 70% of the workforce is not working onsite, provision of paid and unpaid leave, and measures to govern temporary and permanent salary reduction. Another landmark resolution is the introduction of the Virtual Labor Market to address the issue of a potential surplus of labor by providing mainly expatriates a platform that helps them find and move to new jobs. These initiatives protected employees by governing the process of temporary salary reduction and requiring the approval of MOHRE in case of permanent reduction.

*Legitimacy*: The legitimacy of employees manifests in the approval and esteem of the management and government entities and their actors. None of the interviewees spoke about employees lacking legitimacy or credibility as legitimate stakeholders prior to or during Covid-19. On the contrary, several interviewees referred to the legitimacy of employees because of the heightened risk workers were taking during the early days of Covid-19 and the potential negative impact of isolation and working from home on employees’ health and well-being. Additionally, interviewees believed that business survival during and post Covid-19 is inextricably linked to the safety and well-being of their employees. Interviewees saw employee safety and well-being and business survival as closely related and one could not achieve business survival without focusing on employees’ welfare. In addition, interviewees noted that employees and other stakeholders will remember what an organization did during Covid-19, and companies that continue to devote resources to address their stakeholders’ concerns during such tough times will be those that will fare best when business goes back to normal. Legitimacy and its perception are intertwined with memory.

Wellness programs such as membership of a virtual gym and virtual yoga classes were perceived as justified initiatives. Nearly all participating organizations, especially the large and subsidiaries of MNEs, launched several wellness packages that would have been considered luxury prior to Covid-19. The below quote from one interviewee from a large MNE in the energy sector summarizes the initiatives mentioned by our interviewees from large and subsidiaries of MNEs.

“(we aimed to) decrease employees stress by introducing events and activities like virtual yoga for one month, exercise through trainer, online over zoom to stay fit. Health challenge to complete number of steps, for any psychological issues, people can connect to an organization and can have online sessions that company covered for employees for health and safety”.

It is clear from Table 2 that employees held legitimacy and urgency but did not hold power during the pandemic and are therefore *dependent* stakeholders—a significant change from being a *discretionary* stakeholder prior to Covid. However, interview data indicate that two additional dominant logics shaped management engagement with employees during the pandemic. First, the role of the government. The government urged organizations to focus on employees during Covid-19 and developed laws to protect their interests. Most interviewees reported that they tried to align their CSR initiatives, particularly employees’ safety and welfare, with government directives. These issues are illustrated by the following quotes:

“We wanted to make sure that their safety, their well-being is looked after. We took all the guidelines which were set down by the different government authorities, and we started to following them to 100 percent and making sure that that there is no compromise on safety.”

“We have to work to make sure that we were supporting the governments in the ways in which was required. So staff being in a curfew and how we would manage that and the restrictions of movement of employees and how we would support the governments in which we work within to the shared goal of managing to cope Covid-19 risk.”

This analysis suggests that the actions of organizations cannot be explained solely by the power, legitimacy, and urgency of the stakeholder but also by the attributes of other stakeholders, in this case the government, which insisted that employees become a high priority. Employees depended, in part, on the government to advance their legitimate and urgent claims such that their salience as stakeholders changed in part because of the actions of another.

Second, the emergence of a strong collective sense of empathy towards employees. In most cases, organizations went beyond what was required by the government. A key theme that emerged from the analysis of the interview data is management perception that taking care of employees is the right thing to do. Interviewees spoke of empathy for employees within the organization and outsiders hit by the pandemic. Interviewees referred to the sense of collective solidarity and a common problem. They reported that the pandemic evoked the need and obligation “to do something”. Several interviewees reported that their organizations could not act as bystanders in relation to the community’s needs and felt compelled to act. Many interviewees anchored such practices in traditional and religious values. This indicates that CSR is more substantive than symbolic.

**Community**

Community salience did not change during Covid. As indicated in Table 2, (organizations) representing the community are classified as dependent prior and during Covid. Our interviewees were consistent that community initiatives were worthwhile and much needed. Charitable organizations had little power to coerce private sector organizations to support them. In addition, the community had needs that required urgent attention such as schooling and the welfare of people of determinant. The momentum built since the Year of Giving and Year of Zayed which increased community organizations’ legitimacy and awareness of the urgent community needs that they address locally and internationally was sustained during Covid-19. As the quotes below illustrate, the local community represented in local community organizations had a high level of legitimacy during Covid-19.

The challenge for studied organizations was how to serve the community during the pandemic. Interviewees reported that although there was strong motivation to support the community, logistical issues including an inability to conduct physical volunteering activities and difficulty carrying out community outreach activities made it challenging for organizations to serve the community. Financial and in-kind contributions were reported by all large organizations and subsidiaries of MNEs. However, nearly all organizations had to scale back their volunteering activities in the community because of physical distancing restrictions imposed to control the spread of the virus. Additionally, interviewees noted that several charitable organizations or beneficiaries, such as schools and universities through which they traditionally carried out their volunteering activities, were inactive or working with reduced capacity. As explained by one interviewee from a large MNE in the energy sector:

“We are trying to figure out with some of the community partners on, how we can work together. We stopped blood donation camp as the challenge is that it’s not safe to gather though people want to donate and there is a demand as well”.

And another interviewee from UAE based large organization noted:

“We had to postpone these community programs until another year because regulations currently prohibit from continuing with those projects and we want to adhere to the social distancing norms … the affected initiatives were those that require us to be in the field, visit or even the initiatives that we go to work with a community partner, where we are physically there in the field, let's say Mother’s Day... Volunteering is heavily affected.. we don't want to take the risk because we don't know if, God forbid, an employee is exposed and is positively reported of Covid-19 they will blame us no matter what it is, even if you are taking precautions. So we stopped that”.

Philanthropy and financial and in-kind donations to community-related initiatives were highlighted by most large organizations and subsidiaries of MNEs. Interestingly, the analysis of interview data reveals that, similar to employee-related CSR initiatives, the government played a pivotal role in addressing community needs. Interviewees cited four main initiatives. The “10 million meals” campaign which was the biggest community campaign launched under the umbrella of the Mohammed bin Rashid Al Maktoum Global Initiatives in collaboration with Social Solidarity Fund Against Covid-19. The campaign aimed to provide food assistance to less fortunate families and individuals. The programme pulled together several federal ministries and local charitable foundations such as UAE Food bank, Mohammed bin Rashid Al Maktoum Humanitarian and Charity Establishment, and UAE Water Aid Foundation (Suqia UAE) to implement the programme.

As put by a number of interviewees:

“Now the only thing I see externally is, you know, the financial support, which a lot of organizations and individuals are giving it to the different government initiatives like the 10 meal or helping the families who have been affected with covid-19”.

 “10 million meals programme was launched by the government – it worked both ways because I initiate a conversation that we could do something like this and at the same time in fact even senior management said that yes we should definitely participate in this project because it was the need for the community need which drastically changed during covid 19”.

“The first step that we took is that we were part of the government initiative to support these businesses.”

“We did all possible steps to support the businesses, especially the SMEs, because it was difficult time for many, many of these companies. So we took the initiative also to be part of the Dubai government to support them economically.”

“Once the Dubai government launched Community Solidarity Fund, we sent out a circular. We said that this is a time where we can give back to the community, the health sector, and the other people who lost their jobs. There are many people in the community, those who are under 30, they need support. So if you are willing to support, please do so. So it was like a successful campaign”.

“We are very active with Community Solidarity Fund. We supported Dubai Cares for their education uninterrupted from the beginning once they launched that campaign, because that it supports the education aspect that we are also supporting. We donated money towards that campaign. We distributed twenty thousand plus hygiene packs for low-income workers. Then we sent out a circular to our employees across all business units to take part and donate money through various channels.”

“Look at the number of volunteers who registered through volunteer UAE platform, they work in the field helping people do their tests, receive their meals, receive the requirements. The whole community became one hand. So that is flourishing of CSR, this is an eye opening for those who are not aware of the CSR or is not giving an importance”

**Insert Table 2 about here**

**Environment**

It appears from the interview data that the environment became a *discretionary* stakeholder during Covid-19. Environmental initiatives were perceived to be vital but relatively less urgent. The single-issue focus of organizations on employees, and, to a lesser extent, community issues overshadowed environmental issues. Environmental issues, as put by one interviewee, were ‘put on the backburner’. Some environmental initiatives were put on hold because of the direct impact of Covid-19 such as social distancing and precautionary measures to contain the virus. As put by several interviewees: “So driving to increase people's awareness on plastic waste and other of these projects, were either put on hold to allow us to focus on other projects”.

“Planned projects on environment issues- beach clean-up, tree planting, spread awareness on environment- now since everyone is working from home, it became difficult to continue”.

We had “a {name of project omitted} project”, we have launched during the Abu Dhabi Sustainability Week back in January. But unfortunately, we have to pause that project due to the lockdown and the restrictions from the government as well”.

“The basic stuff with the schools, like clean up, clean up the beach, clean up the desert, and these all initiatives are on hold due to COVID”

“Green boxes for schools for universities, currently on hold for paper collection for recycling”.

“We were planning some events with Emirates nature and events revolving around carbon emission management concept. So any event involving large gatherings are on hold to avoid any gatherings”.

Several environmental initiatives were put on hold so organizations can focus on urgent stakeholders. As put by two interviewees:

“For us, the topmost CSR priority that we have is ensuring employee and customer comfort and safety. I do not think anything would supersede that right now because of the nature of the threat that is globally affecting everybody. So for us, the priority should be to keep assuring and keep ensuring that our people, our workforce and our customers are comfortable and, of course, safe”.

“…currently everything on hold but we are ensuring the health and safety of employees, focusing mainly on our team and that is a part of our CSR. Since the business did not stop, around 30% of employees are working so it is our responsibility to ensure that our employees are safe… The rest of the CSR activities have been put on hold considering the precautionary preventive measures. So that's the challenge. We have been focusing only on the workers’ part to stay away or prevent and protect ourselves from this current situation”.

**Customers and Suppliers**

Although customers can be classified as *dependent* stakeholders during Covid-19, they were rarely emphasized during the interviews. While several customer-facing organizations reported focusing on ensuring their customers’ safety through investment in technological innovation such as contactless technology and improving health and safety procedures, most interviewees did not refer to customer-related CSR initiatives. Several interviewees reported that “substantial change will be required” in dealing with customers. Using the power, urgency legitimacy features, suppliers may be classified as *demanding* stakeholders before and during the pandemic. Interestingly, interviewees seldom referred to suppliers or supplier-focused CSR initiatives during Covid-19. One of the main issues that was raised by interviewees was on-time payment during Covid.

**Is Covid-19 planting the seeds for permanent changes in CSR practices?**

The analysis of data from the second wave of interviews suggests that while some CSR initiatives adopted soon after Covid-19 hit in Dubai are transitory, most of the new CSR workplace practices are *not* intended to be temporary. Interviewees noted that some practices such as Covid-19-specific health and safety measures, such as the mandatory wearing of face masks at work and banning of physical meetings, would eventually be abolished once the pandemic is under control. There was a consensus that virtual volunteering is going to be more prevalent. Interviewees also noted that while some of the virtual initiatives, such as online gyms and several other well-being programs, were quick fixes as a way to adjust to the pandemic and are expected to be reversed, employees started leveraging the skills gained from working remotely and using technological platforms to deliver community-related volunteering initiatives. Examples of leveraging technology to volunteer remotely include CV building or reading for people with disabilities, financial coaching of blue-collar workers online, writing guidebooks for vulnerable members of society, and online awareness sessions for students. Interviewees noted that Covid-19 created a new blueprint for how volunteering is going to take place in the future, as described by one interviewee from an SME in the financial services sector:

“(Our volunteering) is happening through online channels and live streaming platforms because we have quite a large social media presence. We did it yesterday on CV building for people of determination. For financial literacy, we are working in the background and to develop financial coaching online. We were using last six weeks to kind of strengthen the platforms, internet website so that we can engage”.

Employees’ health and well-being continued to dominate CSR practices. Similar to the first wave of interviews, there was a strong push for well-being initiatives underpinned by a belief that physical and mental health and well-being are necessary for employee and organizational resilience during and post Covid-19. Interviewees reported that the initiatives are helping employees lower their level of psychological distress due to social and professional Covid-19 related constraints. However, organizations did not yet put processes in place to help accumulate and absorb the knowledge gained from rolling out employee well-being initiatives. Also, there was evidence of a lack of organizational ownership of such activities, which may affect their institutionalization.

While community initiatives intensified during the second wave of interviews, environmental initiatives were not still on the agenda in the five organizations that provided us with follows up interviews. Interestingly, the five interviewees noted that it will be challenging to put environmental issues back on the CSR agenda while organizations are preoccupied with Covid-19. Reversing policies put in place during Covid-19 is another challenge. It was noted that as organizations put a ban on reusable cups at cafeterias, and promoted the wearing of face masks, plastic gloves, face shields and other single-use plastic to curb the spread of the virus, a new dialogue is needed to make the case again against unrecyclable plastic at least in the short term.

**DISCUSSION**

Our study examines shifts in CSR practices during the Covid-19 pandemic from a stakeholder theory perspective, and considers whether existing stakeholder theory is sufficient to understand what occurs. In short, no. First, severe crises change the system of constraints on business organizations and compel a reconsideration of which stakeholders are most salient at that moment in time. This is against a backdrop where stakeholder theory typically tends to carry a static view of stakeholders. Second, the consequences of shifting CSR priorities so suddenly and against prior investments and how such shifts occur are unknown. Stakeholder salience theory relies on the power, legitimacy, and urgency framework to estimate stakeholder salience. While existing works place considerable focus on the outcomes of CSR activities on those stakeholders deemed powerful, legitimate, and urgent we observe an interdependency in how some stakeholders emerge as salient and the de-prioritization of others, including the environment. Our findings raise a variety of challenges and advances for stakeholder theory. Stakeholder salience theory does not sufficiently explain CSR practices during the Covid-19 pandemic. Instead, two additional factors require consideration: the behavior of powerful stakeholders (in our case the government) and the ethical values of managers. We propose that these factors add three new developments to the power-legitimacy-urgency framework necessary to expand its predictive apparatus: complementarity, substitution, and interdependence.

We first find that powerful stakeholders such as the government can direct or compel the interests of a particular stakeholder that is otherwise underrepresented because their needs were historically neither time sensitive nor of sufficient power. In our case, the government compelled a focus on employees that had hitherto lacked power (they were salient but dependently so and not of sufficient gravity compared to other stakeholders and their needs). This reveals a stakeholder interdependency element to power, legitimacy, and urgency in which the attributes of other stakeholders, in this case the government, can increase or decrease the priority of another stakeholder through complementarity, not substitution.

Stakeholder status is impermanent and determined by the decision-maker (Magness, 2008; Mitchell et al., 1997), and recent studies highlight how the Covid-19 pandemic put the power, legitimacy, and urgency attributes of stakeholders into a state of flux (Crane & Matten, 2020; Miguel et al., 2022; Qiu et al., 2021). As Raha et al. (2021) noted, the salience of a certain stakeholder is influenced not only by its attributes but also by the salience of other stakeholders set by their respective attributes. Each of our interviewed businesses regarded employees as legitimate and credible stakeholders prior to the pandemic and during it. Their attributes did not change. Employees did not hold power and instead employees are dependent stakeholders. The government, in pushing for employee-centric CSR, lent their attributes to this group.

During national and global calamities, levels of altruism and corporate solidarity tend to increase and these result in high corporate altruistic engagement (Aldrich, 2012; Kaniasty & Norris, 2004). But we find that organizations make choices about shifts in CSR activities based on which stakeholders it must coalesce around to preserve their own organizational interests. In the first instance, we observed that organizations oriented inwards onto their employees. This is unexpected because a review of prior literature suggests a more outward focus should emerge (e.g., Tilcsik & Marquis, 2013). Moreover, while the government can sue laws to compel the servicing of employees as key stakeholders in the pandemic, this action cannot explain why businesses go above and beyond the legal minimum (e.g., providing virtual gyms and yoga classes) and thus enable it to save resources to serve other stakeholders as well. Indeed, prior work has suggested that primary stakeholders such as investors and customers tend to have intrinsically higher salience than secondary stakeholders such as the community and the environment (Agle et al., 1999; Mitchell et al., 1997) because customers and investors serve as direct sources of revenue (e.g., purchasing goods or services) or productive resources (e.g., financial capital), without which a firm may cease to exist (Chen et al., 2021). Conversely, prior studies also suggest that senior managers may be incentivized to prioritize the interests of other business, community, or environment stakeholders if institutions empower and enable the members of the groups to influence a firm’s license to operate (Ioannou & Serafeim, 2012). Strengthening the power of a less salient stakeholder group (e.g., employees) likely induces managers to increase their attention to this typically less salient stakeholder, as we expose in our findings. This unveils the central importance of stakeholder interdependence in how one group (e.g., the government) can lend or pass its attributes of power, importance, and legitimacy to another to motivate a reprioritization.

One unanswered question these findings raise is the matter of obligated versus voluntary CSR. Crampton and Patten (2008) argue that a surge in CSR is more likely in small scale disasters, large and severe national disasters result in a decrease in CSR philanthropic activities because national bodies take charge of social needs. We believe this viewpoint emerges from an isolated view of the linkage between changing social expectations and which institution should morally lead a response. Among our Dubai-based business organizations, while national volunteering campaigns such as “UAE Volunteers” and the “Your City Needs You” were launched, organizations were urged and expected to contribute to these schemes and to a “Community Solidarity Fund against Covid-19” ran through a coalition of government entities, charitable foundations and community members, and to a “ten million meals initiative” by Sheikh Muhammad around Ramadan. In highlighting interdependencies, we suggest that connections among stakeholders hold considerable power to explain complementarity versus substitution of stakeholders as priorities shift in a crisis.

We secondly find that a crisis changes the resource availability and constraints of the firm in a way that cause trade-off in CSR strategy. When the government also directed priority towards employee safety and well-being, legitimate and urgent stakeholders such as the environment, albeit temporarily, lost importance and were de-prioritized. Thus, while the attributes of other stakeholders can complementarily increase the salience of another group, resource limitations and constraints caused by crises force a substitution among the range of stakeholders that will receive priority. Much to our surprise, this included the environment. This raises questions over the composition and value of CSR for environmental sustainability when it is replaced by a growing employee centeredness. Under stakeholder theory, the environment should have prime importance under most circumstances, if not always. We find that as new CSR initiatives emerge, they become ‘sticky’ and present a new or expand cache of activities firms are expected to continue. As resources remain elusive and under pressure, this creates the prospect that the environment may continue to be de-prioritized unless new conditions compel a further reassessment and behavioural change. Interestingly, at the time of revising this paper in 2023, the UAE is hosting COP28 and declared 2023 the “Year of Sustainability” and, as a result, environmental issues have become one of the most salient issues dominating CSR discourse. Plus, several environmental initiatives were lunched 2021 such as the circular economy policy and the introduction of a charging fee for single use plastic bags with the aim to make them completely illegal in two years’ time. Future studies may explore whether and how the CSR pendulum may swing back to environmental issues or a new bundle of CSR practices.

Theoretically, the literature on stakeholder identification is inconclusive as to whether the environment (the natural, bio-ecological system) should be identified as a community stakeholder or not. We acknowledge that environmental issues, such as a firm’s efforts to reduce environmental pollution, should be considered important stakeholder claims. However, natural environments cannot exercise voice and thus require others to serve as their spokespeople. Community groups, such as anti-pollution activists, typically represent the claims regarding the natural environment. The de-prioritization of the environment during a crisis such as Covid-19 stems in part because it has no voice of its own. A second feature is CSR represents discretionary organizational actions (McWilliams & Siegel, 2001). The discretionary element is important. Clark et al. (2015) suggest that the firm-level salience of an issue is at least in part determined by its degree of social issue salience. That is, issues that are “salient to society and often reflect current public opinion” (Clark et al. 2015:2) are salient to organizations in so far as they reflect a wider public mood and affect its social and moral license to operate.

Our findings on environmental issues are in line with research in other parts of the world. Research shows that the de-prioritization of environmental issues was observed globally. Barreiro-Gen, Lozano and Zafar’s (2020) study finds that “the environmental dimension has suffered a negative impact in prioritization regardless of organization type, country where they are based, organization size, or the time they have been working on sustainability”. The ramifications of the move away from the environmental- and community-centric CSR model can potentially have detrimental consequences for environmental issues. During the pandemic, organizations not only put environmental initiatives on the backburner, but also did not have processes in place to preserve the repertoire of accumulated knowledge over the years on addressing such issues. Research on organizational forgetting suggests that “organizational memory decays over time” (de Holan, Phillips & Lawrence, 2004: 1603) if proper systems to retain and use such knowledge are not in place or “when an existing dominant logic is replaced by a new one” (de Holan et al., 2004: 1603). It is this replacement in dominant logic that is of special concern to the utility of organizations in serving an environmental sustainability function.

Christensen et al. (2013) drew attention to CSR as aspirational talk versus substantial economics—or in simpler terms words versus deeds and actions. Given the reduced importance of environment-focused CSR among the firms in our study in the Covid-19 pandemic crisis, there is now a risk that reprioritization processes lead managers to manage local business legitimacy but in a trade-off against important global matters. This speaks back to recent insights in the business legitimacy literature about global and local legitimacy (Brink and Esselmann, 2020). Getting (and setting) priority right in a way that satisfies a complex interaction of stakeholder salience and issue salience emerges as a formidable managerial challenge in times of crises. Our concern is that the extent theory overlooks this challenge, as revealed by our findings. A crisis activates stakeholder reprioritization among senior managers and (re)allocate CSR investments, changing the composition of CSR activities. Extreme duress force managers to make choices where relative salience is defined by complementarity, substitution, and interdependence.

We thirdly find that CSR’s often-used power, urgency, and legitimacy attributes contained in stakeholder salience theory (Mitchell et al., 1997) do not sufficiently explain CSR behaviors and practices during the pandemic, at least in isolation. Instead, the theoretical mechanism at play appears to be issue salience and not just stakeholder salience per se. This reveals that issue salience is a somewhat pragmatic solution to the trade-off between multiple stakeholders that cannot be satisfied due to resource constraints and the circumstances of a crisis.

Neville and Menguc (2006) postulated that stakeholder salience depends on the extent of congruence among multiple stakeholder claims. To some extent, the greater the extent claims across multiple stakeholders are congruent, the more likely managers will direct attention towards those claims (Raha et al., 2021). In that sense, we suggest that power, legitimacy, and urgency are attributes that have a communal or network quality to them, and not just manifest within individual stakeholders. This revised theoretical logic helps explain how isolated stakeholders were not served despite their perceived importance (e.g., in our data, customers, suppliers, and the environment). We advance the argument of stakeholder dependency during a crisis (Raha et al., 2021) by shedding light on interdependencies in issue salience as an overlooked mechanism in understanding firms’ shifts in CSR practices during a crisis.

In an extension of this logic, managers’ perceptions of stakeholder salience are also affected by managers’ cultural values and biases. International management research suggests that managerial preferences are, in part, socially constructed by national cultural values, for example, and formulate shared expectations for the desired or “should be” practices in a society (House, Hanges, Javidan, Dorfman, & Gupta, 2004). As Dubai’s business community is especially diverse and reliant on expatriate labor, the ethical values of managers coupled with institutional pressures (including from expectations about giving, caring, philanthropy, and community set by religious values) also bring the matter of issue salience to the fore above the powerful, legitimate, or urgent attributes of any stakeholder in isolation. Moreover, and as in non-crisis times (Mayo, Gomez-Mejia, et al., 2016), we found that the assumptions top management held about the role and purpose of their organization during the pandemic appeared to influence the CSR initiatives they enacted during Covid-19. For example, practices that were completely novel such as putting unskilled blue-color workers who live in multi-occupancy accommodation in hotels to reduce the risk of cross-infection and providing employees working from home with comprehensive well-being packages were quickly adopted and became an expected part of an organization’s CSR initiatives. However, businesses also found it much easier to learn from, and imitate, other organizations than to develop their own practices. Imitating others and conforming to institutional “calls” and standards not only ensures that practices are adopted, it is consistent with the body of research that predicts that uncertainty drives imitation (Haunschild & Miner 1997; Strang & Still, 2006) but extends their observations into the realm of CSR. Similarly, research on rational band-wagoning and social contagion (Abrahamson & Rosenkopt, 1993), suggests that decision makers are often concerned that deviation from legitimized standard (or rapidly emerging) practices may result in negative effects. Concurrently, our findings suggest that issue salience is driven by relatability (managers were able to relate to the issues their employees and the community faced during Covid) and visibility (they were constantly reminded of the issue) and potential blameworthiness.

**Implications for managers and policymakers**

Our findings have relevant practical implications. First, the findings reveal that stakeholders’ salience change during a crisis such as Covid-19. Therefore, managers need to re-visit their stakeholders’ salience during a crisis and adjust CSR practices accordingly. Secondly, our findings suggest that, during a crisis, dependent stakeholders who lack the power to press the organization to attend to their concerns may be backed up by salient stakeholders and therefore managers are advised to take into consideration the concerns of the full set of stakeholders rather than address their issues in isolation. Thirdly, our results also show that stakeholder salience does not fully explain CSR initiatives during a crisis such as Covid-19. They suggest that managers must take into accounts the institutional and cultural values of the host country when designing CSR activities and programs during a crisis.

Our results indicate that business organizations relied on a significant level of learning and adopted novel practices to mitigate the impact of Covid-19. Thus, managers should develop the knowledge sharing and agile capabilities to absorb new practices. Interestingly, the new practices and reshuffling of CSR practices were adopted with little or no evidence of their effectiveness and their social and economic impact. Therefore, decision-makers need to re-evaluate the social and economic impact of the emerging practices such as virtual volunteering. In particular, they need to know when and how such CSR practices are more effective than conventional practices. Although employees became the dominant stakeholder during the pandemic, stakeholder saliency is a dynamic process as our results demonstrated. Therefore, decision makers need to critically review the emerging over emphasis on workplace relative other CSR issues.

For policymakers, the UAE case study underscores the importance of acting fast and developing national level initiatives to enable business organizations to help mitigate important community challenges. Our results suggest that policymakers should take the lead in developing, mobilizing and coordinating expected behavior among the business community during external shocks.

**Study limitations and future research avenues**

Our contributions are tempered by several limitations. First, our research findings draw on a sample of organizations operating in a single institutional context, which raises the question of whether the findings of this study are applicable in other contexts. While stakeholder salience theory has been extensively used across cultures, our findings highlight the unique role played by managerial values and institutional context that may limit the explanatory power of the theory. This underscores the importance of considering the cultural and institutional context within which firm are embedded in future studies of salience theories. An issue that requires more attention and research is how salience theories, and stakeholder theory, enhance our understanding of differences in CSR practices between institutional contexts that differ in stakeholders’ ability to deliberate and contest the appropriateness of CSR initiatives. Relatedly, the socio-political environment plays a significant impact on CSR during Covid-19. This is an avenue of research that deserve great attention.

Furthermore, specific to Covid-19, several studies from different institutional contexts have reported similar challenges faced by charitable organizations during the pandemic (Hyndman, 2020) and moved to virtual volunteering (Lachance, 2020; Pickell, Gu, and Williams, 2020), several CSR scholars have noted that institutional forces play a significant part in CSR adoption (Doh and Guay, 2006; Campbell, 2007; Matten and Moon, 2008; Marano and Kostova, 2016). Therefore, studies of the impact of Covid-19 on CSR practices in countries where stakeholders’ salience and management values are different would complement the findings of this study.

A third limitation lies in the case study methodology and timing of the study. While the interviews provide invaluable insight as to how external shocks such as Covid-19 influence the practice of CSR future studies can further explore how widespread the CSR trends reported in this study in different institutional contexts and across time and larger databases. Another limitation of the case studies, and case study approach in general, is the modest participation and representation of the business community. Future studies using a quantitative research design is needed to confirm the findings of this study.  Organizations are put under pressure to act with limited resources. Thus, future research should consider whether CSR practices during a crisis such as Covid-19 are substantive or symbolic. Finally, an interesting future research avenue can investigate the temporality and persistence of emerging CSR practices over time by taking a long-term scope on how companies adopt new CSR practices.

**CONCLUSION**

Stakeholder salience is a dynamic matter, but to date we know very little about how *actual* CSR practices change during extreme crises. Instead, stakeholder theory has tended to treat stakeholder salience as relatively static and Neville, Bell and Whitwell (2011) go so far as to assert that “urgency is *not* relevant for identifying stakeholders” (p.357, emphasis added). This view omits the circumstances acting on the organization. Our study reconciles the contradictory assumptions about CSR and the prioritization of salient stakeholders during the pandemic to understand shifts in stakeholder salience that predicate a shift in CSR activities during a severe crisis. We find that a crisis activates stakeholder reprioritization among senior managers and (re)allocate CSR investments. But scholars are also yet to foresee the consequences of sudden shifts in CSR activities when stakeholder salience changes quickly and impromptu due to a crisis. Organizations under extreme duress are forced to make choices that originate from relative salience and that relativity is pressured by complementarity, substitution, and interdependence. The reprioritization witnessed in our data challenges beliefs about CSR. Our findings point to the diminishing significance and prioritization of environmental issues because of Covid-19, replaced by a growing employee-centeredness of CSR. Finally, we find that CSR’s often-used stakeholder salience theory, and its power–urgency–legitimacy attributes (Mitchell et al., 1997) do not explain CSR behavior during the pandemic. Instead, we reveal two additional factors: the behavior of powerful stakeholders and the ethical values of managers, in which the theoretical mechanism at play is one of issue salience not just stakeholder salience. The findings support emerging views about stakeholder dependency during a crisis (Raha et al., 2021), suggesting that dependency and dynamism represent key research priorities if scholars are to further advance and sharpen stakeholder theory.

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**Table 1 Participating Organizations**

|  |  |  |  |
| --- | --- | --- | --- |
| **Size** | **Local/Multinational** | **Years in operation** | **Sector** |
| Small | Local | 7 | Waste Management |
| Large | Local | 15 | Logistics & Trade |
| Large | Multinational | 17 | Security & IT Systems |
| Small | Local | 19 | Security |
| Medium | Local | 21 | Retail |
| Small | Local | 22 | Logistics |
| Medium | Local | 23 | Banking |
| Small | Multinational | 23 | Information Management |
| Medium | Multinational | 30 | Consultancy & Construction |
| Large | Multinational | 33 | Facilities Management |
| Large | Local | 35 | Aviation |
| Medium | Multinational | 38 | Courier delivery |
| Medium | Local | 40 | Facilities Management |
| Small | Local | 43 | Logistics |
| Large | Multinational | 55 | Food & Beverages |
| Medium | Local | 55 | Construction |
| Medium | Local | 57 | Banking |
| Large | Multinational | 60 | Waste, Water Energy Management |
| Medium | Local | 80 | Waste management |
| Large | Multinational | 99 | Manufacturing |
| Large | Multinational | Over 100 | Energy |

**Table 2: Stakeholders’ salience before and after Covid-19**

|  |  |  |
| --- | --- | --- |
|  | During Covid | Prior to Covid |
| Employees salience | | |
| Power | Low | Low |
| Urgency | Present | Absent |
| Legitimacy | Present | Present |
| Saliency | **Dependent** | Discretionary |
| Community Salience | | |
| Power | Low | Low |
| Urgency | Present | Present |
| Legitimacy | Present | Present |
| Saliency | **Dependent** | **Dependent** |
| Environment | | |
| Power | Low | Low |
| Urgency | Absent | Present |
| Legitimacy | Present | Present |
| Saliency | **Discretionary** | **Dependent** |
| Customers salience | | |
| Power | Low | High |
| Urgency | Present | Absent |
| Legitimacy | Present | Present |
| Saliency | **Dependent** | **Dominant** |
| Suppliers salience | | |
| Power | Low | Low |
| Urgency | Present | Present |
| Legitimacy | Absent | Absent |
| Saliency | Demanding | Demanding |

Based on Mitchell et al., 1997 (867): Power: The ability of the stakeholder to impose their will on the firm’s decisions; Urgency: The degree to which the claims of the stakeholder call for immediate attention given their criticality and time sensitivity; Legitimacy: The degree to which actions or claims of the stakeholder are desirable, proper, or appropriate within some socially constructed system of norms, values, and beliefs.

**Figure 1. Power, urgency, and legitimacy properties of salience and stakeholder types (adapted from Mitchell et al., 1997)**

Diagram, venn diagram

Description automatically generated