



## CSR and the COVID-19 Pandemic

*A quick-read report for CEOs on the benefits of CSR*

### Corporate Funding Reactions to the 2020 Crisis

In response to the novel coronavirus that catapulted the world into uncharted territory in the early spring of 2020, many U.S. companies anticipated the need for change and saw value in “doing good” by their employees, customers, and the community. Organizations turned to Corporate Social Responsibility (CSR), recognizing an inescapable priority for business leaders to make the communities they operate in better for the greater good, and adjusted their funding for programs accordingly.

In the wake of the pandemic, nonprofits – which employ more than 24.1 million people (*2019 Nonprofit Employment Statistics, Cause IQ, January 2020*) and contribute an estimated \$1.05 trillion to the national economy (*The Nonprofit Sector in Brief 2019, Urban Institute & National Center for Charitable Statistics, June 2020*) – need accessible funding to cover both increased demand and general operating expenses, without the usual restrictions of corporate funding. Last year’s funding trends showed that corporations heeded the call and switched gears from their standard funding guidelines to ensure that nongovernment organizations (NGOs) supporting pandemic efforts received the needed resources as fast as possible and without red tape.

#### Statistics: CSR Funding in Response to COVID-19

- According to *Cause IQ*, nonprofits may have lost between \$5.7 to \$16.9 billion in income typically generated from fundraising events due to COVID-19 related government policies on large gatherings, social distancing, and non-essential businesses.
- Corporations accounted for 44% of \$20 billion awarded for COVID-19 globally in 2020. (*Philanthropy and COVID-19: Measuring one year of giving, Candid and Center for Disaster Philanthropy, 2021*)
- 36% of corporate leaders responded to the crisis by adding or changing gift matching policies for their employees, presenting more opportunities for pro bono or skills-based volunteerism, making more local grants or forging new partnerships. (*Pulse Survey: Topic: Budget Changes due to COVID-19 response, Chief Executives for Corporate Purpose (CECP), April-May 2020*)
- 47% of companies stated their community investment budget increased in 2020 due to COVID-19 response. (*Pulse Survey, CECP, April-May 2020*)
- More than 68% of CSR professionals reported that they had funded new nonprofits to address urgent human needs. (*COVID-19 Impact on CSR Industry Survey, Rocket Social Impact & Association of Corporate Citizenship Professionals (ACCP), May 2020*)
- 18% of companies predicted their community investment budgets would increase in 2021. (*Pulse Survey, CECP, April-May 2020*)

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## Long-term Impact of COVID-19 on CSR & Funding

There is great potential that CSR development will accelerate even faster in a post-pandemic world, as businesses realize that their social impact decisions may greatly affect their company's long-term sustainability and success. Experts predict that CSR will become an even greater priority in the aftermath of COVID-19. The World Economic Forum notes that "business leaders have pledged to contribute their skills, networks and resources to shape the COVID-19 recovery and build back better," and corporations will create stronger foundations of economic and social systems jointly and swiftly for a "fairer, more sustainable and more resilient future."

### A Shift Towards More Genuine & Authentic CSR

According to the article, "The impact of COVID-19 pandemic on corporate social responsibility and marketing philosophy," by He and Harris, the COVID-19 pandemic will accelerate post-pandemic CSR development in the long run, as more and more firms and businesses realize that their long-term survival and development hinges on achieving a delicate balance between profitability and harmony with its various stakeholders.

## Local Impact of COVID-19 on CSR & Funding

The pandemic has heightened the need and increased demand for the products and services our regional nonprofits provide. According to the Center for High Impact Philanthropy, \$40 million was distributed in the Philadelphia region during COVID-19. Pooled funds were created relatively early in the pandemic and over 4,800 grants totaling more than \$40 million were made across 10 counties in the region between March and June 2020.

### Additional statistics

- 80% of Pennsylvania nonprofits experienced a loss in revenues in 2020, with 87% reporting a negative impact from COVID-19. (*Impacts of COVID-19 on Pennsylvania Nonprofits, The Pittsburgh Foundation, The Community Foundation of Westmoreland County, The Forbes Funds, Pennsylvania Association of Nonprofit Organizations and United Way of Southwestern PA, October 2020*)
- The greatest revenue loss was reported by:
  - 47% of smaller nonprofits operating with budgets of less than \$100k
  - 37% of nonprofits with budgets between \$100 - 500k,
  - 7% of nonprofits with budgets greater than \$10 million(*Impacts of COVID-19 on Pennsylvania Nonprofits, October 2020*)
- Nonprofits represent 25% of our region's economy. (*The Financial Health of Greater Philadelphia Nonprofits, Nonprofit Repositioning Fund, November 2020*)

## Satell Million Dollar Match

At the height of the pandemic, the Satell Institute and many of its Member CEOs, donated more than \$3 million to fund the Satell Million Dollar Match Opportunity to assist nonprofits in their unique time of stress. Ed recognized the devastating effect of the pandemic shutdown on the Institute's Nonprofit Affiliates and wanted to create a lifeline. He donated \$1 million personally to fund the program. Stimulated by Ed's leadership, Member CEOs from across a broad segment of the region's top corporations quickly came together to donate nearly \$2 million, in matches of \$10,000 each. These matches supported nonprofits that were negatively impacted by COVID-19 and their critical missions. The Satell Million Dollar Match was a huge success, demonstrating real leadership in time of crisis.

