

Chapter 4

Socially Responsible Value Creation in the Post-COVID-19 Era: Taking Advantage of Dynamic and Digital Capabilities

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ABSTRACT

The unfortunate economic environment emanated from the outbreak of the coronavirus has suddenly raised business organizations' concerns over the value creation. This new era forced them to focus on dynamic and digital capabilities to cope with the adverse changes. Following the stakeholder theory and the resource-based view, this chapter attempts to specify value creation of companies to preserve strategic position while satisfying the demands and interests of their stakeholders. In this sense, corporate social responsibility (CSR) seems a viable way of providing help and support to stakeholders during the fight against the pandemic as well as a catalyzer for the integration of sustainable development goals that can bridge the widened gap in the society. Hence, this chapter seeks to present an understanding on socially responsible value creation, dynamic and digital capabilities, and implementation of sustainability-driven CSR initiatives to ensure recovery, growth, and achieve sustainable development goals.

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INTRODUCTION

Before 2020 began, nobody was aware that a global pandemic was coming soon. The reason behind is, in the historical context, the last devastating epidemic which was known as Spanish flu and resulted in millions of people killed, occurred in 1918 (Correia et.al., 2020, p.5-6). Considering the impressive scientific developments in the pharmaceutical industry over the past century, neither business practitioners nor policy-makers could have imagined facing an infectious disease while they were determining their agenda. Unfortunately, the unexpected Covid-19 has made its way into world history by 2020 as a pandemic that brought about a global crisis. There is no government, organization or person that has not been affected more or less by the pandemic. At the organizational level, the crisis made the strategic planning that companies performed for the year of 2020 completely irrelevant. Covid-19 has tested crisis management approaches and decision-making processes. Since ad-hoc problem solving typically appears as a response to novel challenges from the environment or other relatively unpredictable events (Winter, 2003), leadership and upper-level management of many organizations had to take ad-hoc, not-well-informed decisions instead of well-informed, deliberate strategic decisions.

With the outbreak of coronavirus, most companies have shifted to the survival mode or firefighting mode and triple-bottom-line objectives were replaced immediately by a single bottom-line objective of saving the day and making profits to survive. However, the crisis is one of the driving forces for change not in the short run, but also in the long run. Under these circumstances, business organizations must rethink the entire value proposition in their strategic management framework (Kytte and Ruggie, 2005) and focus on how they can align their decisions and operations into the United Nations' (UN) Sustainable Development Goals (SDGs). As a viable tool for organizations to achieve these overarching 17 goals of the UN, corporate social responsibility (CSR) can play a leading role in decision-making processes of organizations to foster a sustainable future for societies. Adoption of responsible organizational behavior and creation of value on the basis of the triple-bottom-line approach are presumed as catalyzers to achieve SDGs amid the pandemic and afterwards.

The objective of this chapter is to discuss value creation through CSR initiatives in line with dynamic and digital capabilities and hence contribution to sustainable development goals. For this purpose, the study first provides a conceptual framework for socially responsible value creation. In the second section, drivers of value creation amid the pandemic are sought to be identified. Finally, considering the integration of various CSR practices on behalf of SDGs, the chapter specifically focuses on two of the UN's SDGs regarding good health and well being (SDG-3) and quality education (SDG-4) in order to exemplify how CSR initiatives can be used to contribute to the sustainable development with the real-life business examples. Since the gaps on SDGs are widening due to the pandemic impacts, this theoretical study can provide an inspiring insight on socially responsible value creation and sustainability driven CSR.

CONCEPTUAL FRAMEWORK

The Concept of CSR Through the Stakeholder Perspective

The concept of CSR whose time has not yet come until the 1960s and beyond is based on the idea that a business has certain responsibilities towards society beyond profit-making motivation. Both academicians and practitioners have been struggling to establish a consensus definition of the concept since the

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