

# Chapter 13

## Corporate Social Responsibility (CSR) in Hotels in Austria, Pakistan, and Indonesia: Small and Medium Enterprise Spillover of COVID–19

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### **ABSTRACT**

*The purpose of this study was to contribute to the recent realm of research on COVID-19 to understand how the pandemic affected the business of SME hotels in Austria, Pakistan, and Indonesia, and what strategies and corporate social responsibility (CSR) were implemented by these while working in this crisis time. With reference to the existing situation, talking about the CSR leads to the broad concept of sustainability. It is a wide field focus on academia as well as industry alike. It was observed that scholars and managers are involved in the debate about the responsibilities of trade towards society. Across such debates, CSR of the business in dealing with social problems has been pondered. CSR is associated with the business organizations in order to find their economic, social, political, and educational involvement towards the improvement and development of the staff of the organization, community, and society.*

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## INTRODUCTION

The purpose of this study was to contribute to the recent realm of research on COVID-19 to understand how the pandemic affected the business of SME hotels in Austria, Pakistan and Indonesia, and what strategies and Corporate Social Responsibility (CSR) were implemented by these while working in this crisis time. While talking about the CSR leads to the broad concept of sustainability. It is a wide field focus on academia as well as industry alike. For many years, it has been observed that scholars and managers are involved in the debate about the responsibilities of trade towards society. Across such debates, CSR of the business in dealing with social problems has been pointed to ponder (Wong & Kim, 2020; Maines da Silva & Maines da Silva, 2020). CSR is associated with the business organizations in order to find their economic, social, political, and educational involvement towards the improvement and development of the staff of the organization, community, and society by large. It is a sense of realization and morals of the company for which they cannot be compelled to do so. CSR is assumed as an obligation of the larger organizations where Small and Medium Enterprises (SMEs) are liberated from such liability (Asante Boadi, He, Bosompem, Opata & Boadi, 2020; da Silva, & da Silva, 2020). It is deemed that SMEs are engines of economic growth (Bögenhold, 2019). Along with commercial activity, CSR adopted by SMEs, mostly in the hotel sector, can cause sound prosperity and a healthy environment. Despite this, due to social, economic, and financial constraints, SMEs are sometimes not able to reciprocate to society in the form of CSR (Bögenhold, 2019). Due to these redundancies, there is a lack of research on the role of SMEs in CSR (Naz, & Bögenhold, 2020, pp. 75-95).

SMEs are distinguished by their features like flexibility, a propensity for entrepreneurial ventures (Bögenhold, 2020; pp. 19-35), smaller production volumes, simple organizational structure, and informally internal communication (Lazarevic-Moravcevic, 2019, 104-112). However, SMEs is supposed as more in times of economic crisis. The early evidence indicates that the impact of the COVID-19 pandemic on SMEs is worse than the 2008 financial crisis (; Chowdhury, 2011). Given that SMEs are the engines of economies around the world, their collapse could significantly impact the growth of national economies (Bartik, et al., 2020).

SMEs is badly affected by the ongoing crisis of COVID-19 more severely than the large enterprises and large industries (Manuel & Herron, 2020). According to Narjoko and Hill (2007), the effects of the economic crisis on firms are profound, however they are uneven between firms. SMEs is in general more vulnerable to the crisis for many factors, such as economic recession, refugee crises, inflation, heavy tax system, etc.

The commercial activities of the SMEs may expose them to difficulties in maintaining their business and activity in the face of the crisis (Bourletidis & Triantafyllopoulos, 2014). According to the organisation for Economic Co-operation and Development (OECD, 2009), it is very challenging for them to downsize as they are already small in size; they are less diversified in their economic activities; they have a fragile financial structure; they mostly rely on credit and they have fewer financing options. SMEs is usually associated with risk-taking and findings show (Soininen, Puumalainen, Sjögrén & Syrja, 2012, 927–944) that risk-taking firms tend to be in more trouble especially in operations related both to short and long-term financing since they may already be highly-leveraged before the recession and when the recession begins, rising interest rates along with decreasing sales can cause them financial distress.

However, SMEs are not free from performing responsibly and sustainably. This study is an attempt to explore the CSR observed amid COVID-19 by SME hotels in developed and developing countries like Austria, Indonesia and Pakistan where SMEs specifies the major chunk in the economy. The COVID-19

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