

## **THE EFFECTS OF THE FINANCIAL CRISIS ON CORPORATE SOCIAL RESPONSIBILITY**

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### **Abstract**

*It is impossible to consider enterprises apart from the society in which they exist. The concept of corporate social responsibility, prescribing that organizations engage in responsible behavior towards each of their shareholders in the society, has become a necessity today for all businesses although not at the same level for all. Despite the important benefits corporate social responsibility practices have for businesses such as gaining competitive advantage by increasing brand awareness and thus increasing profitability in the long-term, they also require additional financial resources. Similarly, since periods of crisis bring along certain dangers and opportunities, their effects on corporate social responsibility may be in different directions. In this study, the effects of the crisis on corporate social responsibility activities have been evaluated in the light of the developments following the 2008 global financial crisis and a model is proposed. As a result of the identifications regarding the theoretical background for perception of the crisis as a threat or opportunity for corporate social responsibility activities, both two situations are presented together in the proposed model.*

**Keywords:** *Global Financial Crisis, Corporate Social Responsibility, Crisis Management, Corporate Reputation*

### **Introduction**

During the period since the emergence of the 2008 Global Financial Crisis, a large number of research studies has been conducted on primarily the causes of the crisis, including its development, its effects spread over various sectors and areas, and suggestions for solutions. Since the crisis raised the difficulty of finding and managing finance all over the world in the first place, businesses especially prioritized the liquidity management and their actions were shaped in accordance with the goal of overcoming the financial difficulties they experienced. It is possible to include saving strategies, which is one of the better-understood and more-heavily-applied financial management strategies in periods of crisis, among these actions. Saving strategies are also applied under normal conditions, but uncertainty brought by periods of crisis and significant increase in liquid values may direct both individuals and institutions to reduce or cut certain cost elements, which they had been spending previously. The order of the savings strategies logically starts from the farthest link, initially, from the activities necessary to maintain presence. In case the current difficult situation continues, it progresses towards the internal stages.

It was observed that following the global financial crisis of 2008 enterprises pursued a variety of cuts and saving strategies in order to maintain their existence. Corporate social responsibility (CSR) activities were also influenced by these strategies exercised by enterprises due to the crisis. The aim of this study is to determine businesses' perceptions of CSR and trends of various CSR strategies they follow in times of crisis and identify major factors affecting this trend. In the study, primarily, we will make inferences about the reasons for the tendency to take measures and engage in savings as a natural response to the crisis on the basis of individuals and institutions. Afterwards, we will make various inferences within the scope of crisis-opportunity principle about the strategies of businesses that continued CSR even in times of crisis without any interruption and even increased their CSR activities. Finally, these two trends that are opposite of each other will be presented on a model.

## Corporate Social Responsibility

It is impossible to consider organizations apart from the society in which they exist. Since organizations are social living beings created by people (Koçel, 2010:71), they interact with other elements of the society in which they live just as humans. The studies aiming at understanding the importance of this interaction has gained momentum with the system approach showing its effects in social sciences since the 1950s (Yilmaz, 2006: 66). In this context, just as people come together and establish organizations to meet the needs they cannot satisfy on their own (Ozalp, 1996:167), organizations design their activities to meet the needs of the community in which they operate. While performing these activities, they use the resources of the social structure in which they are located. The idea of social responsibility requires individuals or organizations to consider the entire social system in their actions and it regards the individual or organizations responsible for their behavior in any part of this system (Davis, 1967:46). Social responsibility enjoins the decision-makers to take the actions protecting and improving the welfare of the society as a whole including their interests as well. Here, the two important outstanding criteria are protection and improvement. Protecting the welfare of the society means avoiding the negative impacts on society whereas improving the welfare of the society is creating positive contributions for the society (Carroll and Buchholtz, 2000: 32). Corporate Social Responsibility on the other hand emphasizes;

- *Organizations' considering the effects of all their actions on everything else seriously,*
- *The leaders' obligation to protect and improve the welfare of the society, and*
- *The necessity of bringing together economic and legal responsibilities and moving beyond these responsibilities (Wayne, Manfred, and Dirk, 2010: 107).*

According to Kotler and Lee (2005), CSR is "an obligation undertaken in order to improve the welfare of the society through on-demand business applications and contributions of corporate resources". Within the framework of these definitions, the concept of CSR prescribes taking initiatives for the benefit of the society with a portion of profits that businesses make by using the society's resources. Priorities for these initiatives of businesses again also change according to the needs and priorities of the society they operate in and the most frequently supported social goals are grouped under headings such as health, safety, education, employment, environment, social and economic development, and activities designed to meet other basic needs. In addition to this, for CSR practices to be successful in the first place, they should be intertwined with routine practices, be adopted by all stakeholders of the organization, and comply with the ethical values and the law (Baytekin and Göztaş, 2009: 2002).

All ventures use the society's resources with the aim of creating added value and therefore they bear a responsibility against the society. However, we cannot suggest that the extent of this responsibility is at the same level for all businesses. The Pyramid of CSR proposed by Carroll, analyzing the dimensions of CSR starting from the basis and extending towards the social responsibility dimension at the highest level, is a generally accepted model in this area. According to this model, the dimensions of social responsibility are: economic responsibility, legal responsibility, ethical responsibility, and voluntary responsibility (Carroll, 1979: 499). These four responsibility dimensions constituting the social responsibility of businesses are described below.

The first category that Carroll described is the stage of responsibility that has economic expectations in essence. According to Carroll's model, providing return on investment to business owners and shareholders, creating new jobs and making fair payments to employees, discovering new resources, and promoting creation of new products and services, innovation, and technological progress can be given as examples of economic responsibilities (Jamali and Mirshak, 2007, 246).

The second CSR dimension is the legal responsibilities. The society gives permission to businesses to undertake the role of manufacturer as a part of the "social contract", but also stipulates compliance with the law and various regulations in the course of their operations. In other words, businesses are required to act within the legal framework while they fulfill their mission (Carroll, 1979: 500). In addition to laws restricting the activities of enterprises, certain laws that encourage or enforce CSR activities are also desired by the society.

Ethical responsibilities include activities and practices that are expected or prohibited to be pursued by the members of the society even if they are not written in the law. For an organization, ethical responsibilities represent a range of norms, standards, and expectations that reflect concerns such as justice, equity, or protection of incorporeal rights of stakeholders within the context of consumers, employees, shareholders, and society.

According to Carroll, economic and legal dimensions of responsibility are mandatory for businesses whereas the society expects the businesses to comply with the ethical dimension (Carroll and Buchholtz, 2000: 36). Complying with these rules may vary according to the society the business operates in and those businesses that do not comply with the rules will not be appreciated or be ostracized.

Voluntary or charitable responsibilities are the dimension of responsibility that helps recognition of the business as a well-intentioned and philanthropic citizen in the society. The activities in this responsibility dimension that is not legally or ethically mandatory are organized so as to be consistent with the needs of the society in which the business operates. The organization's allocating its financial resources to activities such as art, education, or culture is included in the voluntary responsibility (Carroll, 1991: 42). Voluntary responsibilities are located in the top level of the pyramid of social responsibility. In comparison to the responsibilities in the lower stages, fulfillment of these responsibilities is not regarded as a necessity by the society. The number of enterprises that fulfill these responsibilities is limited and usually they are large-scale enterprises.

Due to the emergence of the contribution of CSR to businesses and their stakeholders in recent years, CSR is supported with a growing interest and is being adopted by many more companies. Examples of these contributions are such that CSR primarily increases the recognition of the business, adds value to brands of the business and hence increases the intangible capital of the business; as a result, it contributes positively to the profitability (Aydede, 2007: 25). CSR practices reveal positive results in the field of human resources management as well. According to Gatewood et al. (1993), people take into consideration the image of the institution to which they will apply when they select their jobs. CSR practices increase recognition and prestige of the enterprises and affect the institution's image positively. Corporate image, on the other hand, has a facilitating effect on attracting possible applications (Turban and Greening, 1996: 669). An organization with qualified workforce can both decrease its costs and obtain a competitive advantage owing to other advantages provided by having a developed intellectual capital. Today, ideas of advocates of CSR are accepted by a much larger audience, insomuch that the concept of CSR is extended by relating it to modern concepts such as Corporate Social Performance, corporate citizenship, accountability, and sustainability. On the other hand, previously CSR appeared in articles from sociology, ethics, business, and society areas whereas today a large number of studies are conducted to investigate the contribution of CSR to marketing, which is a fundamental business function.

On the other hand, various studies examining the effects of CSR practices employed by the businesses on financial performance have been conducted. Among these, in addition to studies suggesting that the two factors affect each other positively, studies suggesting a negative effect have also been published (Fernández and Souto, 2009: 41-43). The studies focusing on the negative effects emphasize the extra costs imposed by CSR practices on businesses. Friedman and his supporters advocate that the resources transferred to CSR practices lead to reductions in the profit shares to be distributed to the organization's shareholders. They suggest that it is unnecessary for businesses to engage in social responsibility practices due to this additional cost reducing the profitability (Ulgen and Mirze, 2010: 493). Although there are negative opinions, the CSR concept with the underlying principle of businesses' having responsibility against the society and considering the welfare of the society has gained increasing importance with positive contributions it has presented the organizations running CSR programs in addition to its benefits to the society. In this context, CSR has been further implemented with an increasing emphasis by all organizations that value corporate reputation, including multinational and large-scale enterprises in the first place.

### **Financial Crisis and CSR**

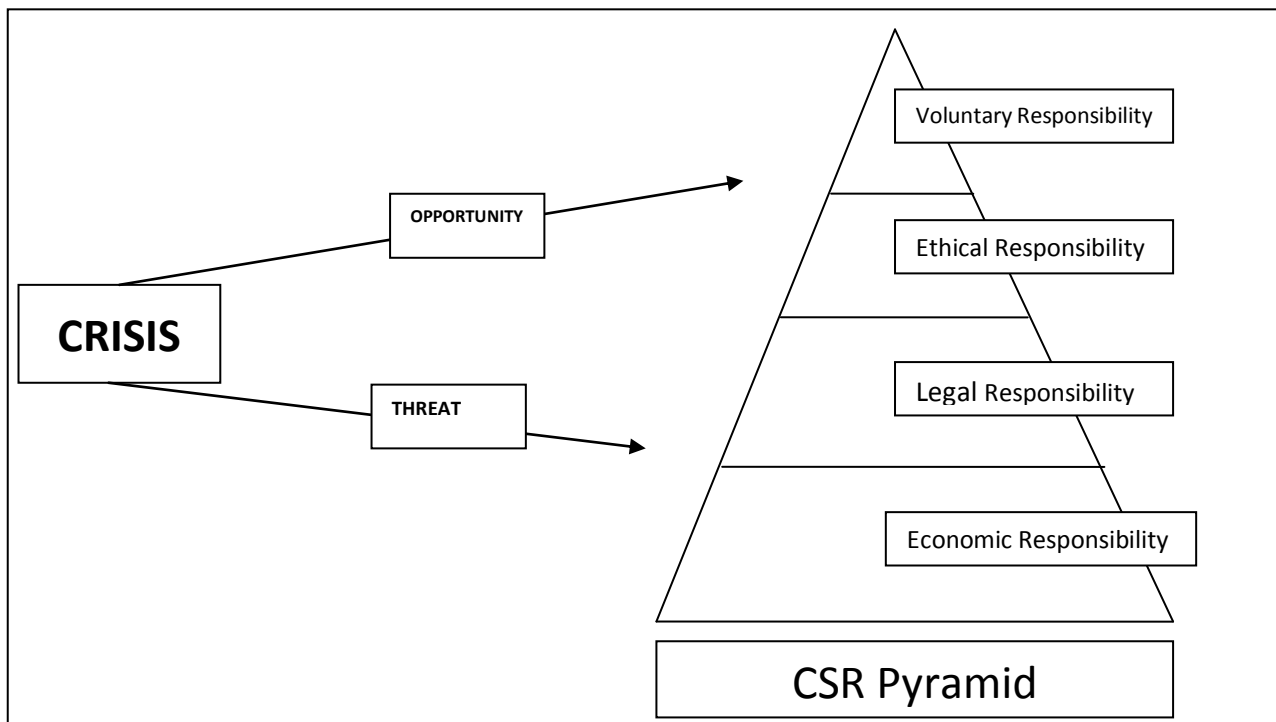
The global financial crisis brought problems to businesses around the world, primarily in the area of liquidity. Therefore, investigation of the course of CSR projects, which impose additional costs to business financially, in the period of financial crisis emerges as an important issue. Crises, generally not foreseeable, however sometimes starting with recognizable signals are conditions emergence of which might be dependent on many causes. In its most general characteristics, a crisis, which businesses may face at various times of their lifespan, is "an unstable time period with a high probability of realization of an undesired outcome for the organization" (Devlin, 2007: 5). On the basis of these definitions, a crisis can be described in the general sense as a sequence of events caused by internal or external factors of the organization, most probably unexpected, rapidly developing, and undesired. When analyzed in terms of emergence points, crises arising from external factors most of the time may lead to situations that are more threatening for businesses. This is because the measures to be taken to overcome the crisis emerged by external factors cannot mainly be controlled by the business and the crisis might affect many other businesses in the same environment.

It is possible to define economic crises as the rapid and unexpected changes caused by internal and external conjuncture in the behavior and activities of the decision units in the economy; the household i.e. individuals, firms, and the government. Economic crises in a country may be defined as "macro-economic depressions emerging in certain periods unexpectedly or due to inadequate or improper managerial choices" (Apak, 2009: 6). The 2008 financial crisis, caused by the malfunctions in the mortgage market in the USA is also an economic crisis, effects of which were shortly felt all over the world. The crisis has emerged as a result of repayment difficulties caused by certain wrong practices in the mortgage loan market and has led to serious damage to the financial industry, even to the bankruptcy of very large financial institutions. The negative effects of the crisis were not limited to these; it spread around the world after the United States and became the trigger for the crisis in the real sector due to the weakening of financial system's supporting structure of the real sector (Akgüç, 2009: 6-11). When the crisis, adversely affecting the real sector following the financial system has reached to a global scale in a very short time, its effects on the enterprises have become more serious.

When considered as a "crisis", the 2008 financial crisis constituted a threat to many people and organizations due to the damage and losses it had caused. However, while the depression and uncertainty environment created by the crises constitute a threat to the organizations, it also brings along many opportunities. The opportunity dimension of the crises is emphasized in the current business and management literature and also attention is drawn on opportunities brought by the post-crisis environment in areas such as entrepreneurship and corporate reputation. In addition, we can suggest that CSR activities are important for overcoming some social problems caused by the crisis. For this reason, it is possible to propose that CSR might produce considerably useful results both in corporate and social terms.

The literature examining the effects of the crisis on CSR does not have an extensive scope yet. Moreover, it cannot be suggested that there is consensus on the direction of this effect in current studies. Some of the authors who have studied this issue have determined that the financial problems brought by the crisis decreased the budget allocated to CSR activities and hence had negative effects on the CSR. Another opinion is that engaging in CSR activities is a good method for making use of the opportunities brought by the crisis due to the positive effects of CSR activities and businesses that follow this line of thought have increased the emphasis they put on CSR in the crisis environment. Although current studies prove the rectitude of the views they have with scientific methods and various empirical examples, it is a fact that these views are in different directions.

On the other hand, assessment of the policies that businesses pursue to adapt to crisis periods in terms of CSR activities has also a number of problems. It is observed that large companies continuing their CSR activities without interruption even in times of crisis, supporting various social and artistic activities, have chosen downsizing in the same period and dismissed their employees. The presence of such companies invalidates the general views of "the crisis has positive or negative effect on the CSR activities". This dilemma raises the need to bring a different perspective to the subject. In our study, we developed a model trying to explain the effects of the crisis on CSR in different directions by using Carroll's CSR pyramid. The model, prescribing that the reactions of CSR practices against the crisis change depending on the location of these practices in different dimensions of the CSR pyramid, is schematized in Figure 1 below.

**Figure 1: The impact of crisis on CSR**

According to the above model, the impact of the crisis on CSR pyramid is summarized in two propositions:

*Proposition 1: The Crisis poses a threat to the responsibility dimensions located at the base of the CSR pyramid.*

A. H. Maslow grouped human needs in his "Hierarchy of Needs" theory in five consecutive stages (Maslow, 1943: 370-396). This model prescribes that individuals' needs / motives follow a hierarchical order; physical needs located at the very bottom stage are necessary for individuals to sustain their lives whereas the needs at the very top do not pose vital necessity. Moreover, it can be suggested that according to the model, many people cannot satisfy their needs of self-actualization and people who satisfy all their needs in lower levels may reach to this level. On the other hand, according to Maslow's hierarchy pyramid, it is possible to argue that a person satisfying his/her needs at lower levels will prioritize satisfying his/her needs in the lower level in case there are shortcomings in these needs. For instance, it can be suggested that in case a person engaged with activities related to creativity suffers from hunger for a long period of time, then this person will prioritize meeting this need or if there is a threat to his/her safety need then s/he will not be able to continue his/her creativity activities, s/he will prioritize those activities aimed at sustaining his/her life.

Since organizations are social living beings formed by people, we can adapt this example given for individuals to the organizational dimension. According to this, considering the example we have given in Maslow's pyramid at the scale of an organization; we will reach the judgment "if economic crisis creates an environment that threatens the survival of businesses then businesses will prioritize those actions aimed at survival". Similar behaviors that have been observed following the 2008 financial crisis can be explained as follows: Uncertainty and financing difficulties brought by the financial crisis have led to shrinking demand and this has led to a decline in production levels. Many companies lowering their levels of production resorted to downsizing and reducing staff. For this reason, the economic crisis with rising unemployment rates can be suggested to have caused significant problems in social terms as well. This increase occurred around the world can be monitored from the changes in unemployment rates for selected groups of countries given in Table 1.

**Table 1: Unemployment Rates for Some Country Groups (2004-2011)**

Country Groups <sup>1</sup>	2004	2005	2006	2007	2008	2009	2010	2011*
Advanced Economies	6.460	6.215	5.790	5.399	5.788	7.977	8.253	7.777
Euro Zone	9.020	9.010	8.380	7.510	7.560	9.458	9.983	9.900
G7 Countries	6.369	6.185	5.798	5.448	5.864	8.019	8.175	7.624
New Industrialized Asian Economies	4.158	3.971	3.654	3.423	3.395	4.327	4.055	3.586

**Source:** IMF, World Economic Outlook Database, April 2011, (\*2011 estimate).

The main purpose of savings made by businesses in times of crisis is initially to ensure the survival of the organization, then maintain profitability, and minimize the damage, which may occur due to the crisis. In other words, businesses resorted to various cuts to survive against the threats posed by the crisis and prioritized fulfilling economic responsibilities that are located at the very bottom level of Carroll's pyramid. A newspaper article dated February 10, 2009 asserted that social responsibility projects would take a major blow with the impact of the crisis, businesses would have difficulties in finding resources for their social responsibility projects, and as was indicated by a businessman "the greatest social responsibility this year is to keep the companies alive" (Ozkan, 2009). In the face of the crisis, this view stresses the importance of the survival of businesses in order to maintain "business profitability" which is included in the economic responsibility dimension of the CSR. A similar study determined that the crisis caused businesses to cut their expenses and especially slacked the CSR projects that were about to start (Fly, 2009). Karabrahimoğlu (2010), with her research on the 100 companies chosen from the Fortune 500 list, determined that there was a significant reduction in the number and size of CSR projects during the financial crisis.

It is possible to state that the size of the threat posed by the crisis on the responsibility dimensions located at the bottom of the CSR pyramid is in parallel with the enterprise's rate of being affected by the crises. In this respect, we need to add that the examples given above are more valid for businesses that take measures for being significantly affected or anticipating that they will be significantly affected from the crisis. The reflection of the global financial crisis of 2008 has not been at the same extent for each sector. Even, different businesses within the same sector were influenced by the crisis at different degrees. At this point, comparison of the change in post-crisis CSR activities of the businesses in the sectors that have been the most affected by the crisis and the change for the businesses in sectors that have been less affected by the crisis emerges as a suggestion for future research.

*Proposition 2: The crisis poses an opportunity for the responsibility dimensions located at the top of the CSR pyramid.*

The economic collapse occurred after the 2008 financial crisis has also led to certain social problems. For example, as mentioned earlier, people losing their jobs caused sorrow in the society. This situation has led to a decrease in the reputation of businesses that laid off workers in the crisis period. Due to reasons similar to this, various social phenomena increase their sensitivities in times of crisis. Businesses that desire to make use of the opportunities in the crisis want to put the CSR at the forefront in the crisis periods since it makes positive contributions to the society and the corporate reputation of the businesses.

According to Fernández and Souto (2009), CSR that appears to be a threat in times of crisis actually becomes an opportunity. What needs to be done in times of crisis and the needs of CSR practices are quite similar. Using CSR as a business opportunity assists in relocating the business to a better position in the crisis period and overcoming the turbulent environment brought by the crisis in terms of CSR's transforming the fundamental values of the business into an advantageous position by means of the innovation in its essence, having positive effects on endogenous variables such as motivation of entrepreneurial culture, strengthening business strategies, expanding the company's market share, and assuring investor confidence.

<sup>1</sup> **Advanced Economies:** Australia, Austria, Belgium, Canada, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Malta, Netherlands, New Zealand, Norway, Portugal, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, China, Taiwan Area, the United Kingdom, and United States.

**Euro Zone:** Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain.

**G7 countries:** Canada, France, Germany, Italy, Japan, Britain and the United States.

**New Industrialized Economies in Asia:** Hong Kong, Korea, Singapore and Taiwan Province of China.

Similarly, Iwacewicz-Orlowska (2010) as well indicated that in times of crisis, the positive correlation between CSR and long-term company performance was also valid. In times of crisis, CSR will both allow a better risk management and strengthen the sense of confidence in the companies that would be required for performing the activities to be needed in the course of the crisis. Due to reasons as such, especially large-scale and / or global businesses have chosen to maintain their effective and active CSR practices they have been continuing for many years in the crisis period as well (Communication World, May-June 2009: 15). In addition, generally large-scale firms have significantly increased their investments and participations in CSR activities during the crisis. However, it should be added that large firms are more likely to layoff employees. Small organizations on the other hand minimized layoffs during the crisis and made efforts to maintain their aims of keeping good relations with their employees. On the other hand, large organizations tried to draw attention to important principles of CSR from the beginning whereas small organizations significantly decreased their attentions to other aspects of CSR activities (Selvi, Wagner and Turel, 2010: 285).

Giannarakis and Theotokas (2011) used Global Report Initiatives (GRI) in order to assess the impact of financial crisis on the performance of CSR and conducted a study on 112 companies majority of which were large-scale in the period covering 2007-2010. According to the result of this study, CSR performance increased in the aforementioned period, excluding the period of 2009-2010 when the effects of the crisis were felt at the highest extent. In the study, the reason for this increase was suggested to be the businesses' aims for maintaining their brand value and the sense of confidence they gave to their customers and redefining their relationship with the society. Those businesses, which thought that the benefits and opportunities included in the CSR become evident in times of crisis and were aware that these rewards would be obtained as a result of the perseverance in the long term, continued their CSR activities without interruption even in times of crisis.

One of the important factors in increasing the importance of CSR worldwide can be attested to the increasing number of organizations that are engaged in CSR ratings in recent years and increasing importance of these ratings. Capital Monthly Journal of Business and Economics has been researching the leader firms in social responsibility area in Turkey since 2005 and publishing ratings. This journal ranks Turkey's most successful projects and companies in this area based on perceptions of CSR by means of conducting interviews with the general public and representatives of the business community. Table 2 and Table 3 generated by compiling ratings in the issues of Capital Monthly Journal of Business and Economy that included the results of the "Leaders of Social Responsibility Survey" between 2007-2011 are given below.

**Table 2: Public Ranking of Capital Journal CSR Leaders Survey**

Public Ranking					
	2007	2008	2009	2010	2011
1	Sabanci Holding	Sabanci Holding	Sabanci Holding	Sabanci Holding	Sabanci Holding
2	Koc Holding	Koc Holding	Koc Holding	Turkcell	Turkcell
3	Turkcell	Turkcell	Turkcell	Koc Holding	Koc Holding
4	Eczacibasi	Ulker	Ulker	Ulker	Ulker
5	Dogan Holding	Arcelik	Arcelik	Arcelik	Arcelik
6	Ulker	Eczacibasi	Eczacibasi	Eczacibasi	Avea
7	Zorlu Holding	Akbank	Akbank	Avea	Eczacibasi
8	Akbank	Dogan Holding	Dogan Holding	Coca-Cola	Vodafone
9	Dogus Holding	Zorlu Holding	Is Bank	Dogan Holding	Sanko Holding / Vestel
10	Efes Pilsen	Avea	Efes Pilsen	Garanti Bank	Turk Telekom

**Source:** Capital Monthly Journal of Business and Economics, "Leaders of Social Responsibility Survey", April 2007, March 2008, March 2009, March 2010 and March 2011.

**Table 3: Business World Ranking of Capital Journal CSR Leaders Survey**

Business World Ranking					
	2007	2008	2009	2010	2011
1	Turkcell	Turkcell	Turkcell	Turkcell	Turkcell
2	Koc Holding	Koc Holding	Koc Holding	Eczacibasi	Koc Holding
3	Sabanci Holding	Sabanci Holding	Sabanci Holding	Koc Holding	Sabanci Holding
4	Eczacibasi	Eczacibasi	Eczacibasi	Garanti Bank	Eczacibasi
5	Garanti Bank	Garanti Bank	Garanti Bank	Sabanci Holding	Garanti Bank
6	Efes Pilsen	Ulker	Akbank	Coca-Cola	Coca-Cola
7	Dogus Holding	Dogus Holding	Borusan	Akbank	Akbank
8	Ulker	Procter & Gamble	Efes Pilsen	Is Bank	Is Bank
9	Borusan Holding	Borusan Holding	Dogus Holding	Borusan / T.Telekom	Borusan Holding
10	Arçelik	Efes Pilsen	Ulker	Ulker	Efes Pilsen

**Source:** Capital Monthly Journal of Business and Economics, "Leaders of Social Responsibility Survey", April 2007, March 2008, March 2009, March 2010 and March 2011.

According to the results of the surveys conducted by Capital journal, Turkey's leading companies are located in the forefront both in public and business world rankings. Another result is that no significant changes are observed in the ranking in the wake of the crisis. Using the survey of Capital journal, Selvi, Wagner and Turel as well investigated the relationship between CSR and corporate reputation in the period before and after the crisis. They established that the positive and significant correlation between the variables they considered did not change in the pre-crisis and post-crisis periods (Selvi, Wagner and Turel, 2010: 285). Large companies maintaining their social responsibility projects in a sense of continuity have retained their leadership or their positions at the top ranks after the post-crisis period as well. Based on these two results, we could suggest that large-scale companies included in the survey in Turkey have embraced the concept of CSR, they consider CSR practices important and they continue these practices without interruption even in times of crisis.

### Result

In this study, which examined the effects of periods of crisis on CSR practices, initially, the behaviors of enterprises aimed at surviving as a result of precaution and saving tendencies that are natural reactions to the crisis were discussed. In this context, we established parallelism between Carroll's CSR pyramid and Maslow's pyramid of hierarchy of needs and emphasized the necessity to consider primarily the needs/activities that are located at the bottom of the pyramid in times of crisis. Then we included the view that CSR activities were effective methods for making use of the opportunities in the turbulent environment generated due to the crisis and indicated that businesses adopting CSR concept and executing it at the level of philanthropy with a sense of continuity carried on their CSR activities without interruption in times of crisis.

These two conditions present in practice indicates that different answers can be given to the " what is the direction of the impact of crisis on CSR activities?" question. The model presented in this study proposes that the crisis has different effects on different levels of CSR and presents a different perspective for answering the above-mentioned question. We think that such a perspective could be useful for understanding the behavior of businesses that perceive the crisis as a threat to their economic activities and take precautions, but at the same time continue their CSR activities at the level of philanthropy without interruption in times of crisis.

Finally, we should add that both of the two tendencies to perceive the crisis as an opportunity or a threat serve the survival or long-term profitability of the business; in other words, these are practices pursued for the benefit of the business in a sense.



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