Responding to the Coronavirus Crisis: Selected Ideas and Learnings for Asia’s CSR Leaders

Over a month into the Novel Coronavirus (COVID-19) outbreak, most companies have mobilized to address critical priorities like employee wellbeing and business continuity. The CSR function also has a big role to play, not least in providing emergency relief for affected areas and populations and in supporting communities and constituencies where your company has the reach and resources to do so. The following assemblage of insights on CSR practices – gathered from our internal experts and member network – will be helpful as you formulate, adapt, implement and manage your crisis response strategy.

The catalog below\(^1\) essentially resolves down to three executive actions to address the challenges ahead:

1. Be strategic – “live the brand”: Wherever possible, focus your CSR initiatives on providing products, services, and competencies that align with the key strengths and values of the Company. This will ensure maximum impact.

\(^1\) This list is not arranged in any order of priority.
2. Be focused: Have a clear set of objectives and beneficiaries defined for your CSR efforts. Develop and continually refine internal and external communications that explain your rationale. Use appropriate corporate communications channels to report progress and continually “remind and detail” CSR efforts, purpose, and progress to key stakeholders.

3. Collaborate cross-functionally: Your CSR activities will and should touch most functions. CSR should work alongside critical functional counterparts like HR, EHS, SCM, GR, and Communications to ensure consistency and effectiveness.

Key Must Dos and Get Rights

- **Elevate CSR as a strategic component of crisis response.** CSR needs, expectations, opportunities, and risks are all elevated in times of crisis. Activate a CSR Crisis Team to fast-track and elevate strategizing, planning, and execution of CSR-specific measures.

- **Be strategic and apply analytical rigor to CSR program definition and execution.** The most critical steps to get right are:
  - **Assess the situation of key stakeholders.** Map where your employees, operations, suppliers, and customers are in relationship to the currently affected locations, current and projected. Consider the pandemic scenario – i.e. where COVID-19 becomes a persistent, possibly seasonal, part of life and business.
  - **Identify needs.** Work with your employees on the ground, local government interlocutors, and nonprofits and community organizations to identify locations with the greatest needs and map the locations to the resources you have available or could mobilize. Identify logistics issues with delivery and activation against the timing considerations for those in need.
  - **Focus on your core competencies.** To maximize impact, activities should be in line with your company’s core values, competencies, and resources. Remember, doing good isn’t always done well. Poorly executed initiatives can be wasteful or even counterproductive. It is crucially important to determine if/how your assets (i.e. employees, expertise, cash, products/services) can make a positive contribution given current and evolving needs.
  - **Map out company priorities.** With key stakeholders, needs, and available resources in mind, map out your company’s priorities. Three factors should be considered in the prioritization exercises: *time* (some actions address an immediate need, others are important at a later stage); *impact* (direct and indirect); and *relationships* (need
support of other stakeholders for impact). Provide as much relief as possible without jeopardizing the wellbeing of your employees. Any relief activities involving employees should be on a voluntary basis, and comply with all relevant labor and other laws.

✓ Measure and reassess regularly. Define frequent intervals to critically review measures taken for effectiveness and relevance. As time passes, the necessities and needs of local communities and key stakeholders will change, sometimes significantly. Measures must be adjusted accordingly.

▪ Mobilize executive support for the CSR strategy (or agitate as necessary to get it). Crises of this magnitude need to be led from the top, or at least have the mandate from the top. Your ability for timely decision-making, authority to act, and quick access to resources will all depend on having a direct line to senior leadership and their willingness to demonstratively do the right thing based on conscience and strong public purpose. Mobilizing necessary resources, activating cross-functional linkages, and aligning other departments requires empowerment from the top, especially when actions need to happen on short notice.

▪ Avoid “kneejerk” relief responses that underutilize or waste company resources. In offering immediate assistance, think and act with the bigger picture in mind. Most companies tend to focus on only the “hot phase” crisis relief. But, by all indicators, huge societal and community support will be required to remedy COVID-19 impacts and improve pandemic/crisis readiness long after the remission period. Carefully consider the various likely stages of a crisis – in the COVID-19 case: outbreak (acute phase), containment stage as outbreak gradually wanes off or normalizes, recovery and rebuilding, community resilience, and public education. Assess the critical needs of different stages that you can fill the most unique, cost effective and impactful needs.

▪ For charitable donations, be careful to mitigate risks. As the Conference Board China Center has written about extensively, philanthropic giving can be problematic in China (see for example here and here). Although the situation has improved over the years, good governance, transparency, and accountability remain significant challenges for many Chinese nonprofits. Make sure you’ve fully vetted any recipient organization prior to giving; or better yet, work with those organizations with whom your company has a smooth track record. This is not the time for experimentation.

✓ Cash donations – Either directly to government bodies, trusted local organizations, or reputable international intermediaries (e.g. Global Giving, Direct Relief, Give2Asia). Many domestic companies have also set up special funds to support relief efforts (see page 5).

✓ In-kind donations – Donations of equipment and supplies to help overcome production shortages (medical supplies, food, shelter equipment, etc.), or logistics and distribution bottlenecks. Focus on goods and services you produce, or that can be obtained from your suppliers and business partners. When appropriate, find creative ways to source and fulfill requests for non-company products by
leveraging corporate relationships. It is important to make sure that in-kind donations are really needed and do not clog important supply lines with unnecessary goods.

- **Carefully manage government expectations, relations, and communications.** In China, (but also elsewhere), local governments will expect and ask business to step up – for both immediate crisis relief and also for post-crisis economic revival. It’s important to listen and to respond in ways that reflect your unique capability, values, and position. Have a plan and a communications strategy – and rehearse it across all levels of interaction (i.e., the CEO should know what to say!). Don’t overcommit, or mis-set expectations. Closely work with your Government Affairs experts to appropriately target, align and calibrate offerings, and orchestrate interactions.

- **Clearly communicate the company’s CSR position and activity.** The crisis presents an opportunity for strong CSR contributions to receive positive acknowledgement that can be long-lasting. The risks of being criticized for under-performance are also high. Work closely with GR and Corporate Communications teams to get the messaging right. Be humble and certainly don’t be opportunistic, or communicate in ways that could be perceived as such.

- **Capture and act on “lessons learned”**. Don’t waste this opportunity to learn from failures in risk preparedness and management.
  - **Overhaul internal governance procedures and protocols.** This includes reviewing and updating (or newly introducing) strategic plans (e.g. disaster preparedness plans, crisis communication plans, disaster response protocols). Ensure that plans contain protocols for “biological hazards”.
  - **Improve internal risk awareness.** Many companies still neglect incorporating CSR risks into their broader risk management frameworks and toolkits. This needs to change. In response to epidemics, whole-of-company responses are required, of which CSR is a critical element.
  - **Review which partnerships worked well** in times of crisis – and which didn’t and why. Reassess and build or re-build strategic partnerships accordingly.

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2 As per the United Nations, “biological hazards cover a category of hazards that are of organic origin or conveyed by biological vectors, including pathogenic microorganisms, toxins and bioactive substances. Examples are bacteria, viruses or parasites, as well as venomous wildlife and insects, poisonous plants and mosquitoes carrying disease-causing agents.” (Source: United Nations Office for Disaster Risk Reduction (UNDRR) (2019), Global Assessment Report on Disaster Risk Reduction, page 104).
A rush of corporate donations poured in during the first month of the outbreak. By February 17\textsuperscript{th}, more than 1,800 companies donated a total of RMB 26.9 billion (USD 3.8 billion), mainly cash donations.\textsuperscript{3} This is roughly five times the amount given by companies during the 2008 Wenchuan earthquake, and 30 percent of total corporate donations for 2018.

As of February 14\textsuperscript{th}, the majority of corporate donations came from private domestic companies. They accounted for 60 percent of donations, followed by state-owned companies with 30 percent. The rest – roughly RMB 1.8 billion – was donated by 279 foreign-invested companies.\textsuperscript{4}

Many large corporate donors have set up special funds to support relief efforts. As of February 14\textsuperscript{th}, 162 companies had set up a special fund and donated a combined RMB 7 billion, exceeding donations received by the China Red Cross (RMB 3.3 billion) and organizations under the China Charity Federation (RMB 6.2 billion).\textsuperscript{5} A large chunk of this money is coming from China’s three tech giants – Tencent, Alibaba, Baidu – and other IT companies. The rise in special funds is new, and a clear shift away from traditional (mostly government controlled) disaster giving channels. Special funds are set up and managed directly by the corporate donor, allowing for maximum control and flexibility in administering funds.

### TABLE 1: Examples of Special Funds Set up by IT Companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Fund Name</th>
<th>Value</th>
<th>Focus of Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tencent</td>
<td>Anti-Virus Fund</td>
<td>RMB 1.5 billion</td>
<td>Research and public education, medical supplies, patients’ livelihoods, individuals’ awards</td>
</tr>
<tr>
<td>Alibaba</td>
<td>Medical Supplies Special Fund</td>
<td>RMB 1 billion</td>
<td>Purchase medical supplies around the world and donate to hospitals</td>
</tr>
<tr>
<td>Baidu</td>
<td>Special Fund for Virus Outbreak and Public Health and Safety</td>
<td>RMB 0.3 billion</td>
<td>Medication research, information disclosure and public education on public health and safety</td>
</tr>
<tr>
<td>Meituan</td>
<td>Special Funds for Caring and Supporting Medical Workers</td>
<td>RMB 0.2 billion</td>
<td>Providing medical supplies, livelihoods support, and financial awards to medical workers</td>
</tr>
<tr>
<td>ByteDance</td>
<td>Special Fund for Humanitarian Aid of Medical Workers Fighting Novel Coronavirus (under China Red Cross)</td>
<td>RMB 0.2 billion</td>
<td>Financial support to medical workers infected with the virus</td>
</tr>
<tr>
<td>Netease</td>
<td>Novel Coronavirus Control Special Fund</td>
<td>RMB 0.1 billion</td>
<td>Medical supplies and medication research</td>
</tr>
</tbody>
</table>

\textsuperscript{3} Syntao (see here).
\textsuperscript{4} Syntao (see here).
\textsuperscript{5} 封面传媒 (www.thecover.cn) (see here).
Key Mistakes Not to Make

- **Don’t make obvious mistakes.** Crises can be frenetic and rushed, and it’s easy to make simple mistakes. Obvious things to avoid:

  ✓ **Getting your priorities mixed up.** In first instance, the number one priority for your company needs to be staff safety. CSR should work closely with the HR function to ensure employee safety and wellbeing. Only then should you move on to other response activities. Special attention needs to be paid to staff in certain jobs that may be at higher risk (ex: tellers, receptionists, floor sales/service staff, medical staff and counsellors). For more coronavirus guidance for HR leaders, click here.

  ✓ **Sharing unverified information.** Be as fact based as possible in your communication. The situation is fast moving and changing quickly. Much of the information floating around is unverified, some even false. Have a personal check-list ready as well as a list of trusted sources for daily updates. Monitor everything but share selectively. Your internal and external stakeholders depend on your ability to sift through the noise of information and distill out verifiable, actionable facts. For coronavirus guidance for communications leaders, click here.

  ✓ **Neglecting your own wellbeing.** Take good care of yourself and your team. While you put in all those extra hours, make sure everyone stays healthy – physically and mentally. Remember, if something happens to you, you will be of no use to the greater effort.

- **Avoid distractions.** You'll be receiving offers from people wanting to help all over the place, each with different ideas of how to help and where to focus. You can't do it all. Prepare to graciously decline requests that don’t align with your strategic objectives and focal activities, and to react, as necessary, to possible criticisms for saying NO. Engage with your corporate communications and GR colleagues to optimize communication strategies and even develop scripts.

- **Don’t use a blanket approach.** Depending on location and personal circumstances, your company operations, employees, supply chain partners, and other important stakeholders will be at very different stages of the crisis. Some parts of the country (and parts of the population) are still in crisis mode, while, in other parts, there is a strong push to normalize business operations. Some crisis management stages will overlap or even happen in parallel. To be effective, response and communication plans must be flexible and differentiated. Continuously review and recalibrate as needed.

- **This is not the time to make a quick buck.** Price lifting to make opportunistic profits is a big No-No. The reputational risks over the long-term arguably far outweigh any near-term commercial benefits. On the other hand, there is no harm in charging normally for your products and services. Discounting is not necessarily required. But prepare to justify pricing practices if and when applicable.
Key Things Not to Overlook

▪ **Don’t overlook supporting internal stakeholders.** CSR knowledge and expertise are very valuable for addressing internal “causes”. CSR should work alongside other key functions to ensure coordination of initiatives to both mitigate negative impact to the company and to maximize support to internal cohorts in need. This can range from supporting the development of new standards, protocols, and workflows; identifying and implementing preparedness and prevention measures for on-site work; putting adequate safety and support systems in place to ensure the physical and mental wellbeing of employees. Key functional counterparts are HR, EHS, SCM, GR, and Comms.

▪ **Don’t neglect your other ongoing projects.** You probably have other CSR projects underway, despite the COVID-19 crisis – all with tasks to be executed, targets to be met, and partners to be reassured. But you may also have to make room for new initiatives and unexpected demands arising and resulting from the COVID-19 outbreak (e.g. mental health, hygiene, conscious and unconscious bias). Some hard decisions may have to be made here. The sooner you evaluate the viability of your ongoing, business-as-usual projects, and clearly communicate any adjustments to key stakeholders, the better.

▪ **Mobilize cross industry resources if you can.** Actions that are carried out across an industry sector or cross-industry, in coordination, can be vastly more impactful than individual company actions. If you are in a position of industry leadership, or hold a position of leadership in an association, do what you can to convene a group of likeminded peers to develop and launch coordinated, high impact projects. Collaborate where beneficial.

▪ **Don’t overlook the long-term CSR opportunity to support the improvement of crisis prevention and preparedness in general.** COVID-19 has caught the world off-guard. It shouldn’t have. Based on our own research, crisis mitigation and risk reduction programs receive only a fraction of support from companies compared to immediate relief and long-term recovery efforts. This fact is supported by data from the United Nations that show that development assistance for disaster risk reduction (DRR) is miniscule compared with financing for disaster response. But the United Nations also estimate that annual investment of USD 6 billion in appropriate DRR strategies could generate risk reduction benefits worth USD 360 billion. Ultimately, reactionary philanthropy is not the solution. The sooner this donor bias in funding allocation is reversed, the better.

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7 As per the United Nations, “a total of $5.2 billion for DRR represents 3.8 percent of the total humanitarian financing between 2005 and 2017 – less than USD 4 for every USD 100 spent.” (Source: United Nations Office for Disaster Risk Reduction (UNDRR) (2019), Global Assessment Report on Disaster Risk Reduction) (see here).

▪ **Invest in “game changers”.** The COVID-19 crisis is a great opportunity for groups of like-minded companies and other stakeholders to jump-start shared-value partnerships that connect core values and competencies, link up ecosystems, and marshal collective resources in ways that would be game-changing vis-à-vis future epidemics and similar crises. COVID-19 certainly won’t be the last.

▪ **Seize opportunities for process innovation.** The range of measures introduced during this coronavirus outbreak – e.g. flexible working, virtual meetings and work groups, online services, automation, digitalization, etc. – may avail opportunities for long-term efficiency gains. Don’t revert to established norms if COVID-19 responses revealed better ways to do things.

▪ **Last but not least, say “THANK YOU”**. Celebrate CSR achievements and successes to boost morale and engagement. Communicate results and give thanks to every contributor, both staff and stakeholders.

We hope that this summary of ideas and learnings will be helpful as you navigate the complexities of this fast-moving situation. Please do not hesitate to reach out to our expert team for a quick chat or meeting – we’re here to help.

**Continue reading:**

▪ To listen to our podcast on coronavirus impacts for CSR, click here.
▪ For a set of practical steps to consider during the coronavirus outbreak, click here.
▪ For a checklist to improve your company’s disaster philanthropy, click here.
▪ For our view on economic impacts of the coronavirus outbreak, click here.
▪ For coronavirus guidance for HR leaders, click here.
▪ For coronavirus guidance for communications leaders, click here.
▪ For coronavirus guidance for supply chain leaders, click here.
▪ To listen to our podcast series on implications of the coronavirus outbreak, click here.
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