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Impact of COVID-19 on societal wellbeing-CSR approach

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Abstract

Companies that have been working since years with the sense of responsibility, was not just creating value for shareholders but also by incorporating social & environmental concerns in their strategies & they plays a more responsible role. Corporate social responsibility related to the organization's regulatory, ethical and purpose-led commitment to its stakeholders. With the pandemic having a significant impact on the world's economy and with recovery taking longer than anticipated, organizations need to revisit their priorities, operate differently and manage resources frugally. These trends, approaches and perspectives are important as corporate social responsibility takes a new turn in the post COVID-19 world. This paper will focus on understanding how CSR has worked towards the societal aspect of well-being during the COVID-19 situation. The breakthrough of COVID-19 & its impact on the society led to creating of major imbalance in the areas of Environmental aspect, Economic aspect & societal well-being. When companies came forward to extend their support & help the needy in the time of crisis and by introducing COVID-19 Health Insurance Policy in India.

Keywords: Corporate social responsibility, policy, environment, health policy

Introduction

The fallout of the pandemic also had positive effects on how people perceived the world around them. According to the 2020 Deloitte's study among millennial, three-quarters of respondents believed the pandemic opened their eyes to fresh issues and made them more sympathetic to others' needs not just locally but around the world.

The COVID-19 pandemic has left the world grappling with a health, economic and humanitarian crisis of unprecedented proportions. The impact of the staggered lockdown on economic activity with industries and businesses across various sectors shutting down has had a crippling effect. Considering the magnitude of the crisis, it is apparent that the government would appreciate support from individuals and organisations. The COVID-19 pandemic has presented yet another opportunity to companies to make good on their corporate social responsibility (CSR) commitments.

The COVID-19 the infectious disease triggered by coronavirus has been considered as global pandemic by the World Health Organisation (WHO). This contagious disease tremendously disrupted the socio-economic circumstances of the whole world. Social distancing plays a pivotal role in order to mitigate the spread of this deadly infection. The Government of India and State governments announced lockdowns throughout the country in March 2020 in order to promote social distancing, which basically directs the public to maintain distance both socially and physically.

There are upsides and down while financial fortunes and year-over-year growth figures remain important barometers of prosperity, companies are realising that the general public is now emphasising their contributions to society. In the last few months, the government has declared a slew of relief packages aimed at restarting the economy and infusing liquidity into the market. No other time is as critical as now for social work and despite trying times, various firms are putting in every effort to fulfil their responsibilities in the wake of the pandemic. Along with this, there is great opportunity to help save people's lives and provide them with basic needs like food and shelter in the wake of rain and floods ravaging several parts of the country. Social work in such a context will help companies grow in stature and generate trust in them among the people. So let us understand the positives that emerge out of CSR for a company.

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Here are a few of them sides to the pandemic as reported by a study on the UN Sustainable Development Goals (SDG) with poverty, well-being and hunger losing steam while climate action, responsible consumption and life on land seeing partial relief. It is heartening to know that among the 130 India based organizations, of the total CSR spend by eligible listed companies in fiscal 2019; nearly 80% of the total CSR funds were spent. Over two-thirds of these spent 2% or more of their net profits, while ~10% spent 3% or more. The pandemic has also put the spotlight on values. While others who have stayed true to their values and supported the communities they serve, have seen more appreciation come their way. In a poll to gauge how people perceived actions taken by companies during this time.

Key issues that surfaced during the pandemic are migration (internal migration, in India 40 million migrants are impacted), poverty (about 71 million could be pushed to poverty in 2020 alone), inequality (half of lower-income parents struggle to pay for internet connections and worry about children not having access to education online), mental well-being (a 1% increase in unemployment rates is known to push up suicides rates by 1-1.6%), sustainable tourism (decline of 58% to 78% in international tourist arrivals for the year) and consumerism (60% of global consumers have changed their shopping behaviour's). The need to invest in the healthcare system and train caregivers served as a catalyst for most of the funding from corporates during the start of the pandemic. Environmental, social and governance is also now in the forefront as countries realize the importance of impact investment for the local communities.

The Government of India is also inspiring the companies to provide social support in this age of covid-19. As per report of the Ministry of Corporate Affairs dated March 23, 2020, all expenditures incurred on activities related to covid-19, will be added as the permissible avenues for CSR expenditure.

In the present era of covid-19, it has been observed that some companies are performing CSR activities by promoting social awareness for social distancing. For instance, The most significant contribution has been made by McDonald's, Audi, Coca-Cola, Volkswagen and many more. The MC Donald's company sent the message to the society by bifurcating the logo 'm' divided into two parts N and N = M.

The two parts of 'm' represent the meaning of social distance. Similarly, the logo of Audi is represented by four separate rings and exploring the tagline to keep distance. The new logo of Audi is enough for understanding the importance of social distancing.

Here, comes the importance of Corporate Social Responsibility (CSR), which plays a crucial role in the age of this pandemic covid-19, where people are trying their level best to get through this tremendous challenging time. CSR is a "self-regulating business model" that implies the procedures of interaction by a company with its stakeholders and the general public at large, creating a scenario of being socially responsible.

As per Section 135 of Companies (CSR) Rules 2014 and Schedule VII of Companies Act 2013, every company having net worth of Rs 500 crores or more, or turnover of Rs 1,000 crore or more, or net profit of Rs 5 crore or more during the immediate preceding financial year, must have a

CSR committee and spend at least 2% of the average net profits earned during three immediate preceding financial years to CSR activities.

Many recommendations were shared on how the government funds raised could overcome the crisis through emergency income support, creating a database of those losing jobs and improving healthcare facilities. However, it falls short in addressing long term value such as changing the mind-set among the public towards such crises, revisiting skills needed to survive in the future, investing in social innovation and multidisciplinary collaboration ventures.

Here are trends that will shape the future of corporate social responsibility. No doubt, CSR activities are intended for the general public, but it starts firstly from the employees of the companies. Right now, most of the companies have taken precautionary measures for most of their employees to Work from Home and also Use masks and Washing hands with sanitizers frequently for those working under emergency duty.

- **Charity begins at home:** Due to the pandemic, there was greater awareness of human values and a negative sentiment towards materialism. There will be increased pressure on organizations to first take care of their own staff and for nations to consider their citizens first before pitching in for others. More effort will be taken to be 'local' and 'origin of source' will play a big part in consumption patterns. Taking care of the well-being of people is foremost for leaders/team in organizations and those who lead countries even before tackling external stakeholders and their experiences.
- **New ways to measure success:** Organizations and nations will need to revisit their operations and what they value the most. New Zealand, for example, is investing in their peoples' wellbeing and mental health with a budget earmarked for it, a first for a nation. Bhutan, for example, values Gross National Happiness as an indicator of their citizen's wellness and nation's progress. Measurement of CSR success will also need to be real-time rather than annual as disruptive changes occur more frequently.
- **Skilling for a new normal:** Engaging in a VUCA world means having the mind-set and agility to think creatively and meaningfully. Adaptive leadership is the need of the hour and organizations will have to invest more in reskilling employees and leaders on staying resilient for the future. These skills can then lead to newer and better forms of volunteerism – digital volunteering will be key going forward although the infrastructure needs at the beneficiaries' end is as crucial as those wanting to pitch in.
- **Social innovation for the future:** Apart from pivoting to support on-going needs such as community based screening, creating PPE kits and supporting vulnerable communities, social innovation in the future will mean co-creating and crowdsourcing more from stakeholders. Open and social innovations will mean facilitating approaches to co-operation and crowdsourcing via digital platforms.
- **Increased accountability and partnerships:** Stakeholders will demand greater transparency and involvement in how CSR is conducted. A majority of people surveyed globally (85%) believe the crisis has revealed issues

and is accelerating change that needed to happen anyway. Partnerships and alliances will grow in strength. One of the observations from how organizations operated and continue to operate is their willingness to co-opt and collaborate, rather than compete. One interesting case is of organizations sharing resources like staff to mitigate the crisis. Another example is of organizations coming together to help each other find and place workers who lost jobs in this environment.

- **Attracts the new age millennial**

It is believed that most adults consider themselves social activists. Everyone wants to feel that they are doing something challenging that is positive for society.

- **Helps retention of talent**

Employees feel that they would like to be part of an organisation that is more than just about profits. To help them achieve this goal on an individual level, a lot of companies now provide their employees with the benefit of taking time off to volunteer in different organisations. The idea is to match the personal vision with the social vision of the company.

The Covid-19 pandemic has been disastrous globally, India not excluded. One would be hard put to point out one positive development due to it. Yet strangely there is one. It has helped push the idea of a company's responsibility or irresponsibility to society deeper into corporate consciousness.

For one, it has taught companies that it can no longer be business as usual. For another, it has helped focus on the idea of corporate irresponsibility as the obverse of corporate social responsibility.

Policy changes

Three policy changes due to the Covid pandemic have had an effect on the quantum and nature of CSR spending. The first policy change was to allow spending of CSR funds on Covid-related activities. Apart from contribution to the PM CARES Fund and to the State Disaster Management Authority, expenditure incurred on preventive healthcare and sanitation, ex-gratia to temporary/casual workers over and above daily wages, providing quarantine facilities to those affected, amongst others, could be considered as CSR spend.

The second policy change was to allow all donations for Covid-related efforts to be eligible for 100 per cent tax deduction. And the third will allow companies who contribute over and above the minimum prescribed amount to later offset the excess against the CSR obligation arising in subsequent years, if they so desire.

Consequently, corporate India has shown that it cares as much as the PM. Crores of rupees have been donated to various government funds. According to one report, India Inc. spent ₹7,537 crore as CSR obligations in two months on Covid-related concerns. This included ₹4,316 crore in donations to the PM CARES Fund. The remaining ₹3,221 crore was spent on other relief funds, food and ration donation, masks, sanitisers and protective gear kits.

There have also been a few in-kind donation announcements, including for counselling helplines or e-learning resources, drones, and food supply; making free or

discounted testing kits or services, or sanitizer available, and so on.

Corporates are also looking for NGO partners working in the areas where they have factories, plants or other set-ups, especially those in remote or rural areas.

Enduring effect

While such generosity is welcome, the downside from a long term point of view is that it has meant a diversion of a majority of CSR funds to short term Covid-related activities, and that too through contributions to the PM CARES Fund. It has left the regular developmental works being undertaken through NGOs dry of funds and halted them before completion.

Very few corporates seem to be taking a medium- or long-term approach, by investing, for instance in food and agriculture supply chains, or livelihoods support post-Covid. Moreover, many more entities such as Armed forces veterans, and municipal corporations have been made eligible to receive funding, increasing the competition for the CSR pot. The Ministry of Labour is also said to be pushing for expanding the definition of 'spending' under the CSR law to include contributions towards a social security fund for unorganised workers. This has made finding funds for long-term development harder for NGOs.

A more positive trend is that of spending on socially relevant advertising round social causes and movements such as environment, gender equality, domestic abuse, race and others. This, if done sensitively and sincerely and is sustained, is likely to change social mores and add more too long lasting positive social change than money on a few discrete projects funded by CSR contributions.

Two sides of the same coin

One final indication of a positive trend is that companies are realising that corporate social responsibility and corporate social irresponsibility are two sides of the same coin; that irresponsible behaviour can bounce back on companies, hurting their reputation and hence profits and productivity.

Covid-19 may not have been directly caused by environmental change, but it has shown how interrelated the world is, and how irresponsible behaviour in one part can have global repercussions. Instead of a virus, think glaciers melting, seas rising, fishing wiped out due to plastic pollution, and so on. The shutdowns, labour migrations and impact on supply chains have had a sobering effect on the mindless quest for greater profits. At least one hopes so.

Serological Profile of COVID-19

One of the Pharmaceutical Industry has come forward to understand the effect & impact of COVID-19 and they have come up with the Serological Profile of COVID-19 which speaks Various studies have shown that IgM and IgG class of antibodies can be detected almost simultaneously in the early phase of COVID-19 infection. During the acute phase of infection, the titer of IgM & IgA antibodies to SARS-CoV-2 rises rapidly and IgA antibodies peaks around 22 days while IgM antibodies peaks around 14 days. The IgG antibodies to COVID-19 appear around 14-15 days and may persist for 6 months or more.

The detection of total antibodies (IgM, IgG & IgA) to SARS-Covid-2 virus provides the improved sensitivity and better tool for screening and following up an acute or recent infection. Signal to noise ratio of RT-PCR confirmed

Covid positive samples is high in double antigen sandwich ELISA as compared to Covid IgM or Covid IgG differential ELISA tests kit. Detection of IgM, IgG & IgA antibodies to COVID-19 antibodies are useful in:

1. Providing information for disease prevalence
2. Frequency of asymptomatic infection
3. Identification of potential donor for convalescent plasma
4. To test the susceptibility or resistance to subsequent re-infection.
5. To perform epidemiological and surveillance studies to track the spread of virus.

Coronavirus Health Insurance Policy

Coronavirus health insurance policy is a customised health insurance policy aimed at covering hospitalisation, pre-hospitalisation and post-hospitalisation expenses, and other medical expenses arising due to the treatment of COVID-19. Almost all health insurance policies now offer cover for the treatment of coronavirus in India. The cover is available from day 1 after the insured is tested coronavirus positive. Since COVID-19 is a new disease, it does not fall under the category of pre-existing diseases.

Coronavirus (COVID-19) Health Insurance Plans in India

COVID-19 Health Insurance

Pandemic declared coronavirus (COVID-19) has impacted the lives of many across the globe. In India, the total number of people affected by the disease has crossed 5.1 million (as of 16 Sept 2020) and is still counting. Keeping in consideration the number of cases going up and no news of a successful vaccine yet, the Insurance Regulatory and Development Authority in India (IRDAI) had issued a circular asking the insurance providers to come up with health insurance plans to offer protective coverage for expenses related to the coronavirus disease.

If you are looking for a health insurance policy with comprehensive coverage, then you can purchase a standard health insurance policy that covers all medical expenses including those related to the treatment of novel coronavirus. One can also choose from two short-term health insurance policies recently launched by the IRDA that are designed to cover coronavirus treatment expenses only.

Corona Kavach Policy: COVID-19 Insurance

Corona Kavach Policy is a single premium standard health insurance policy that covers treatment expenses related to COVID-19. It is an indemnity based health insurance policy that covers both individuals as well as families at an affordable premium. You can cover self, dependent children, parents, and parents in law under this policy for a period of 3.5 months (105 days), 6.5 months (195 days), and 9.5 months (285 days). Offered by both private and general insurers, the policy offers cover against AYUSH treatment expenses, homecare treatment expenses, pre-hospitalisation expenses, post-hospitalisation expenses, and road ambulance expenses. The best thing about the policy is that it comes with a short waiting period of 15 days, which means that you can start availing of policy benefits soon. Also, you can opt for a daily cash benefit by paying an extra premium.

Corona Rakshak Policy: COVID-19 Insurance

Corona Rakshak Policy is a standard health insurance policy especially designed to cover treatment expenses related to COVID-19 is Corona Rakshak Policy. Unlike Corona Kavach Policy, it is a benefit based health insurance policy that pays the insured a lump sum benefit equal to 100% of the sum insured if he/she is tested positive for COVID-19. The policy offers coverage on an individual basis for sum insured options ranging between Rs. 50,000 and Rs. 2.5 lakh in the multiples of Rs. 50,000.

The policy can be purchased by people aged between 18 years and 65 years. Available for short policy terms of 3.5 months, 6.5 months, and 9.5 months, the policy gets terminated upon the payment of benefit. But the insured can avail of policy benefits only he/she is tested COVID-19 positive at a government recognised centre and gets hospitalised for at least 72 hours continuously. The policy comes with a short waiting period of 15 days but does not offer lifetime renewability benefit, it being benefits based policy.

Corona Kavach Policy vs. Corona Rakshak Policy

As discussed, Corona Kavach Policy protects the insured from healthcare expenses related to hospitalisation and treatment in case the policyholder catches COVID-19 infection. The policy covers most of the hospitalisation expenses including treatment cost, medication, room rent, nursing, etc. But this COVID-19 insurance policy only takes care of the treatment cost and nothing else will be covered.

Whereas Corona Rakshak Policy is a benefit-based policy that offers 100% of the sum insured irrespective of medical expenses incurred. The policy is recommended if you are the breadwinner in your house.

Conclusion

CSR & the Beneficiaries, who are currently facing one its greatest challenges, can certainly survive to live another day. Not only that, the learning from this crisis can be effectively leveraged to uncover hitherto neglected segments and will ultimately lead to a booming business within the next 3-4 years.

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