Can small and medium businesses endure the COVID-19 crisis through strategic philanthropy?

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Abstract

Purpose – Small and medium-sized firms (SMEs) are typically reported to have a limited interest in broader societal concerns across the world. As a result, the purpose of this study is to develop a model of SME's strategic philanthropic performance in light of the societal reactions to the COVID-19 issue, particularly in terms of the intervention of corporate spirituality and the solid regulatory motive behind these.

Design/methodology/approach – A systematic mixed review analysis has been executed to analyze the strategic philanthropic performance configuration triggered by the recent COVID-19 crisis, in which over 369 publications are read and reviewed by the authors. It has also established the reliability and validity of literature analysis. Also besides, a short form of qualitative investigation has been used to support the direction of the study.

Findings – Through regulatory adjustments, the study's findings effectively developed a strategic philanthropic performance configuration for SMEs. In this case, the strategic philanthropic convergence of corporate giving, corporate volunteering, corporate foundation and food bank has the potential to help SMEs thrive in the long run. The study also discovers that corporate spirituality might potentially mediate between appropriate regulations and strategic philanthropic performance of SMEs in the context of a supportive external environment.

Research limitations/implications – Prior empirical attempts are subsequently required to inquiry about the proposed conceptualization from different perspectives.

Practical implications – The decision-makers of SMEs, with the efficient implementation of the proposed outline, will use the understanding given for their required actions to develop the competitive advantage in terms of social concerns. On this note, the outcomes of the study can also enhance business differentiation and competitiveness. It can also serve as a strategic guideline for firms to develop organizational values for long-term survival.

Social implications – In the COVID-19 reality, SMEs will contribute to the concerns through philanthropy activities that are better suited for both enhanced social good and greater corporate advantages. The idea can also serve as a basis for SMEs to accomplish the Sustainable Development Goals (SDGs).

Originality/value – To the best of the authors' knowledge, this is the first research that conceptualizes the influence of government regulation on the strategic philanthropic performance of SMEs while taking corporate spirituality into account in order to survive the COVID-19 crisis.

Keywords CSR, SME, Food bank, Strategic philanthropy, COVID-19

Paper type Conceptual paper

Introduction

The worldwide health, economic and social consequences of the COVID-19 pandemic are becoming more severe day by day. The epidemic has interrupted all business and personal activities across the world. The pandemic is also expected to provide an unprecedented external shock to small- and medium-sized companies (SMEs) (Islam *et al.*, 2021a; Juergensen *et al.*, 2020).

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According to the IMF report, the pandemic would result in a nearly 9% point rise in the failure rate of SMEs (Gourinchas *et al.*, 2020). Despite the fact that SMEs contribute significantly to economic growth, they are frequently the most susceptible to severe public crises (Lu *et al.*, 2020). SMEs, however, play a significant role in the majority of countries, since they promote growth, create jobs and open new markets. This sector accounts for up to 40% of GDP in developing nations and accounts for 70% of all occupational possibilities (World Bank, 2018). According to a World Trade Organization (2016) research, SMEs also account for more than 90% of commercial setups, 60 to 70% of employment and 55% of GDP in advanced nations. Furthermore, SMEs are well-known for their lack of resources, which limits their ability to fulfill their social obligations (Anwar and Clauß, 2021). However, given the importance of SMEs in economic growth, it is becoming increasingly impossible to disregard the latter in socially important issues or concerns (Larrán Jorge *et al.*, 2016). Interestingly, the pandemic has compelled SMEs to develop a strategic competitiveness landscape to survive the crisis and protect stakeholders such as employees, owners, communities, suppliers and customers in terms of social obligations (Islam *et al.*, 2021b; Mahmud *et al.*, 2021; Tesfaye and Lundström, 2021).

As the business model evolved (Carroll *et al.*, 2012), society modernized, customer pressure increased, regulation acknowledged various demands and rivalry emerged, social performance became a major source of competitive advantage for businesses (Anwar and Clauß, 2021; Frynas, 2015). Companies have understood that corporate social responsibility (CSR) is the key to gaining competitive advantage (Lee *et al.*, 2016), positive reputation (Zhu *et al.*, 2014) and financial success (Cavaco and Crifo, 2014). Surprisingly, rather of implementing CSR in terms of "doing good", the duty of "avoiding bad" concentrates the conversation on CSR (or "corporate social irresponsibility" (CSI)) on problems of insurance and prevention (Lin-Hi and Müller, 2013) rather than "to promote some social good" (von Schnurbein *et al.*, 2016). In this context, we believe that corporate philanthropy may be a valuable strategic component of CSR during this epidemic. Carroll and Shabana (2010) also integrate philanthropy as part of the ethical CSR domain. Although it has been argued that corporate philanthropy is unique to CSR, the relevance of corporate philanthropy for businesses and society should not be overlooked but should be recognized for its economic, motivating, creative and moral values (Aakhus and Bzdak, 2012; von Schnurbein *et al.*, 2016). Firms can align social activities with their own goals, objectives and markets through strategic philanthropy. If SMEs use philanthropic strategies to respond to the COVID-19 problem, it may be a watershed moment that will be remembered for decades.

Many scholars who take a broad view of the neoclassical arguments believe that corporate philanthropic approaches can really improve economic performance (Gautier and Pache, 2015). According to the aforementioned enlightened self-interest approach, executives' primary reason for engaging in corporate philanthropy may thus be maximizing profits. Corporate philanthropy, however, has frequently come under fire for lacking in strategic value (Cha and Rajadhyaksha, 2021). Two characteristics of corporate philanthropy as it has been practiced up to this point have drawn criticism from academics: its low degree of participation and its detachment from the company's primary business. Interestingly, most socially responsible strategies fail because they emphasize the conflicts rather than the connection between business and society (Porter *et al.*, 2006). As a result, CSR and charitable initiatives are not aligned with the company's strategy and do not improve the company's long-term competitiveness or have any significant societal effect. These scholarly criticisms undoubtedly reflect how managers in many businesses struggled to integrate charitable giving into their overall business strategy.

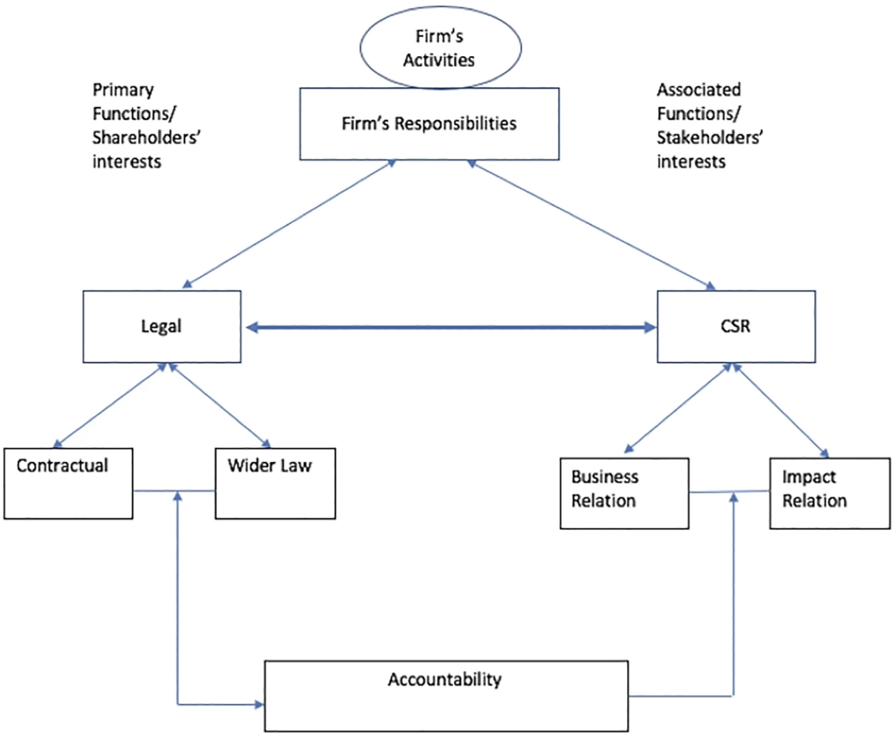
The study of Muller and Whiteman (2009) examines the charitable strategies of Fortune Global 500 companies from North America, Europe and Asia to search for regional trends in three recent disasters: (1) South Asian Tsunami, (2) Hurricane Katrina and the

(3) Kashmir earthquake. They detect evidence that a company is more likely to give, both in frequency and volume, if it is located in a disaster-stricken area. In addition, Koehn and Ueng (2010) discover that corporations with restated earnings are more generous in their philanthropic donations in a sample of 384 US firms. Crampton and Patten (2008) also discover that changes in corporate donations following 9/11 are positively and significantly related to a firm's pre-existing short-term profitability. Again, some research studies show that investors reacted badly to Hurricane Katrina's shock, particularly for businesses seen to be socially irresponsible (Muller and Kräussl, 2011). However, because philanthropic strategy is a costly expense and represents a direct outflow of resources (Fombrun *et al.*, 2000), a firm's philanthropic actions are also influenced by its resource availability (Sasse and Trahan, 2007). A crucial stakeholder in this context is government support, which may substantially impact corporate philanthropy activities through business involvement (or regulatory pressure) based on the available resource base (Albareda *et al.*, 2009; Chen *et al.*, 2022). Bertrand *et al.* (2020) stress that businesses might obtain tax breaks through philanthropic initiatives. In addition, Hao *et al.* (2020), Wang and Qian (2011) and Yang and Tang (2020) argue that charitable actions can assist a company in eliciting good stakeholder responses (e.g., investment) and gaining political access.

A growing amount of literature has recently focused on the necessity to regulate socially responsible behavior and the function of legislation (Fassin, 2008; Malesky and Taussig, 2019; Situ *et al.*, 2020). However, because there is no agreement on the nature of the duties that corporations have under the present CSR models, imposing regulations is fraught with difficulties. Scholars have been compelled to investigate the relationship between law and CSR because of the rise in the number of negative externalities associated with business operations and the limited role that voluntary approaches to CSR have played in alleviating them (Okoye, 2016). Philanthropic components have significantly reduced the potential for adopting regulation within CSR in this approach. They may present chances for businesses to take advantage of such charitable gifts to later cause additional harm by circumventing CSR commitments (Luo *et al.*, 2018). Through such charitable giving, businesses might assert that their CSR responsibilities have been met while failing to fully address the urgent issues. In this situation, the two sets of obligations that inherently go along with a function are legal and moral.

Interestingly, several studies support the concept that, rather than jeopardizing firms' survival during a crisis, socially responsible practices may potentially provide an opportunity for decision-makers to achieve growth for their businesses (Bocquet *et al.*, 2017; Islam *et al.*, 2021b; Yelkikalan and Köse, 2012). In this respect, the value generated in philanthropic activities cannot only mitigate the negative economic impact of the crisis on a short-term basis but may also contribute to product or service differentiation and to strengthening relationships with stakeholders, especially customers (Arco-Castro *et al.*, 2020), which in turn sustain long term profitability (Karaibrahimoglu, 2010). In fact, philanthropic initiatives to prevent the local business setting from degrading can favorably affect the competitiveness of firms in the long term. There is considerable evidence that SMEs are using beneficial chances to effectively manage their resources for social performance (Gautier and Pache, 2015; Memon *et al.*, 2020). This is particularly essential in the context of the COVID-19 for the intervention of holistic personal values or psychological aspects of SME's decision-makers since all people do not share the same positive mentality in participating in social activities (Anwar and Clauß, 2021; Carroll, 2021; Zawawi and Abd Wahab, 2019). The relationship between decision-makers' spirituality and philanthropy here seems inherent as spiritual values might affect one's outlook on social commitments (Rahmawati *et al.*, 2019). Zsolnai (2015) also emphasizes that corporate ethics need a spiritual base because spirituality connected to a strong character of social good and the public good is a practice of value management with a strong feeling of social responsibility. *The direction may serve as a foundation to connect accountability with responsibility* (see Figure 1).

In response to the preceding arguments, we anticipate that a suitable regulatory structure strengthens holistic incentives and, as a result, can lead strategic philanthropic performance of SMEs in surviving the current crisis through the negotiation of corporate spirituality. Tamvada's (2020) study establishes the ground for our understanding that his framework provides a platform for consistent development of legislation across different nations, which may lead to the successful discharge of social obligations. According to the study, moral or ethical obligations are interwoven with legal responsibilities connected with the execution of fundamental activities by a firm. While the current literature on CSR has highlighted the necessity for an appropriate regulatory framework (e.g., Boodoo, 2020; Kinderman, 2020; Wang *et al.*, 2018), few studies have offered an explicit and direct investigation of the relationship between regulation and strategic forms of corporate philanthropy (Jain *et al.*, 2021). Despite this, the influence of corporate spirituality of managers and owners as it relates to philanthropic activities is frequently overlooked. Perhaps no study has yet focused on corporate spirituality in the social obligations of SMEs during the COVID-19 pandemic. Given the limitations, this article sets the research focus on how suitable regulation from the government can assist SMEs in achieving corporate spirituality-driven strategic philanthropic performance to endure the COVID-19 crisis. The study's main goal is to add to the corpus of knowledge about transdisciplinary approaches to the intersection of CSR and strategic management.



Source(s): Tamvada (2020)

Figure 1. A framework for social performance regulation

The next section would examine the study's methodology before going into the concepts of corporate philanthropy, corporate spirituality, government support (regulation) and theoretical underpinnings. In addition, the study will offer a brief analysis of qualitative results to support the predicted configuration. The study query would then be answered using a newly conceptualized model of strategic philanthropic performance, which may serve as a holistic path for SME's to endure the COVID-19 crisis on basis of social obligations.

Methodology

This study used the mixed review analysis approach proposed by Islam *et al.* (2021a). The part on systematic literature review was based on previous comprehensive research in which the authors read and assessed over 500 papers. The overall method followed Hart's (2001) proposed phases for performing an SLR: (1) identifying sources of information, (2) identifying publications and (3) identifying item reviews. The authors also began with a list of key databases, which included WoS (Web of Science), SCOPUS, Emerald, ScienceDirect, Springer, Sage, MDPI, Google Scholar and Wiley Online Library. We were able to generate a comprehensive list of relevant peer-reviewed publications by using a mixed combination of databases. All of the articles were divided into the five categories stated below: (1) essential words; (2) unit of analysis; (3) region of data collection (i.e., contexts or settings); (4) approach (conceptual vs. empirical); and (5) application of theoretical outline. The papers were screened by concentrating on their content relevance by reading their abstracts and, in certain cases, the entire articles. We identified 369 articles that were relevant to our research direction. Following this assessment, we found many pertinent topics, including (1) CSR, (2) business ethics, (3) corporate philanthropy, (4) government assistance, (5) sustainable business, (6) the COVID-19 pandemic and (7) miscellaneous. The literature review was conducted by two researchers, and each stage was addressed before and after to improve inter-rater reliability throughout the literature analysis (Seuring and Müller, 2008). The objective was to attain validity by sampling articles according to accepted criteria (Hart, 2001), and constructs from previously published literature reviews were compared, both inside and beyond the focus of study (Fagerberg *et al.*, 2012; Horte *et al.*, 2008). Furthermore, continuing research on this issue has been presented at conferences and seminars, giving other academics the opportunity to give input on work-in-progress.

In addition, a qualitative investigation design was used in conjunction with the purposive judgmental sampling technique to support the direction of our study. The study's intended goal was for 10/12 interview sessions; however, data saturation related to our purpose was achieved so quickly that no new codes were produced from the last few interviews. Nine semi-structured interviews were performed in all. The semi-structured interview technique was used in this case since it was appropriate for gathering observations to help in the study's desired conceptualization. All interview sessions were conducted by Facebook Messenger video chat and lasted around 8–10 min, based on scheduled appointments. The entire operation took only a few weeks to complete. Both online meetings with reflecting members were audiotaped and transcribed verbatim and the transcripts were entered into coding and analytic tools. The procedures for conducting interviews, capturing audio and coding activities were all carried out by a single researcher, ensuring optimum familiarity with the collected data. Furthermore, as research support resources, non-governmental organization publications, theses, project documents and documentary films were used. At this stage, the analyzed data have been triangulated in order to improve the validity and reliability of the research process.

Corporate philanthropy

Firms have faced contradictory expectations from the public and shareholders over the last few decades. On the one hand, the public has demanded higher standards of social responsibility from businesses, while shareholders have demanded the maximum return on their investments (Cha *et al.*, 2022). According to Rangan *et al.* (2015), businesses increasingly engage in a broad range of CSR activities, from pure charity to environmental sustainability to the proactive pursuit of shared value. Businesses may try to deliberately adopt charitable giving to balance business goals and strategies with societal responsibilities, which helps to enhance their competitive context—the caliber of the business setting in the regions where they operate (Cha *et al.*, 2022; Godfrey, 2005; Porter and Kramer, 2002). In this case, institutional settings may strengthen corporate philanthropy, enabling businesses to use it strategically and allocate more resources to it as part of their social performance (Mithani, 2017).

At present, there has been a significant amount of scholarly study on corporate philanthropy, which is defined as the "voluntary and unconditional transfers of cash or other assets by corporations for public purposes" (Gautier and Pache, 2015). There are still some uncertainties around the notion of corporate philanthropy (Liket and Simaens, 2015). Chen *et al.*, 2022 strictly define corporate philanthropy as monetary and supply gifts. In practice, corporate philanthropy nowadays consists mostly of strategic donations or charities. In truth, corporate philanthropy refers to a company's contributions to initiatives that benefit the community as a whole (Godfrey, 2005). These charitable activities may be financially beneficial to businesses if corporate philanthropy is handled strategically, which means that managers match philanthropic investments to the firm's commercial objectives (Su and Sauerwald, 2018). Thus, a strategic form of corporate philanthropy is viewed as a useful business action and described as "giving of corporate resources to solve nonbusiness community concerns that also help the firm's strategic position and, eventually, its bottom line" (Saiia *et al.*, 2003, p. 170).

In reality, corporate philanthropy entails resource allocation decisions that may be motivated by managerial self-interest. Surprisingly, the managerial motivations driving corporate philanthropy are obscure, making it difficult to discern genuine managerial intent. While corporate philanthropy may increase the firm's social standing (Gardberg and Fombrun, 2006), it may also feed managers' egos (Cennamo *et al.*, 2009). Furthermore, while prior research has suggested that corporate philanthropy generates private returns (Koch, 2012), the majority of the benefits derived from philanthropic investments are intangible, such as goodwill (Surroca *et al.*, 2010), and will only become apparent in the long run (Windsor, 2017).

Corporate philanthropy, according to strategy researchers, may positively add to company value by allowing enterprises to amass resources that are difficult to acquire or develop (ArcoCastro *et al.*, 2020; Barnett, 2007). According to this strategic viewpoint, the business value is produced when corporate philanthropy results in a resource endowment that is desirable, unusual and costly for competitors to duplicate. From this angle, corporate philanthropy may increase company value by supporting organizational goals or improving the firm's competitive setting (Luo *et al.*, 2020; Su and Sauerwald, 2018). This may be the case when philanthropic investment activities generate intangible resources such as business reputation (Williams and Barrett, 2000), consumer trust (Idrees *et al.*, 2021), employee happiness (Bauman and Skitka, 2012) and good stakeholder connections (Surroca *et al.*, 2010; Su and Tsang, 2015).

Dimensions of corporate philanthropy

Corporate philanthropy may be divided into three categories: (1) corporate giving, (2) corporate volunteering and (3) corporate foundations (Gautier and Pache, 2015; von Schnurbein *et al.*, 2016). In this context, corporate giving refers to all types of donations – both monetary and in-kind – made by the business. According to Hogarth *et al.* (2018), the reasons why businesses contribute to charity include strategic profit maximization, altruistic motivation, political motivation and managerial utility motivation. Corporate volunteering, on the other hand, is described as encouraging and supporting workers' efforts to do community service and activities during working hours (Grant, 2012). It attempts to improve the company's community and employee relations. In addition, corporate foundations are philanthropic organizations founded and mostly supported by for-profit corporations (Pedrini and Minciullo, 2011). These philanthropy approaches, however, are mostly criticized for treating symptoms rather than core causes of societal ills. Based on the critique, a method known as "scientific philanthropy" emerged that was promoted by John D. Rockefeller and Andrew Carnegie foundations. Its main concept is to combat societal issues by creating knowledge and performing philanthropic research (von Schnurbein *et al.*, 2016). However, this method has been criticized for overemphasizing theoretical notions that do not account for the complexities of social change processes and cultural differences (Anheier and Leat, 2006).

From another perspective, the COVID-19 epidemic reversed the previous decade's progress toward eradicating hunger in poor countries, and yet an increasing number of people are turning to food banks to get by (Bidisha *et al.*, 2021). In this respect, food bank management may be a major value-creating philanthropy approach for companies to tackle the rising food poverty. We believe that food banks may be envisioned as a business-founded emergency service that assists to individuals in need during times of disaster. There are several scholarly approaches to the notion of food banks. According to Handforth *et al.* (2013), a food bank acts as a collection point for contributions of canned, fresh, frozen goods and beverages. Again, Martins *et al.* (2011) recognize that a food bank is a social solidarity organization that distributes food through a broad variety of non-profit social solidarity organizations that feed low-income individuals. Entities that can collaborate with the firm's food bank initiatives include various food producers, distributors, shopping malls, wholesalers, warehouses, retailers, transportation companies, financial entities, advertising and communication agencies, public institutions and various types of national and international organizations (González-Torre and Coque, 2016).

Corporate spirituality

Spirituality is concerned with logic and views of human existence, community and psychological activity. Indeed, the idea of spirituality provides "a more open viewpoint to seek meaning in oneself, one's life, and one's work" (Rozuel, 2013, p. 685) by emphasizing the interconnectedness of all living entities. Spirituality, according to Zare and Beheshtifar (2013), is an expression of our need to find meaning and purpose in our lives, and it is a process of carrying out one's strongly held personal beliefs. In this note, Giacalone and Jurkiewicz (2003a, b) define spirituality in the workplace as a set of organizational values reflected in the culture that encourages employees to experience transcendence through their work, enhancing their sense of being connected to others in a way that gives them a sense of completeness and joy. Spirituality at work is also defined by Dehler and Welsh (2010) as a search for purpose, greater self-knowledge or transcendence to a higher level. In this view, corporate spirituality is essentially anchored by virtuous and optimistic managers who lead to smart decision-making, which is critical to the organization's long-term growth (Zawawi and Abd Wahab, 2019). The directive essentially acknowledges that individuals work with their emotions and spirits as well as their hands. We believe that people can discover a sense of meaning and purpose, a sense of fulfillment when they work with a devoted spirit, which implies the workplace can be a place where people can express their complete or entire self.

There has not been much research in the disciplines of spirituality and CSR, but those that have been done have shown that spirituality and socially responsible business practices interact well (Ghosh and Mukherjee, 2020). Giacalone and Jurkiewicz (2003a, b) conducted a poll of US businesses to learn more about their views on socially responsible business practices. This study found that individuals' perceptions of whether specific business activities were ethical or not were significantly influenced by their spirituality. However, Kumar and Giri (2020) contend that there are many parallels between ethical business practices and the role of spirituality, which will aid in changing current management discourses and addressing crucial concerns. In this course, the importance of spirituality in directing businesses, leaders, and organizations toward ethical excellence and sustainable ideals is crucial.

Petchsawang and Duchon (2009) highlight five themes in corporate spirituality: connection, compassion, mindfulness, meaningful work and transcendence. Here, connection is feeling a member of the community and being able to identify with the group's common goal. In addition, the idea of compassion is defined as a strong awareness of and sympathy for others, as well as a desire to alleviate their suffering. Mindfulness is a condition of inner awareness in which one is cognizant of one's thoughts and actions in the present moment. Meaningful work, on the other hand, is described as one's perception that his or her work is a major and meaningful aspect of one's life. Furthermore, transcendence denotes a link to a higher power (Petchsawang and Duchon, 2012). However, strategic management academics have looked at the role of spiritual dimensions in fulfilling a firm's social duties to a limited extent, mostly from the standpoint of spiritual leadership and workplace spirituality (Rahmawati *et al.*, 2019). Spiritual beliefs may affect one's perception of the environment and society, thus the connection between spirituality and philanthropy may appear fundamental in this sense. Indeed, corporate spirituality has the capacity to reshape moral standards and, as a result, a company's philanthropy mission.

Government support (regulations)

Governments can design regulatory regimes for businesses that are more or less advantageous. Given this assumption, donations may be utilized by businesses to foster an environment that is conducive to doing business as well as to shield them from increased taxes or trade restrictions (Gautier and Pache, 2015). In fact, Government regulation's influence on companies is a major policy concern for economies all over the world. Regulation, according to the BRTF (2003), is any government measure or intervention aimed at changing the behavior of individuals or groups. It can grant individuals rights (such as equal chances) while also limiting their behavior. In addition, the OECD (1994) defines regulation as " . . . a system of 'incentives' established by the legislature, government, or public administration that requires or bans individuals' and businesses' activities'. The clear prospect of penalty for noncompliance underpins regulations. All actions or interventions implemented by central and local government agencies that impact business activity are included in these definitions.

Regulations that impact responsible business practices may also differ by industry, with each area subject to its own set of conventions, attitudes and beliefs, as well as, in certain circumstances, specific compliance (Vashchenko, 2017). Companies are likely to participate in socially responsible activities and projects that are in accordance with industrial norms to secure organizational long-term survival (Graafland and Bovenberg, 2020) and societal "license to operate" (Livesey, 2001). An appropriate regulatory structure is widely thought to be required for stable business circumstances and the development of business trust, both of which are beneficial to SME growth (Islam and Abd Wahab, 2021; Jiang and Nie, 2014). Experts think, however, that the regulatory burden's nature may have an impact on SMEs' competitiveness and productivity (Akinboade and Kinfack, 2012). Djankov *et al.* (2003)

and Tamvada (2020) believe that public enforcement through regulation can be a separate technique of control if the government wants to manage companies to achieve specific social obligations. In reality, the government may play an increasing role in supporting and promoting favorable rules for a company's societal duties in areas where private actors and initiatives have historically governed. Nevertheless, according to Lee *et al.* (2012), the most effective method to enhance SMEs' social performance is to implement an adequate regulatory outline. Unfortunately, SMEs appear to be unaware of and uninformed about different rules affecting their social performance (Jamali *et al.*, 2017). The intricacies of regulation may further confound issues and discourage businesses from properly comprehending their ethical duties in times of crisis.

Theoretical underpinning of the study

The Neo-Institutional theory discusses institutional changes that are methodically, uniformly, organized or institutionally produced, resulting in homogenous or similar behaviors or characteristics in an organizational outline (Tina Dacin *et al.*, 2002; Lounsbury and Zhao, 2013). This theory describes how institutional variables influence the process of institutionalization. The neo-institutional approach may also be used to describe the complexity of CSR features by exposing the process of how corporate and community borders are formed (Aggarwal and Jha, 2019; Brammer *et al.*, 2012). This concept, according to Karyawati *et al.* (2020), connects corporate actions, particularly CSR practices, to the values and conventions of the society in which they operate. This link eventually leads to a need for an organization to retain, obtain and recover credibility. In addition, Chiu (2018) highlights that the institutional account of corporate regulation continues to be able to explain regulatory changes, emphasizing the institutional modifications that are required to link the efficacy of corporate regulation to satisfying social duties.

During the mid-1990s, on the other hand, John Elkington attempted to assess sustainability by incorporating a new framework for measuring performance in corporate USA (Slaper and Hall, 2011). The triple bottom line (TBL) paradigm goes beyond standard profit, return on investment and shareholder value measurements to incorporate environmental and social elements. Business ethics and CSR, it is suggested, cannot create a meaningful organizational performance without the TBL as a social grammar that establishes integration of economic, environmental and social elements (Painter-Morland, 2006; Pan *et al.*, 2021). Businesses must take care of social responsibility in this situation to obtain long-term advantages and societal acceptability (Masud *et al.*, 2019). As a result, using the TBL methods, proactive organizational strategic planning and policy enhances a firm's social performance. Later, according to Zawawi and Abd Wahab (2019), an extra component called corporate spirituality should be included in the configuration based on the quadruple bottom line (QBL) idea. The QBL has implications for the creation of sustainable business models by providing corporate spirituality assistance to decision-makers so that they may make smart judgments in their operations while considering environmental, social and economic factors (Islam and Abd Wahab, 2021).

A brief analysis of the interview outcomes

In the demographic part, two of the nine interviewees are female. Several SMEs stakeholders are interviewed, including: (1) CEO or director (two participants), (2) manager (four participants) and (3) senior executive (three participants). Bangladesh, India, and Pakistan are among the nations represented in the interviews. Garments and textiles, e-commerce (IT) and health are among the industries covered. All of the competitors have at least a bachelor's degree, according to their academic credentials. The majority of the people interviewed are between the ages of 30 and 35. They have all worked in management for at least three years. The majority of them expressed a desire to link business operations with philanthropic ideology when we explained our planned idea of the firm's responsible practices during the COVID-19 issue. Some respondents also believe that the COVID-19 will create local economic uncertainty, pushing local businesses to become more conservative in their resource allocation decisions and reduce charitable spending costs. Our sessions indicate that government assistance and social responsibility context components have a more positive impact on today's company growth for SMEs, whilst spiritual context aspects can drive management effectiveness in charitable actions for the community.

Several SMEs are now actively structuring their social performance-related initiatives, according to our interview findings. Surprisingly, the majority of firms began humanitarian projects to help disadvantaged populations by giving food, clothes, masks, sanitizers, ambulance service and oxygen supply. One respondent also mentions that her firm is one of the sponsors of a local COVID-19 patient isolation unit. In reality, this company collaborates closely with local government officials. However, as compared to others, some of the participants show a strong desire to engage in social activities. Four interviewees strongly feel that their social activities can help them build a favorable reputation and satisfy stakeholder expectations in this pandemic scenario. Corporate philanthropy may serve as a tool for some SME decision-makers to better position themselves within their competitive context (Bruch, 2005).

Our findings, on the other hand, suggest that a firm's philanthropic efforts might be guided by the decision-personal maker's values, attitude or even spiritual views. Given his own spiritual values, one of our chosen participants has created a charity donation-based crowdfunding site to assist the local community with food supplies. This participant believes that " . . ..those who undertake charity deeds are the first to join Heaven". He describes humanitarian activities and the need to aid as religious responsibilities that all humans, wealthy and poor, must fulfill. The example illustrates how a manager's good values based on spiritual views may drive him to assist the community through charitable actions that go beyond government expectations. We have also seen that when these contribution acts are motivated by one's own holistic values or belief system, they are less likely to be publicized or reported. This makes determining the whole effect of a company's strategic philanthropy in pandemic-affected countries, as well as how to manage or enhance it, challenging.

In addition, majority of participants emphasize that appropriate government backing may motivate firms to enhance their performance and promote socially responsible actions. One of the most efficient methods to address societal problems during this epidemic is for the government and the corporate sector to work together. However, the data also point out that the effectiveness of the partnership is contingent on how the government provides low-interest loans, incentives, pay-check protection programs and tax breaks to socially engage businesses. Obviously, some interviewees believe that voluntary measures might be a means to increase corporate accountability without resorting to additional governmental pressures during the current pandemic. Our findings, however, are somewhat comparable to the outcomes of Rahmawati *et al.* (2019) and Zou *et al.* (2020, 2021).

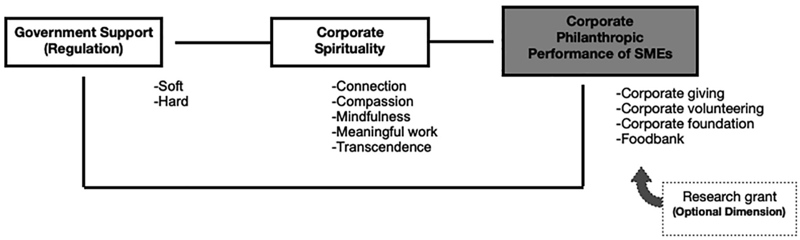
Proposed conceptual model

For SMEs, social performance has a broad strategic reach. In this context, accountability refers to an obligation and a duty to do what a company is expected to do. However, there have lately been demands to provide regulatory support for businesses' social activities (Kara, 2018; Tamvada, 2020). Škare and Golja (2014) detect that governments that substantially promote social obligations through supportive regulation experience better economic growth rates. In addition, based on a cross-sectional analysis, Amran and Devi (2008) based on the Malaysian CSR outline suggest that the government's support and commitment to social obligations is likely the most appropriate motivator for firms' responsible business practices. In fact, many businesses have discovered that being socially conscious may increase their competitiveness. With the assistance of the necessary government measures, UK businesses are currently among the leaders in this area when it comes to disclosing their social performance (Elmaghrabi, 2021).

From another angle, while a firm's reputation can be tarnished by violating numerous government rules, the severity of the tarnishment can be greatly mitigated by philanthropic contributions (Williams and Barrett, 2000). Gao and Hafsi (2015) look at the role of government assistance in corporate philanthropy using data from a national survey of Chinese SMEs. The findings demonstrate that government support, in the form of appropriate legislation, boosts SMEs' corporate philanthropy practices (both giving probability and amount). In general, community peers appear to be a clear reference for SMEs and exercise a strong isomorphic impact in regard to government funding. As a result, we present a hypothesis regarding the relationship between government regulation and SME strategic philanthropic performance in the face of the COVID-19 pandemic.

Again, external and organizational contexts may impact corporate spirituality and responsible business practices, while also assisting the corporation in changing dominant values in the economy and society. In this course, the study of Islam and Abd Wahab (2021) demonstrates a clear relationship between government laws and corporate spirituality, resulting in a long-term business configuration.

Rahmawati *et al.*, on the other hand, show that spirituality is important in three aspects of social obligations: (1) as a key element of the broader social and cultural context in order to create a conducive external environment for social performance; (2) to inspire business leaders; and (3) as a complement to sustainable governance. Taking into consideration the entire setting, we try to propose that corporate spirituality may be capable of mediating the link between regulation and strategic philanthropic performance in SMEs (see Figure 2).



Source(s): Developed by authors

Figure 2.
A strategic philanthropic performance model of SMEs

Theoretical contributions

The idea adds to the growing body of knowledge in the field of corporate philanthropy (Gautier and Pache, 2015). Theoretically, the importance of corporate spirituality in the equation between government assistance and charitable actions of a business is established in this study. Although we cannot anticipate the quantity of philanthropic giving, we do believe that the relationship between rules and strategic corporate philanthropy will only develop under the guidance of owners or managers who have high moral principles. Because it is concerned with efficiently employing existing resources for social duties, management effectiveness founded in corporate spirituality plays an essential role in this situation (Islam *et al.*, 2021b; Sharma *et al.*, 2013). By adjusting the present legal system, the direction also enhances our understanding of the link between spirituality-focused strategic philanthropy and firm value. In other words, the study emphasis that successful corporate spirituality development may redirect managerial efforts to strategically deploy charitable funds, which will eventually be reflected in company value. However, the businesses' unique path may fail if they do not establish close links with local governments and other stakeholders.

Our research also challenges the literature's institutional interpretation of the strategic philanthropic performance of a firm based on the QBL. We show how companies might respond to economic uncertainty in the local business environment in response to criticism of philanthropic studies' misunderstanding of "institutional" (Gautier and Pache, 2015, p. 362) and "spiritual" (Rahmawati *et al.*, 2019) factors. Because of the interaction between institutional and organizational variables, each firm's philanthropic actions will be based on its own strategic calculations. Our study provides early evidence on the under-researched philanthropic decision-making processes engaged in social activities during the COVID-19 crisis in this regard.

Practical and social implications

Given the growing concern about the COVID-19 crisis throughout the world, our research has immediate implications for policymakers, senior management and practitioners. The obtained model aids in understanding the relationship between strategic philanthropy and competitive environment in order to determine where firms should focus their social performance. It directs how strategic philanthropy produces value and shows how businesses may have the greatest social and economic effect through their social efforts throughout the crisis. The where and how, as we will see, are mutually reinforcing. The developed approach has the potential to provide a comprehensive form of company differentiation and competitiveness among SMEs.

The COVID-19 crisis has sparked a broad demand in the corporate sector for socially motivated activities (Anwar and Clauß, 2021; Bae *et al.*, 2021). From this perspective, our study serves as a roadmap for businesses to respond to this problem and manage current resources via managerial effectiveness. Consider contributing funds to charities in the firm's name from a central account to guarantee the concern's brand is closely associated with philanthropic efforts, which may boost the firm's reach and reputation. During the COVID-19 crisis, this reputation may aid management in attracting more investment. We also believe that because of their social, relationship-focused conduct, managers with corporate spirituality may do better in the acquisition of external resources (Zawawi and Abd Wahab, 2019). On the other hand, not only does this assist the community, but it also benefits SMEs and their employees. Employee-initiated charity initiatives foster stronger ties and improve employee engagement (Arco-Castro *et al.*, 2020). Employee involvement, in turn, boosts productivity and business outcomes.

SMEs' business success might become more intimately entangled with local institutions and other contextual factors as a result of our conception. And, as manufacturing and marketing become more globalized, context is increasingly essential for a company not just in its own country but also in foreign markets (Sasse and Trahan, 2007). Along with the findings of this study, policymakers will be able to better structure the government's role in promoting social duties inside SMEs as a means of boosting economic growth. We also note that the findings of this study give the beginnings of a roadmap for SMEs' evolving expectations of philanthropic duty in the SDGs era (ElAlfy *et al.*, 2020). So far, our research has also focused on no poverty (SDG-1), excellent health and wellbeing (SDG-3), economic growth (SDG-8), responsible production/consumption (SDG-12) and collaboration (SDG-17), according to the obtained model.

Final thoughts

There is no inherent conflict between enhancing the competitive environment and making a genuine commitment to helping society. Indeed, as we have shown, the more tightly a company's strategic philanthropy is tied to its competitive context, the greater the company's societal impact. In this regard, the research has developed a corporate spirituality-focused strategic philanthropic performance model for SMEs to accomplish company development while taking regulatory adjustments into account. In summary, it has the potential to assist both societies as whole and responsible SMEs in navigating the COVID-19 dilemma. The model's strategic core stresses the concept that, rather than jeopardizing company existence, SMEs' strategic philanthropic performance may actually represent a chance for businesses to move to a better position during a crisis. Furthermore, corporate spirituality at the managerial level promotes the firm's transition into a community through social obligations (Wrenn, 2020). Firms may use proactive methods, such as the strategic form of philanthropy, to restrict COVID-19's spread and reduce the resulting economic instability because businesses cannot survive in a damaged environment. Increased economic uncertainty, on the other hand, may compel SMEs to examine their resource allocation decisions via an economic lens (Islam *et al.*, 2020). During this tough period, certain businesses with limited resources may be more worried about their short-term survival and, as a result, adopt cost-cutting tactics and cut back on social activities.

Moreover, the conception incorporates an institutional viewpoint based on Tilcsik and Marquis' research (2013). With this methodology, the government's resource allocation procedure may fulfill two political goals: (1) to assist communities during COVID-19 through SMEs and (2) to improve SMEs' competitiveness to promote sustainable growth. Strategic philanthropy actions at the firm level might vary depending on political and reputational considerations. Even when altruism is taken into account, corporate philanthropy is projected to rise as the local epidemic spreads. Some firms may have significant incentives to obtain government backing and cultivate political ties that may be translated into future profits, particularly in nations with weak property rights (Gautier and Pache, 2015). It is worth noting that the value of political resources gained through strategic philanthropic activities is higher for businesses that aren't government-owned or politically linked because "gaining political resources is more essential for such businesses" (Wang and Qian, 2011). Given the immense pressures that governments experienced during the epidemic, philanthropy efforts might be seen as assisting governments.

In reality, the extensive literature on a firm's social performance has incorrectly assumed voluntarism and diminished the duties that are otherwise inherently inevitable in the absence of accountability through direct regulation (Tamvada, 2020). In agreement with this viewpoint, we think that regulation is a requirement for the efficient fulfillment of a range of corporate requirements for strategic philanthropy methods, without which both legal and moral commitments have weak grounds. It implies that social obligations and economic objectives are comparable to moral and legal duties that are inextricably connected to one another. However, a lack of direction, clarity and voluntarism may result in the selection of social obligations at random rather than in response to community needs (Sheehy, 2015).

We admit that our study has a number of flaws that should be addressed in future research. Because this is a conceptual research article with little exploratory support (from interviews), no suitable empirical data to generalize any region is obtained. The topic of whether the negative charitable response to SMEs at the provincial level is illogical or not is not addressed. As a result, managers' concern about the pandemic may be reflected in the negative bias in philanthropy during the COVID-19. Another component of the strategic philanthropic performance model that is often ignored is communication tactics. A future study might look into how cross-national differences in institutional characteristics impact charitable reactions to crisis scenarios at this point. Researchers should also look into the relationship between strategic philanthropy and a firm's sustainable growth.

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